

BUDGET SUPPLEMENT

The following supplemental information is provided as an aid to help you understand the major categories of the Association's budget.

INCOME

INCOME FOR UUA GENERAL SUPPORT

Fundraising – APF Churches & Fellowships

Annual Program Fund

The Annual Program Fund (APF) provides for about 46% of the UUA's budgeted income for general support. The APF Program concentrates its efforts on raising revenue from member congregations: the suggested contribution for fiscal year 2004 was \$48 per member, and is \$50 per member for fiscal year 2005, while fiscal year 2006 is \$51 per member and fiscal year 2007 will be \$53 per member. The UUA bylaws restrict budgetary increases in APF contributions to no more than 7% over the previous year's actual income. APF income is projected to increase by 3.5% to 5% through fiscal year 2007. In 2004 and 2005 \$1 of the \$2 increase is specifically designated to fund congregational growth.

Fundraising - Friends of the UUA

The Friends of the UUA campaign is directed to individual Unitarian Universalists. Through direct mail, phone, and personal visits by staff and volunteers, the Friends campaign raises about 8-11% of the Association's annual income for general support. The projected giving from current and new Friends donations is expected to be \$1,092,000 in FY2005, \$1,521,600 in FY2006 and \$2,100,000 in FY2007.

Unrestricted Gifts and Bequests

Charitable Gifts and Estate Planning encourages individuals to include the UUA in their financial estate plans and to create charitable trusts. The budgeted income will be \$450,000 in FY2005 and will be reduced by \$25,000 in FY2006 and further reduced to \$350,000 in FY 2007.

Administration Fees

The Association charges its general investment funds, the UUA Retirement plan, and other funds an annual administrative fee equal to the approximate cost of handling the funds.

General Investment Fund (GIF) Income

Represents income on investments made with funds donated or bequeathed to the Association by individuals and organizations. The unitized "common trust" fund is valued quarterly based on a thirteen quarter rolling average of the market value of the fund. The projection for FY2005 through FY2007 is based on the assumption the market will remain at the December 31, 2004 level. The GIF includes a \$20 million endowment donated to the Association by the Unitarian Universalist Congregation at Shelter Rock (UUCSR) of Manhasset, New York. The spending

rate or draw is 5%, paid quarterly. The income is expected to be down about 4% in FY2005, also down about 1% in FY2006 and will be ahead about 7% in FY2007.

Other Current Fund Income

The Other Current Fund Income is included on a gross basis, before the cost of services provided. It consists of UUA bookstore sales, our lodging house for Unitarian Universalists rental income, periodicals subscriptions and advertising income, office facilities rental income from affiliates, income received from outside trusts, investment income from community and minority banks, fundraising consultation fees related to congregational annual fund and capital campaigns and other miscellaneous income. In FY2005 the income is expected to increase overall due to periodicals advertising, Eliot & Pickett UU lodging, fees for consultation, bookstore, and other miscellaneous and a reduction in LRCS distributions. In FY2006 income is expected to decrease about 2% from reduced fees for building programs and LRCS distributions partially offset by increased periodicals advertising.

INCOME FOR UUA DESIGNATED PURPOSES

Handing on the Future Income

Income from the completed Handing on the Future capital campaign is reflected as the planned program expenditures are provided. This includes the annual earnings on ministry-related endowments (identifying and recruiting promising candidates, scholarship aid to students and continuing education grants) plus the commitments made against four 'spend down' funds for recruitment of ministerial candidates, youth and young adult ministry, public relations, and nurturing congregational growth. The overall income from the capital campaign will decrease as these funds are fully utilized.

Campaign for Unitarian Universalism

Income from the Capital Campaign for Unitarian Universalism includes the Pathways, Metropolitan Strategy, Growth Team and the marketing campaign, religious education curriculum visioning, and the implementation of the Young Adult Campus Ministry long range plan "Searching for the Future."

UUCSR Veatch Grants

Grants from the Veatch Program of the Unitarian Universalist Congregation of Shelter Rock allow the UUA program staff groups, including Congregational and District Services extension programs, Lifespan Faith Development and Lay Leadership development to support the growth of mission-based, faith-filled Unitarian Universalist congregations. Also included are the Unitarian Universalist Funding Program grants. Veatch Grants of \$900,000 in FY2005 will be dedicated to Growth, RE Credentialing, Lay Leadership, Ethics in Congregational Life, and to Identity Based Ministries (IdBM), Advocacy and Witness (A&W), Young Adult and Campus Ministry (YACM) Young Adults, and UU&Me. The Unitarian Universalist Funding Program panels continue at \$1 million available for grant making.

Educational Grants and Scholarships

Reflects income from \$9 million endowment from the Unitarian Universalist Congregation at Shelter Rock for theological education, from two-thirds of the St Lawrence Educational trust income, UUA endowed scholarship funds and the Living Tradition fund.

