

First Universalist Church Board of Trustees
October 10, 2017
Board Packet

<u>Table of Contents</u>	<u>Page</u>
Agenda	1
September Meeting Minutes	2-5
October 2017 Financial Documents	6-9
Visionary Goals Refresh	10
Race Forward Choice Points	11
Connected Volunteers Roll-Out Plan	12-14

First Universalist Church of Minneapolis

Board of Trustees Meeting

October 10, 2017

7:30 a.m. – Common Roots

Agenda

I. Call to Order (7:30).

- Lighting of the Chalice

May this flame that burns before us light our way, informed by the wisdom of leaders gone before, and inspired by the trust that we have been given as stewards of this Church. May we have vision, compassion, and courage as we serve this congregation now and for the generations to come.

II. Consent Agenda (7:35)

- Approval of minutes from September meeting.
- Information item: Volunteer Match program (see packet)

III. Finance Report (Jen Crow) (7:35- 7:50)

Rev. Crow will report on the proposed adjustments to the budget to accommodate the shortfall in annual pledges.

IV. Building collaboration with Shir Tikvah (7:50 to 9:15)

As we discussed last month, the key focus of this meeting will be to consider, from the perspectives of our Church's four visionary goals and a racial justice framework, whether our Church should explore opportunities to share our building and grounds with Shir Tikvah more extensively.

V. Adjournment

First Universalist Church of Minneapolis
Board of Trustees Meeting
September 21, 2017

Trustees present: Richard Spratt, Bryana French, Dick Niemiec, Caitlin Rodgers, Karin Wille, Eric Cooperstein, Christa Anders, Lillie Pang.

Staff present: Reverend Jen Crow.

I. Call to Order

- a. Lighting of the Chalice
- b. Reading – “Famous” by Naomi Shihab Nye
- c. Reflection

II. Consent Agenda

- a. Approval of Minutes from August meeting
- b. Monitoring: Acceptance of attendance and membership numbers
- c. Monitoring: Acceptance of staff and significant volunteer changes
- d. Monitoring: Treatment of staff, staff grievance procedure and treatment of volunteers

Approved

III. Informational Items

- a. Architectural Team Information
- b. Upcoming Listening Sessions: Sunday September 24 12:45 to 1:45 and Tuesday September 27, 5:30 to 7:30
- c. Far Ahead: Possible Congregational Budget Dates: Sunday April 29, 2018 at 12:30 and Tuesday May 1, 2018 at 6:30 pm

IV. Administrative

- a. Appointment of Nominating Committee Chair

Suzanne Wilhite has agreed to serve as the chair of the Nominating Committee.
Approved.

We will need a Board member to serve on the Nominating Committee as well.
Trustees were encouraged to volunteer or risk being convincingly recruited.

- b. Board Volunteer to serve on Building Team
Cindy decided she is going to need to step off the building committee. Trustees were again encouraged to volunteer.
- c. Annual meeting and Board brunch (June 3, 2018 11:30 to 2:30)

V. Financial

Rev. Crow reviewed the result of fiscal year end 2017. We came in with an \$8,000 deficit due to a decrease in the amount of pledge money received. This represents less than 1% of the total budget. There is ongoing effort to bring in the outstanding amounts that will go towards this year's budget (since we are on a cash basis.). Kurt will do a financial review of 16/17 and flag anything that the Board needs to know about. Jen will ask Kurt to do a written report so that there is documentation of his review.

Pledges for fiscal 2018 are about \$110,000 and \$115,000 less than was budgeted for. This is consistent with what happens with other churches in the first year or two after a capital campaign, although we had hoped to avoid it. There are about 70 households with about \$70,000 of potential pledges that have not pledged this year that pledged last year. Rev. Crow is estimating that we will get about \$45,000 or \$50,000 of pledge money in so that makes the budget gap about \$75,000.

Rev. Crow presented the Board with several options to address the shortfall:

- Run a deficit budget and use contingency reserves
- Move building expenses over to the capital building project.
- Move staff time over to the capital building project (which would whittle down the amount of money available to do the work)
- Ask people to switch part of their pledge from capital for operating

The Trustees recommended:

- Jen will work with Kurt to identify what, if any, of the maintenance or staff expenses are legitimately allocated to the capital campaign. The Board might be comfortable if the movement of expenses is appropriate from an accounting perspective.
- Jen will come back with some more specific contingency budgets.
- Jen and Justin will explore possible additional fundraisers after Justin returns from sabbatical.

