

First Universalist Church Board of Trustees
January 20, 2022
Board Packet

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First Universalist Church of Minneapolis

Board of Trustees Meeting

January 20, 2022

6:30-8:30

First Universalist Church

[Zoom](#) (*virtual only*)

I. Welcome (6:30-6:35)

- a. Call to Order and Agenda Approval
- b. Lighting the Chalice
 - i. *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. Executive Session (6:40 ~ 7:00)

- a. Somatic Practice - Grounding
- b. Relationship Building Activity - "[Where I'm From](#)" poems

III. Consent Agenda


- a. *Approval* of October & November meeting minutes
- b. *Monitoring*: Acceptance of attendance and membership numbers and trends
- c. *Monitoring*: Acceptance of staff and significant volunteer changes
- d. *Monitoring*: Staff and volunteer grievances
- e. *Monitoring*: Staff Salary and Compensation Analysis, including long-term compensation - to be included in the upcoming budget conversations

IV. Change Team Updates (7:00 ~ 7:10)

- a. Updates from Last Meeting
- b. Recruitment

V. Fiduciary Responsibilities (7:10 ~ 7:50)

- a. Capital Campaign Update
- b. October and November Financial Review
- c. Proposed Reserve Policy Changes for Board Review & Approval -

 20220110 Proposed Reserves Policy - Draft

Current Policy: <https://firstuniversalistchurch.org/wp-content/uploads/2014/02/Reserve-Policy.pdf>

- d. End of Year Financial Review
 - i. Key Concepts: [Balance Sheet Cheat Sheet](#) & [Glossary](#)
 - ii. FAQs

BREAK - 5 mins

VI. Creating New Visionary Goals - Emergent Strategy Process (7:55 ~ 8:25)

- a. Review and Ground in the [Emergent Strategy Principles](#)
- b. Review how our Board's [Theory of Change Shift](#) can be at Center of How We Begin the Exploration of the Big Question
- c. Exploration, Vulnerability and [Big Questions](#) (Ongoing Practice)
 - i. Why do we set visionary goals if we know we will never reach them?
 - ii. How can we change our church by saying less and doing more?
 - iii. How can we notice more the feelings and embodiment of change rather than the words and thoughts of change?
 - iv. What is transformational change? How is it different from regular change? And why do we keep striving for change yet resist so much when change happens?
- d. Small Group Co-Creation Session
 - i. Create Powerful Questions to Explore (center and question our current realities)

VII. Gratitudes (8:25-8:30)

VIII. Adjourn - 8:30

Senior Minister Board Report
Prepared by Rev. Jen Crow
January 17, 2022

Information Items

The Water We are Swimming In - Context

Earlier this month, I had a conversation with Rev. David Pyle, Regional Lead and Congregational Life Consultant for the MidAmerica Region of the UUA. You can read more about that conversation in my recent newsletter article here:

<https://myemail.constantcontact.com/The-Weekly-Liberal--Things-that-Help-in-Challenging-Times.html?soid=1101918402069&aid=WQ1OKgWK1Co>

To summarize -

In these ongoing pandemic times congregations of 1000 or more, like ours, are experiencing several things:

- Financial stability that is not as present for smaller and midsize congregations
- A massive wave of departures and transitions in ministers and senior staff positions that will become even more pronounced in June 2022
- Staff are burned out across the board
- Increase in health issues and stress in church staff
- Shortage in ministers preparing for and/or continuing to serve in congregational settings

Three things are helping:

- Offering spaciousness & understanding
- Anything we can do to take the pressure off of staff
- Helping each other to continue developing, even in this challenging time

When I brought this summary to our staff, there was much agreement with these key points. In addition, we noticed that:

- Work relationships with each other are saving us
- We are thanking our past selves for selecting sustainability as a theme for the year
- Having things that feel creative, alive, and have some edge is energizing for us
- There is a tension - how do we relieve pressure on ourselves/staff, while needs are higher and we want to meet them?
- Experiences that resonate with tradition/history are supporting folks and drawing them in
- As we look around at our colleagues and congregations nationally, we are noticing increased levels of conflict and misconduct - which tends to correlate with burnout and high stress