Ministerial Aid Funds

Represents income from Ministerial Aid endowment funds and the Living Tradition fund.

Holdeen and International Trusts

Includes income from the Holdeen Trust funds for Holdeen India Program grants, for the designation trust recipients and other international program charitable service activity.

Other Purposes

Capital Gains for Fundraising income represents accumulated gains on endowment funds that are used for funding expenses of the Capital Campaign for Unitarian Universalism. These funds will be returned to the endowment as the proceeds of the campaign are received. Other income is from a variety of sources including the Liberal Religious Charitable Society (LRCS), with program support and other subsidy income of \$100,000 in FY2004 and continuing transition program support of \$50,000 in FY2005. Funds from the from the John Cross trust are included to be used for staffing support related to gay and lesbian issues. Also, income is provided by the Council on Church Staff Finances, the UUMA and LREDA in support of administrative staffing expenses incurred by the Office of Church Staff Finances.

General Assembly

When the General Assembly earns an excess of income over expenses, this excess is added to the general income of the Association. When there is an excess of expense over income, the resulting loss is recorded as an expense and made up from the Association' unrestricted endowment funds. The financial objective of the General Assembly is to break even.

EXPENDITURES

Board and Volunteer Leadership

The Board of Trustees serves as the chief management body of the Association when the General Assembly is not in session. The budget provides for travel accommodations and meals for the Board of Trustees and all Board level and elected committees and task forces, so that they can conduct the affairs of the Association as set forth in the bylaws. Expenses for the Moderator and Financial Advisor's travel and activities are also covered.

Regional subcommittees of the Ministerial Fellowship Committee are included in the budget at their anticipated costs: \$100,300 in FY2004, \$97,500 in FY2005 and \$90,000 in FY2006 and in FY2007.

The UU Funding Program receives grants from the Veatch Program of the Unitarian Universalist Congregation of Shelter Rock and administers four lay leadership led grant making panels.

Programs

Advocacy and Witness

This staff group includes the UU Washington Center – advocacy and witness programs; the Office of Information and Public Witness, the International Office and work with the Holdeen India Program and Holdeen International Partners.

The UUA Holdeen India Program distributes trust income designated for use in India for maternity, child welfare, education and migration expenses, and other charitable services. The fund enables some of the poorest and weakest groups in India to improve their lives and change their social and economic conditions in directions of their own choosing. Particular attention is paid to the needs of low-income women. The FY2005 Holdeen India Program grants budget is \$500,000, and the grants for FY2006 are expected to be \$489,377 as a result of the decline in the market value of the Holdeen investment portfolio. The FY2007 grants budget is anticipated to be in excess of \$500,000.

Congregational Services

This staff group provides services to support the growth, health, vitality and diversity of Unitarian Universalist congregations around the continent, including: New Congregation and Growth Resources, Congregational Justice Making Resources, Young Adult Campus Ministry, Congregational Fundraising Services, Lay Leadership Development, and Services to Large Congregations. The mission of Congregational Services is to inspire and support Unitarian Universalist congregations and communities to more fully embody our Principles and to continue their transformation into vital, growing, anti-racist and anti-oppressive institutions offering witness and ministry to their communities. These offices provide training for ministers and laypeople committed to growth, support for ministries to young adults, fundraising services (annual canvass, capital campaign and more) and administration for the building loan, loan guarantee and first home grant programs. With generous support from the Veatch Program of the Unitarian Universalist Congregation at Shelter Rock, grants have been made for support of extension ministry and new congregation ministry, as well as historic urban churches.

District Services

District Services provided or managed by district staff are available to congregations under the auspices of the district in which they are located. The mission of the district staff is to foster the spiritual and institutional health of Unitarian Universalism by serving as leaders, consultants, advocates and educators in our community of congregations.

Through the APF Grants program, districts benefit directly from the success of the Annual Program Fund. The Association redistributes a portion of the total APF contributions to all 20 districts in the form of Grants. Commencing last year, the Basic Grant is 11% of the District's percentage of Fair Share attained, up to 100%, times the total amount the district contributed to the Association in the prior year. In addition to the Basic Grant, a Fair Share Congregations' Grant of \$1,000 is given when 75% or more of a district's member congregations are full Fair

Share. If at least 90% of the congregations in a district are full Fair Share, the district will receive \$5,000.

Identity-Based Ministries (IdBM)

This staff group provides leadership toward our becoming an anti-racist, anti-oppressive, multicultural religious community. The plan going forward is to continue establishing the Journey Toward Wholeness collaboratively with Unitarian Universalists in congregations, districts, seminaries, all board level committees and task forces and associate and affiliate groups, through assistance to congregations in developing social justice programs, oversight and support of the UUA's anti-racism initiative.