Capital Campaign Implementation. There has been a lot of input so far – lots of focus groups last year, discussion during capital visits which have been funneled back to the Building Team, and 6 program specific meetings (e.g. building and grounds meeting). There will be two listening sessions with the architects after initial plans are developed. The Building Team has been populated by Jen and includes building experts as well as folks who can apply a racial justice lens to the work. The Board is comfortable that the Building Team is representative of various church constituencies and can carry out this work.

Rev. Crow asked for approval to make one capital purchase now prior to the approval of the full budget. The old hearing assists do not work well. The architecture team has identified a

new product that would serve our congregants and would not become obsolete when we remodel and rewire the sanctuary. The Trustees approved the expenditure from the capital campaign funds for hearing assist devices.

VI. Change Team

Richard Spratt and Karin Wille are the Board representatives and will co-chair. Ben Miles will be a representative from the Racial Justice Team. Kayci Rush, Sarah Hedge and Patrick Doherty will round out the team.

The Trustees approved the membership of the Change Team, to carry out a review of church systems from a racial justice perspective as discussed at past meetings.

VII. Black Lives of Unitarian Universalism (BLUU) fiscal sponsorship

UUA has pledged to fund BLUU (Black Lives of Unitarian Universalists) at the level of \$5 million over the next five years. Lena Gardner is the Executive Director, there are some staff and no Board yet. There is going to be a financial advisory group.

Rev. Crow has been talking with Lena Gardner and BLUU. First Universalist is providing BLUU with free office space. The Board has suggested that we should have a lease even if there is no money exchanged.

BLUU is not a 501(c)(3) organization and needs a fiscal sponsor. The UUA currently serves in that role. Lena would like to change the fiscal sponsorship to First Universalist. She would like to have flexibility in access and spending BLUU's funds. The Trustees discussed the tensions between empowering BLUU and the risks of fiscal sponsorship to First Universalist's own 501(c)(3) status.

The Trustees recommended that Rev. Crow:

- Enlist the help and advice of our financial consultant, Kurt Hochfeld.
- Obtain more information from the UUA regarding how the current fiscal sponsorship is working.
- Continue discussion with Lena regarding her expectations and what role First Universalist should play with regard to BLUU.

The Board wants to do this and will have rules that protect our obligation to be fiduciary agents of the church.

How do we balance the creativity, protect First Universalist, provide some guidance to the extent of our expertise, make sure they understand the rules of a 501c3?

We would need to use a fiscal agent agreement. Rev. Crow will look at the least restrictive options.

VIII. Update and Discussion regarding Collaboration with Shir Tikvah

Shir Tikvah has been using First Universalist for High Holy days ever since we have been here. They have about 500 households. They are running out of space in their building. We have a sanctuary that is not being used on Friday and Saturday. There are environmental reasons to share resources. There have been conversations over the past two years with some more intensive meetings in the past month. They are really enthusiastic about sharing spaces.

Options: coming here more often, leasing space, moving in here as tenant, co-owning the space.

We need to ask if we do this, do we give up other things? Is this a road that we should go down?

Choice Points Model has five points and we need to really work our way through all five points.

IX. Adjournment

The meeting was adjourned by the Chair at 9:30 p.m.

2017-18 Budget Assumptions
Prepared by Rev. Jen Crow
October 2017

Summary

Pledges for 2017-18 are coming in significantly lower than in the budget presented to the congregation in June of 2017. As a result of this, the Board has requested budget adjustments totalling both \$50,000 and \$75,000 for review. This document includes adjustments reflecting both of those totals.

For both the \$50,000 and \$75,000 totals, a \$25,000 increase in income is included (\$15,000 from the discretionary fund of uncleared checks, and \$10,000 from an anticipated bequest). This allows our adjustments to reflect \$25,000 and \$50,000 in other changes. Also, per Kurt's advice that initial adjustments should not come from changes in expenses lest the congregation feel let off the hook, and lest they come to think that we can always trim the budget and deliver the same level of programming, initial adjustments will come from the incorporation of project management costs for the building project. As Kurt states, the inclusion of project management costs in a capital budget is standard practice, and Brad and Kurt and I will work together to develop a detailed tracking method for these costs. In this document, I provide estimates for the Project Management costs. We will develop a tracking system to document and transfer only the actual Project Management costs incurred.