With this information in mind, the Leadership Team is engaging in 3 key efforts:

- Creating a Staff Support Team made up of congregants and staff, to identify and

- implement efforts to support staff and share leadership where appropriate
- Reviewing the annual work plan to identify the top 1-3 items that must happen before June
- Reviewing and adjusting our portfolios to best meet the needs of the church and to continue to support staff learning and growth

Leadership Team Update

As we begin to review and shift responsibilities on the Leadership Team to better align with the needs of the church and the gifts of our staff, we are excited to share that two big changes are already underway. On February 1, 2022, Lauren Wyeth will transition from Director of Children, Youth and Family Ministries to Director of Lifespan Faith Formation, and Rev. Arif Mamdani will transition from Minister of Membership and Adult Ministries to Associate Minister. Lauren's portfolio will shift to include leadership of the whole lifespan of faith formation programs at church, from cradle to old age. This includes bringing leadership to adult programming which had been in Arif's portfolio. Arif's portfolio will shift to include a larger role with the board, fundraising, and staff culture/professional development systems and support. Pastoral Care and Membership will stay in Arif's portfolio. We look forward to sharing more about these changes with the congregation prior to and during the annual State of the Church meeting on Sunday, February 13, 2022 at 1pm.

Monitoring Items

Staff and Volunteer Transitions (monthly)

An exit interview was conducted with Allison Connelly-Vetter, Communications Assistant, on December 21st and a summary was shared with Daryn Woodson, Board President.

A hiring process is underway for our new Audio Visual Technician position. The new draft hiring policy is being utilized with success.

Dr. Glen Thomas Rideout is returning to work after a 5 week leave on 1/18/22.

We are excited to report that First Universalist's Cummins Ministerial Internship for BIPOC ministerial candidates received a grant from the UUA for \$7,000 for the 2022-23 church year. The internship has been posted and applications have been received. We look forward to sharing more with the congregation as the process continues.

Review physical plant for capital improvements (annual)

This review was conducted in concert with our current renovation and improvement plan. The two main items outside of our current capital campaign and improvement plan that we are aware of are 1) the need for a new piano in the sanctuary (up to \$90,000), and 2) the need for elevator modernization within the next 5 years (up to \$150,000). We look forward to instituting new guidelines for funding our Building Reserves this year.

RFP for audit/review (annual)

This item on the monitoring schedule that asks staff to solicit Request for Proposals (RFPs) for a financial review has been out of date for some time. The Board decided more than 5 years ago that a full-fledged audit is not required to adequately monitor church finances. Instead, the Board has directed staff to engage in monthly and annual reviews with a financial consultant, and we implement daily financial policies and procedures that safeguard the financial health and stability of the church. The annual financial review for 2020-21 is included in this Board Report.

Treatment of Staff - salaries aligned with job descriptions (annual)

This review occurs each year as staff prepare recommendations for the annual operating budget, with the goal of meeting the minimum recommended salary as suggested by the UUA for each position. This review will be provided in February/March of 2022.

Financial Obligations - delayed, long-term compensation, and benefits (annual)

This review occurs each year as staff prepare recommendations for the annual operating budget, with the goal of meeting the minimum recommended benefits as suggested by the UUA. This review also includes an accounting of sabbatical balances. This review will be provided in February/March of 2022.

Financial Condition (monthly)

Year End Financials

The year-end financial statement for the 2020-21 church year is included in this packet. The year-end assessment from our financial consultant, Kurt Hochfeld, is also included here. We are grateful to share that we ended the year with a \$91,000 operating surplus. This surplus is the result of a combination of factors:

Income

- Little to no regression in annual giving - thanks to our donors!
- Forgiven PPP Loan
- COVID Relief Fund and (revenues released from restriction) covered the majority of IT expenses for the year.
- Spiritual Coaching doubled its budget

Expenses

- Personnel Expenses were under budget due to fewer health insurance premiums paid by First U and less than expected professional expenses.
- Overall, expenses largely across the board came in around budget. Some were slightly over but they were offset by some that were slightly under. As mentioned above, a number of our larger expenses were covered by temporarily restricted donations.

