Expensing Donations to third Parties in the UUSD Operating Budget

* The UUSD Board approved including a donation to UUSC of $200 within the 2019-20 operating budget. No donations were in the UUSD operating budget prior to that.
* The Finance Committee has relooked at this situation and recommends that the Board rescind this previous decision to allow a donation in the operating budget and instead follow generally accepted non-profit financial management standards to not include donations to any third parties in UUSD’s operating budget.
* This is NOT a legal, regulatory, or bylaws issue. The Board could ignore the Finance Committee’s advice, and has the right to determine what expenses are included in the operating budget, and could include donations if they felt that was in the best interests of UUSD.
* Non-profit financial experts indicate that, “*when determining operating expenses, non-profits organizations should forecast their organization’s resources needed to carry out its activities during a fiscal year. Operational expenses fall into three categories – Operational, Administrative, and Development – with examples as follows:*
	+ *Staff salaries and benefits*
	+ *Rent and utilities*
	+ *Supplies*
	+ *Communications*
	+ *Insurance*
	+ *Travel and meetings*
	+ *Marketing and advertising*
	+ *Training and development*
	+ *Contracted services*
	+ *Legal*
	+ *Accounting*
	+ *Fundraising” \**
* UUSD has established alternative non-budget ways to fund donations to third parties, such as the share-the -plate, special programs such as the Guest at your table for UUSC, and the Minister’s Discretionary Fund. These approaches are used by other UU congregations.
* In summary, the Finance Committee is not valuing the importance of the UUSC donation, or questioning the right of the S&EJC to promote a donation to UUSC, but we are recommending that a non-budgeting approach be used and follow generally accepted best practices. Finally, our concern that if the Board allows one exception, they open the door for future donation requests. We have already set a precedent and feel this should be reversed now.
* You do not have to decide this question today. We are putting the budget together and a decision will be needed by May 2nd when you will approve a final operating budget to be submitted to the congregation.

\*Keela – How to create a non-profit operating budget

RFS:041423