In addition, Identity-Based Ministries provides support to all UUA staff groups to develop their anti-oppression knowledge, skills, and competencies, and consults with the Association and families of color. Finally, Identity-Based Ministries works with volunteer committees, and affiliate organizations to develop resources for congregations doing anti-racism and anti-oppression transformation work.

Lifespan Faith Development

The Lifespan Faith Development staff group offers curricula, resources, leadership training and a vision for lifespan religious education programs for member congregations.

Curriculum Development promotes life long learning with resource development; including major new initiatives in Sexuality Education (Our Whole Lives) and a comprehensive core curriculum that is currently being developed. Also provided are family ministry packets, consultations, lay religious education training and support for lay religious educators.

The Youth Office provides services in: communication, publication/resources, consultation, training, and event planning, including YRUU Youth Council and Youth Programs.

Ministry and Professional Leadership

The Ministry and Professional staff group serves the needs of congregations, ministers, and religious educators by providing counsel, leadership, and resources. It develops and delivers programs ranging from credentialing and settlement, counsel in career development, scholarships and grants, ministerial/congregational relations, church staff finances and retirement financial planning and counseling. The department administers the income from substantial endowment funds for designated purposes, the Living Tradition Fund, monies contributed at the Service of the Living Tradition and from services honoring ministry such as Installations and Ordinations. The Ministerial Fellowship Committee, a standing committee of the UUA Board of Trustees, now has six regional subcommittees on candidacy (RSCCs) to provide earlier guidance to aspiring ministers.

Publishing

The Communications staff group publishes information that enriches the lives of individual UUs, supports the work of their congregations, promotes UUA programs and articulates UU values. UU World Magazine reaches approximately 120,000 households; Skinner House, the UUA imprint, publishes books especially for Unitarian Universalists; the Publications office edits,

designs, and produces many other UUA publications. The UUA Bookstore distributes books of interest to religious liberals.

Beacon Press

Beacon Press publishes general interest books that promote UU values to a broad constituency. Beacon continues to be the most highly regarded and distinguished denominationally owned publishing house in America. The quality of Beacon books and their commitment to diversity is often recognized and frequently celebrated.

Administration

This area includes expenses for the UUA President and the Executive Vice President, including legal expenses and Human Resources. A provision for contingencies is made in accordance with the Bylaws, which provide for three percent of the Association's unrestricted income to be available to meet the cost of unforeseen expenditures.

Stewardship and Development

This staff group plans and implements fund-raising strategies for the long-term growth and financial health of Unitarian Universalism. Different programs target the needs of congregations, districts, ministers and outreach programs. Funding for the capital campaign development expenses through the use of accumulated gains on unrestricted and temporarily restricted endowment funds has been authorized by the Finance Committee and the Board, with a plan for the return of these funds from the funds to be raised during the Campaign for Unitarian Universalism. The Board authorized the transfer of \$2 million from the sale of the 8 Mt Vernon Place building into the endowment to be used toward paying the accumulated gains that would otherwise be drawn to fund the campaign expenses.

Information Technology Services

This staff group manages the computer-related hardware and software support needs in the Boston area and electronic mail connections among field staff and volunteer Board and committee members. The Office of Electronic Communications is a component of this group.

Internal Services

Finance

This staff group, including the Treasurer and Vice President of Finance and Financial Services, provides administration of the financial, audit and banking relationships, plus building loan, loan guarantee and first home grant applications from congregations and related expenses. Financial services is responsible for: maintaining the Association's financial accounting systems and records; issuing timely payments to staff, volunteers and vendors; issuing periodic financial statements on the activity of the Current Operations Section, the Congregational Properties & Loan Commission and building loan program; accounting administration and reporting for the UUA's General Investment Fund, plus Beacon Press, with consolidating quarterly financial

statements and the Association's annual financial statements; and administering the financial aspects of the UU Organization's Retirement Plan.

Facilities / Operations Services

The Operations staff group provides support services and maintains the Association's physical facilities at staff office locations. This staff group also maintains the Eliot & Pickett lodging house and meeting facility for the economical housing of the UUA staff, the board, committees and Unitarian Universalists meeting and doing business in Boston.

The long planned, but delayed, provision of a handicap accessible ramped entrance into the lodging house, approved by the Massachusetts Bureau of State Office Buildings, with the support of the Beacon Hill Architectural Commission and the Civic Association, has been completed in FY2004 with a provision for two handicap accessible bedrooms on the first floor.

Depreciation Expense

Property and equipment are recorded at cost. Depreciation is computed on a straight-line method over the estimated useful lives of the assets. Maintenance renewals and repairs under \$500 are expensed as incurred and renovations, renewals and betterments are capitalized. The depreciation expenses have been reclassified into the Information Technology Services, 41 Mount Vernon Street and Operations staff groups.