In the 2020-21 church year, First U gave away over **\$388,000** in community donations! Donations included: Asylum Sponsorship, AFA, BLM Lawn Signs, Foundation Grants, Holiday Giving, Lyndale Farmstead, Minister's Emergency Fund Donations, Offering Plate Collections,

and Sanctuary and Resistance. These community donations supported so many individuals and organizations in our community - all thanks to our donors!

Year End Assessment

Our year-end financial assessment lays out the challenges that go with transitioning to a new financial database system while the Finance Manager is on paternity leave. We continue to have the daily, weekly, and monthly tasks of managing our finances consolidated into two staff positions - which allows some room for cross-training and support - but not enough. As we found during Brad's paternity leave, it was not possible to simply hand his tasks to Chelsea or to our financial consultant, Kurt, as the new processes and procedures had not yet been created and documented. We will continue to work with Kurt to address the concerns raised in order of their priority as the year progresses. Brad and Chelsea deserve our appreciation and praise for stewarding us through the database conversion, Brad's paternity leave, and continuing to work remotely.

October & November 2021 Review

October information is included in this board packet. Looking at the October data, we continue to be on track to finish the year on budget. As of October 31, we have a \$27,350 positive variance to our year to date budget. This is the first month where our annual giving has dipped below our projected giving. This is to be expected since our total commitments are under budget. We will continue to monitor our expenses to make up for this variance, but as of now our expenses are trending to be under budget across all major categories. One thing to note is that all negative expense variances are due to temporarily restricted fund activity which is offset by released revenue.

November information is included in this Board packet. Expenses continue to be under budget, and annual giving continues to be under budget, as well. This is to be expected, as we set an annual giving goal with the assumption that we run a fall mini-annual giving drive and that church would be largely back in person. Pandemic realities have changed our plans, and given that this continues to be another challenging year, we are glad to be able to report an overall \$15,000 negative variance in comparison to our year to date budget.

Capital Campaign Update

Income and expenses continue to be on track as we enter the final months of renovation and construction. Remaining projects include:

- completion of the atrium,
- removal and installation of a new, universally accessible, playground,
- landscaping to maximize the impact of our rain gardens and native planting
- Installation of an automatic door opener for the family restroom in the religious education wing

Updating Reserve and Investment Policies

Two teams are working hard to research and propose updated Reserve and Investment Policies for the Board's approval.

The Investment Policy review team consists of Board and Foundation Board members, and met for the first time on Sunday, 1/16, led by Treasurer, Keven Ambrus. The focus of this team will be on increasing alignment between our investing strategies and our values, with a likely increase in socially responsible investing focused on environmental and anti-oppression opportunities. Current policies can be found here:

The Reserve Policy review team, consisting of Keven Ambrus (Treasurer), Brad Schmidt (Finance Manager), and Rev. Jen Crow (Senior Minister), met on 1/7/22 with the intention of reviewing our current policies and suggesting changes that would adjust current policies in ways that would make our funding and utilizing our financial reserves more streamlined and efficient. Our financial reserves (Operating Reserves and Building Reserves) are different and separate from our endowment. Current policies can be found here:

<https://firstuniversalistchurch.org/wp-content/uploads/2014/02/Reserve-Policy.pdf>

An updated proposal for our Reserves Policies will be presented at the February Board meeting.

First Universalist Church of Minneapolis
Board of Trustees Meeting
November 18, 2021
6:30-9:00
First Universalist Church
Cummins Room & [Google Meet](#) (Hybrid model)

Participants: Reverend Jen Crow, Bryana French, Cathy Geist, Matt Keller, Ben Miles, Dan Moriarty, Zoe Mulvihill, Rebecca Slaby, Daryn Woodson

Absent: Sarah Hedge, Keven Ambrus, Julica Hermann de la Fuente

Guests: Glen Thomas Rideout

I. Welcome

a. Call to Order and Agenda Approval

b. Lighting 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. Executive Session

III. Consent Agenda

Approval of October meeting minutes (agreed to approve via email)

Monitoring: Acceptance of attendance and membership numbers and trends

- Discussion: Church attendance numbers have been declining. What does this mean? Are we interested in tracking engagement of numbers? What metrics are important for the board to look at? There is a different set of metrics that would serve a wholistic measure of church health. The staff will update the church attendance reporting for the board.