\$50,000 Adjustment

Income - \$25,000 increase as stated above

Expenses - \$25,274 in project management expenses will move from the Operating Budget to the Capital Budget. See 2017-18 Building Project Management document for detail.

\$75,000 Adjustment

Income - \$25,000 increase as stated above

Expenses

- \$25,274 in project management expenses will move from the Operating Budget to the Capital Budget. See 2017-18 Building Project Management document for detail.

- **Operating Expense Reductions Totaling \$29,325, including:**
 - General Office Supplies: \$2,000
 - Equipment Leases \$175
 - Repairs and Maintenance: \$4,000
 - Facilities Other: \$1500
 - Groundskeeping: \$3,800
 - Dues and Memberships \$600
 - Program Other Expenses \$4900
 - Library \$500
 - Adult Ed., Circles and Visitor Welcoming \$2100
 - Credit card fees \$3000
 - Professional Expenses \$3000
 - Classroom Supplies \$1000
 - Piano Tuning \$2000
 - Folk Band Leader \$1750

Hochfeld & Associates

Memorandum

To: Jennifer Crow and Brad Schmidt
From: Kurt Hochfeld
Date: September 27, 2017

As we discussed today, I have the following observations and recommendations:

Operating Deficit: I know your board is sensitive to not reflecting operating deficits. I am concerned that reallocating expenses (see below) and cutting expenses will result in sending a mixed message to your congregation.

It is not unusual for a capital campaign to cannibalize your annual giving for a number of years. That being said, I recommend total candor and transparency with respect to this year's operations. Your congregation should be aware of the fiscal impact of the capital campaign on operations and the magnitude of the reduction in annual giving. That fact in itself could be the basis of an additional appeal.

To do otherwise might result in the congregation becoming complacent. The end result might be for them to reach the conclusion "Why do I have to increase my gift if the board and management can avoid any and all deficits simply by making cuts to expenses?" I would recommend reflecting the actual shortfall in annual giving in the current fiscal year. This is not to suggest that you do nothing in trying to close the shortfall. In the next fiscal year, you and the board could take additional corrective actions should you collectively conclude that the first-year deficit is more systemic than originally projected.

Contingency Fund: I understand that you have a fund balance of roughly \$300,000 and that any amounts withdrawn must be repaid within twelve months. I feel that this requirement is onerous and contrary to generally accepted policies.

By definition, a contingency fund is intended to ensure that sufficient financial resources are maintained for unanticipated expenditures or revenue shortfalls. The primary focus in long term and the stated policy should be aligning the objective of presenting a strong financial position with the realities of having options to weather negative economic trends.

The desired contingency fund balance should be a stated goal of at least 2.5 to 3.0 times the average monthly operating expenditures for the upcoming fiscal year. Should the balance be less than the stated goal, the Board should approve a restoration plan to correct for the shortage within a three to five-year period. To do so, the Board should have a long-term forecast for at least three years which would be updated as part of the annual operating budget approval process. As such, the restoration plan will be aligned with the operating realities.

Project Management Expenses: As discussed, it is permissible for an organization to allocate a portion of its overhead expense to the capital campaign for those employees who have oversight responsibilities for a project and who typically will work closely with architects and third-party contractors. There is no single accepted standard methodology for calculating the overhead reimbursement. The project management expense would include the employees' direct salary and benefit as well as an allowance for other indirect costs. I can work with you to develop a methodology and documentation process.

Fiscal Sponsor: I strongly recommend that you do not dilute your current fiscal procedures and policies should you move forward as a fiscal sponsor. I would never recommend that the affiliated organization have unlimited rights to withdraw monies without your approval.

In your role as fiscal sponsor, you are ultimately responsible to document that any monies received by you are being expended to advance the mission of the affiliated organization. I would have the affiliated organization submit a monthly reimbursement request that would include documentation for all expenditures (similar to an employee expense reimbursement request). This statement would be reviewed by you and Brad and a check would be issued for all approved expenditures.

As an additional safeguard, I recommend that you require the affiliated organization to execute an indemnification and hold harmless agreement.

As always, please call should you have additional questions.