Monitoring: Acceptance of staff and significant volunteer changes

Monitoring: Staff and volunteer grievances

Monitoring: Exit interviews

Consent Agenda approved

IV. Fiduciary Responsibilities

a. Capital Campaign Update

- a. The budget is on-track.**
- b. In-person church will pause at the end of the year to finish the work on the Sanctuary**
- c. Still about \$700k short in fundraising towards the overall cost.** The more money we raise, the less mortgage we will have left.

b. First Quarter Financials

- a. The Income is better than the budget**
- b. The Financials show a small deficit but smaller than last year and what was budgeted**

c. End of Year Financial Review

- a. The audited financials are not available**
- b. A surplus is expected**

c. Investment Policy

- i. Cathy and Rebecca volunteered to meet with Jen, Kevin and Brad Schmidt to go over the investment policy. The goal is that the policy aligns with our values of racial justice and sustainability.**
- ii. The Board is going to ask the Foundation Board to review the policy for the foundation grants**

d. Reserve Policy

- i. Board will review the Reserve Policy when Keven returns and after the year-end financials are reported**

d. Creating New Visionary Goals - Emergent Strategy Process.

- Daryn met with Julica, Glen Thomas, Karen Hutt and Arif as a start of a discussion of the Big Question to guide the visionary goal process
 - a. Daryn, Bry and Rebecca (and maybe Keven but he wasn't present at this meeting to confirm) will meet with Julica, Glen Thomas, Karen Hutt and Arif to continue the discussion of the Big Question to guide the visionary goal process**
 - b. The Visionary goal process is starting with BIPOC leadership**

V. Break

V.

VI. Rough Draft of Staff Work Plan (8:40 – 8:50)

- Work plan is in the packet, but theme is “Building a New Way”, and being sustainable now and in the future (in all the ways sustainable means). 4 key points (see packet). Staff will determine how to track progress towards these. These all weave together for Jen. This is where we’re going. Look forward to figuring out the pieces.
- In-person plans for the Fall. Previous plan was a full in-person re-opening on September 12th. However, many people are still not vaccinated and don’t have access to vaccinations. We are committed to being an intergenerational community. In addition, there are rising COVID cases. Construction is still in progress. And we want to recognize the experience we’ve had over the past 18 months, and be thoughtful about the re-opening, and full of care. How do we get used to being with each other again, instead of “zero to go.” How do we do an open house in small groups or in family groups when construction? How do I help my child with anxiety to imagine a new way? The goal is to slow this down and to tend to ourselves and each other.
 - September 12th and 19th will have outdoor venues for religious education and worship.
 - On September 25th and 26th, memorial services will be held in person, for those who have been waiting. That weekend, worship will be livestreamed from the building, but worship will not be held in person. On September 26th, religious education will start in person and inside the building for 7th grade and up. Younger kids will remain outdoors for religious education.
 - In mid-October or so, younger kids will come inside the building for religious education.
 - Some church volunteers will need to be fully vaccinated due to their roles: choir, ushers, RE volunteers, pastoral care. Questions about whether or not the board should be fully vaccinated. Board members currently have the option to meet virtually or in person.
 - Intentionality and holding carefully what it means to open and keep each other safe. Appreciated. It’s a lot. Is there support you need from the board? Carry this convo via email and next meeting. In equitable and sustainable supports. How can be mutually supportive (board and staff)? We are caring for all of us, for the most vulnerable of us is going to guide us. Not falling into old ways. Not tending to the needs of everyone.

- 2 questions. Definition of sustainable. Open to an additional fifth goal? Always open to hearing. Cathy will share with Jen to consider.
- What's our community engagement process for making these decisions? How do we know we're doing that? How are we ensuring that? Julica is meeting with a subteam of the Faithful Action Council to discern that process on 9/7.

ANNOUNCEMENT: Invitation to the entire board to attend the next Change Team meeting on 9/9 at 6:30pm. More info to follow.