Visionary Goals Refresh
Final Language Approved May 20, 2017

*little impact
on worship*

1. First Universalist is a faith community committed to a transformational spiritual path guided by Unitarian Universalism's theology and Seven Principles. Our worship, spiritual practices, and rituals unify us, challenge our assumptions, provide comfort, and connect us to the holy.
2. First Universalist is a multi-generational congregation where we connect to ageless wisdom, our ever-evolving religious tradition, listen for the call of love, and build meaningful relationships and community. *← fits*
3. First Universalist is a multi-racial, multi-cultural, and intergenerational faith community of mutual caring and support where people bring all of who they are and welcome each other with joy. Our sense of who we are as a community of faith is ever expanding.
4. First Universalist is a faith community that acts with humility, bravery, and compassion to create a racially just and sustainable world.

*Cindy: We haven't
asked any other
churches whether
they want to partner
with us.*

*Cindy: What if we strictly
looked from a financial
perspective?
[is this process
backwards?]*



Using Choice Points to Advance Equity

1. **Identify a Choice Point:** What is one of your points of opportunity to make or influence a decision that may affect equitable outcomes?

2. **Assess Impacts:** What are the impacts of current decisions and actions that may be unintentionally reinforcing bias, barriers or inequities?

ST asking could come from whiteness?

3. **Generate Options:** What are some alternative action options that could produce different outcomes? (Try to generate several of them.)

4. **Decide Action:** Which option will generate the most leverage, momentum or gain towards advancing equity and inclusion?

5. **Change Habits:** What reminders or “equity primes” can be structured into you routine practices and protocols to make equity an ongoing priority and habit? What relationships, supports, incentives or accountability measures could help?

Connected Volunteers – *Roll-Out Plan*

Pulpit Kick-off Sunday –November 5th

1. Membership Organization Stages & Key Challenges (Deborah Talen)

- a. Visitors – 350 (Being connected)
- b. Newcomers – 100 (Participating in our church)
- c. Members – 800 (Investing our “human capital” to Give, Receive, & Grow)
- d. Lay Leaders – 100 (Developing our leadership skills)

2. Being a Connected Church”

- a. Increasingly in all parts of our life, we use the internet and social media to quickly and easily purchase items, connect with others, schedule events, answer questions, and influence others. ***We are connected!***
- b. Larry’s participation in ACS user group discussions highlight how critical this same capability is within a church for ***“Early Adapters”*** such as millennials, young families, and youth.
- c. Many other churches are quickly moving in this direction, and First Universalist now has the capability to also be ***“Connected”***.
- d. In our ***“Connected Church” through My First U***, we can expect to:
 - I. Access our church directory (with individual photos included)
 - II. Find information on upcoming activities, meetings, & resources
 - III. Schedule our own meetings in available church space
 - IV. Track our church involvement history (pledges, leadership, & groups)
 - V. Indicate where we wish to invest our volunteer time
 - VI. Complete these actions via an app on our smartphone

3. Volunteer matching is a compelling Church need:

- a. Our church members/friends can more fully live into our mission to “Give, Receive & Grow”. **Note:** This increased activity will increase our church’s impact in our community.
- b. Church members will experience an increased satisfaction from using his/her unique skills on an issue they feel passionate about. **Note:** This alignment leads to a greater financial contributions to the church.
- c. Church leadership and volunteer leaders can more easily reach membership segments who are on the edge, who are new, or who are not well connected.
- d. It is easier and faster to fill non-routine positions that require specialized and unique skills

4. Roll-out Plans (Emphasis on “Early Adapters”)

- a. Continue sign-up with new member classes (50 so far)
- b. Promote sign-ups with sub-groups during the fall w/ focused communication to:
 - i. Millennials
 - ii. Parents w/ RE youth (Letter to Parents)
 - iii. Faithful Action Volunteers (9/19 Mtg. & letter to current volunteers)
 - iv. Daytime Connections
- c. Promote kick-off in Oct. through electronic media and posters (use Fun Facts)
 - i. Liberal Stories (Millennials, Re Parents)
 - ii. Cyber CoffeeHour (Volunteer Leader)
 - iii. Facebook
- d. Hold a demonstration training event for volunteer leaders, and provide help desk support on volunteer opportunity listings
- e. Provide data entry support for members/friends using hard copy profiles
- f. Promote ***“Connecting in our Church”*** table in Social Hall after services 9/10 through Thanksgiving. Elaine to create sign and Larry to manage the table.
- g. Hold kick-off Sunday
 - i. Order-of-Service volunteer profile inserts
 - ii. Announcement from Pulpit
 - iii. Raffle for Completed profiles
- h. Provide help desk support each Sunday after service during the fall
- i. Maintain bi-monthly progress poster in social hall

"What we have a heart for"