VII. Process Observation and Gratitudes

Adjourned at 9:13pm.

First Universalist Church of Minneapolis

Income Statement

	Actual 07/01/2020 to 06/30/2021	Budget 07/01/2020 to 06/30/2021	Variance	Annual Budget 07/01/2020 to 06/30/2021
Revenues				
Support				
Annual Giving	\$1,122,524.20	\$1,005,400.00	\$117,124.20	\$1,005,400.00
Donations/Fundraising	\$129,142.76	\$207,100.00	(\$77,957.24)	\$207,100.00
Revenue Released from Restriction	\$405,557.97	\$166,866.80	\$238,691.17	\$166,866.80
Total Support	\$1,657,224.93	\$1,379,366.80	\$277,858.13	\$1,379,366.80
Earned Revenue				
Service/Rental Income	\$35,087.45	\$24,400.00	\$10,687.45	\$24,400.00
Investment Income	\$52,868.77	(\$7,500.00)	\$60,368.77	(\$7,500.00)
Other Income	\$141,376.51	\$136,333.00	\$5,043.51	\$136,333.00
Total Earned Revenue	\$229,332.73	\$153,233.00	\$76,099.73	\$153,233.00
Total Revenues	\$1,886,557.66	\$1,532,599.80	\$353,957.86	\$1,532,599.80
Expenses				
Personnel Expenses	\$1,082,598.82	\$1,116,550.00	\$33,951.18	\$1,116,550.00
Administrative Expenses	\$162,738.29	\$149,685.96	(\$13,052.33)	\$149,685.96
Program Expenses	\$422,100.67	\$133,350.00	(\$288,750.67)	\$133,350.00
Building & Grounds	\$107,889.10	\$113,202.00	\$5,312.90	\$113,202.00
Other Expenses	\$19,978.85	\$1,000.00	(\$18,978.85)	\$1,000.00
Total Expenses	\$1,795,305.73	\$1,513,787.96	(\$281,517.77)	\$1,513,787.96
NET SURPLUS/(DEFICIT)	\$91,251.93	\$18,811.84	\$72,440.09	\$18,811.84

First Universalist Church of Minneapolis

Balance Sheet

	Actual As of <u>06/30/2021</u>
Assets	
Current Assets	
Cash	\$106,900.75
Investments	\$4,198,462.00
Accounts Receivable	\$14,015.00
Other Current Assets	\$28,224.47
Total Current Assets	<u>\$4,347,602.22</u>
Non-Current Assets	
Fixed Assets	\$3,771,690.89
Total Non- Current Assets	<u>\$3,771,690.89</u>
Total Assets	<u><u>\$8,119,293.11</u></u>
Liabilities and Fund Balance	
Liabilities	
Current Liabilities	
Accounts Payable	\$88,120.75
Benefits Payable	\$20,067.00
Other Current Liabilities	\$124,544.22
Total Current Liabilities	<u>\$232,731.97</u>
Long Term Liabilities	
Interfund Transfer	(\$28,924.81)
Total Long Term Liabilities	<u>(\$28,924.81)</u>
Total Liabilities	<u>\$203,807.16</u>
Fund Balance	
Unrestricted Net Assets	\$4,436,946.12
Donor Restricted Net Assets	\$3,478,539.83
Total Fund Balance	<u>\$7,915,485.95</u>
Total Liabilities and Fund Balance	<u><u>\$8,119,293.11</u></u>

HOCHFELD & ASSOCIATES

December 28, 2021

Board of Directors
First Universalist Church
3400 DuPont Ave S
Minneapolis, MN 55408

At the request of Jen Crow, I performed a year-end financial assessment of the financial statements and current financial procedures of First Universalist Church ("FIRST") for the year ended June 30, 2021. I conducted a similar review for the four preceding fiscal years.

My assessment and recommendations are solely based on discussions with Brad Schmidt regarding financial procedures and policies and a limited review of the financial data and financial statements as of June 30, 2021. I was unable to meet with Jen Crow or Chelsea Bertsch.

This service is not intended nor should it be interpreted to be a formal book review or audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Book reviews and audits must be performed by an independent CPA or CPA Firm. Accordingly, I do not express such a fairness opinion.

General Observations

During the current fiscal year, the accounting system was converted to Blackbaud Financial Edge during and Brad took a family leave. There are a number of outstanding conversion issues which will be addressed over time as Brad and Chelsea become more familiar with the operating platform. ***From my experience, Blackbaud provides minimal ongoing support post installation which places additional burdens on the finance team prospectively.***

I highly recommend that Brad periodically prepare for Jen and the finance committee a punch list of conversion issues with corresponding priorities and resolution timelines. Rather than "reinvent the wheel," I suggest that Brad reach out to other churches using Financial Edge to better understand how Financial Edge can be fully deployed and efficiently utilized. Blackbaud has a reputation of not providing cohesive training and guidance to customers post installation.

During Brad's leave, it was readily apparent that there should be additional cross training to address the need for operating redundancies especially with respect to historical reporting, and the general ledger and reporting modules. I am also concerned that the finance department might be understaffed given that Chelsea is now a .75FTE.

In the last fiscal year, FIRST was concluding its capital campaign and embarked on a major capital improvement plan. The capital campaign is projected to end with a \$700,000 deficit. At first impression, the balance sheet is at its “weakest” point in its last five-year operating history. This perception is even more concerning knowing that the S&P 500 index roughly doubled during the last five years thereby capturing significant unrealized gains on the balance sheet which does not necessarily translate to increased cash flow. I would recommend preparing and updating quarterly a three-year proforma balance sheet and cash flow forecast reflecting the final build out and permanent debt financing.

Cash and Investment Accounts

Prior to January 2021, I reconciled all bank and investment accounts on a monthly basis. Brad provided me a copy of the bank reconciliation for June 30, 2021 for the Sunrise checking account. I did not review any of the other monthly cash and investment account reconciliations post December 2020.

Though there were no reported unreconciled differences in the June 2021 reconciliation. There were, however, an unusually high number of deposit and payment “adjustments.” Brad indicated that deposits posted in Raiser’s Edge are not aligned with the postings in Financial Edge thereby bypassing the reconciliation module. These issues result in a high number of adjustments. As a result, Brad reconciles on a weekly basis the checking account to “flush out” the differences. ***This is not an efficient use of his time.***

Accounts Receivable, Accounts Payables and Other Current Assets and Liabilities

I did not review the aging reports for either accounts receivable or payable. Brad indicated that the latter account was higher than historical balances due to the inclusion of construction costs. I also did not review prepaid expenses nor the calculation of accrued vacation.

Pledges are not recorded on the balance sheet which is in conformity with the historical policy. In my discussions with Brad, I am of the impression that Raiser's Edge is not fully deployed with reports being generated through “work arounds.”

The amount shown as “deposit received” was round two of the PPP loan program. This amount should be reflected as either deferred income or grant as Brad anticipates the amount will be forgiven in the 1st quarter of 2022. At some future date, I would like to review the application and forgiveness calculation as I am unsure of how FIRST met the application parameters for round 2.

As a general comment, I discussed with Brad whether the residual contractual obligations associated with phase 2 of the capital program should be reflected as a current liability. He took the suggestion under advisement.

Long Term Liabilities

There is an interfund transfer account that is populated by Financial Edge which is intended to be a balancing mechanism when posting to multiple accounts. Blackbaud had ruled out project codes as the source and further investigation is to be jointly conducted to resolve this issue.

Fixed Assets

The fixed asset module with Financial Edge has not been activated. The fixed asset Excel worksheet appears reasonable but I would suggest a review of fixed assets be conducted following the completion of phase 2 of the capital program.

Financial Reporting

Brad candidly admitted that he is not fully utilizing the Financial Report module. That being said, the reporting module would appear to be the most difficult to efficiently deploy. I have a colleague who is CFO for nonprofit with \$15 million in revenue. He is still exporting the reports to Excel after converting to Financial Edge eight years ago. He commented “that it is not worth the effort to learn and deploy the reporting module.”

Recommendations of Appropriate Set-Up and Use of Accounting Software

As previously noted, there are currently no operating redundancies within the finance team. This is an organizational weakness in that a working knowledge of Financial Edge and month end closing procedures and financial statement preparation are solely vested with Brad. This issue is aggravated by “software vendor isolation and dependency.”

An organizational priority should be to document the current workflows so that a third party could sustain operations in the event of unforeseen circumstances. This documentation would also be the foundation for a job description and succession plan for Brad's position. This document can also be used to re-assess the organizational structure of the finance team in an effort to achieve operational efficiency with the goal of elevating Brad to more of an oversight role.

I would strongly urge that there be a written policies identifying a disaster recovery plan. I previously provided Jen and Brad a draft document to consider for adoption by the Board.

Review of June 30, 2021 Financial Statements

The financial records have, for the most part, appear to have been successfully converted to Blackbaud as of June 30, 2021 and the financial statements are in conformity with nonprofit accounting standards. As previously indicated, the on-going conversion issues are transitional and I would expect them to be resolved *post haste*.

I did randomly review one funds account (Holiday Giving) for the fiscal year. Brad concluded that the account should have been drawn down but no activity was reflected in the accounting records. He agreed to conduct further investigation.

There are currently seven investment accounts that consist of unrestricted and restricted net assets. As previously reported, I see no compelling reason for segregated investment accounts with the exception of the capital campaign funds. I would also suggest that these accounts be consolidated and any short-term or mid-term cash requirements be addressed in the investment policy.

I wish to thank Brad for his participation in this assessment process. ***I truly believe that the conversion was a herculean task even under the best of times and staffing.*** I also want to complement him for his continued efforts in serving as FIRST's financial steward. Should you have any questions, or require additional information, please call.

Kurt Hochfeld

First Universalist Church of Minneapolis

Income Statement

	Actual 07/01/2021 to 10/31/2021	Budget 07/01/2021 to 10/31/2021	Variance	Annual Budget 07/01/2021 to 06/30/2022
Revenues				
Support				
Annual Giving	\$337,892.26	\$345,360.90	(\$7,468.64)	\$1,140,000.00
Donations/Fundraising	\$32,617.27	\$30,917.86	\$1,699.41	\$204,800.00
Revenue Released from Restriction	\$24,807.62	\$6,666.64	\$18,140.98	\$20,000.00
Total Support	\$395,317.15	\$382,945.40	\$12,371.75	\$1,364,800.00
Earned Revenue				
Service/Rental Income	\$27,001.30	\$47,499.92	(\$20,498.62)	\$142,500.00
Investment Income	\$10.64	\$0.00	\$10.64	\$0.00
Other Income	\$105.77	\$0.00	\$105.77	\$102,200.00
Total Earned Revenue	\$27,117.71	\$47,499.92	(\$20,382.21)	\$244,700.00
Total Revenues	\$422,434.86	\$430,445.32	(\$8,010.46)	\$1,609,500.00
Expenses				
Personnel Expenses	\$389,669.44	\$422,767.99	\$33,098.55	\$1,267,275.00
Administrative Expenses	\$48,038.10	\$49,096.67	\$1,058.57	\$145,430.26
Program Expenses	\$26,031.69	\$24,939.86	(\$1,091.83)	\$73,100.00
Building & Grounds	\$31,011.31	\$35,358.26	\$4,346.95	\$124,600.00
Other Expenses	\$289.45	\$1,499.96	\$1,210.51	\$4,500.00
Total Expenses	\$495,039.99	\$533,662.74	\$38,622.75	\$1,614,905.26
Investment Activity				
Realized Losses	(\$460.66)	\$0.00	(\$460.66)	\$0.00
Unrealized Losses	(\$498.38)	\$0.00	(\$498.38)	\$0.00
Dividends & Interest	\$223.27	\$2,833.32	(\$2,610.05)	\$8,500.00
Realized Gains	\$237.33	\$0.00	\$237.33	\$0.00
Unrealized Gains	\$69.24	\$0.00	\$69.24	\$0.00

First Universalist Church of Minneapolis

Income Statement

	Actual 07/01/2021 to 10/31/2021	Budget 07/01/2021 to 10/31/2021	Variance	Annual Budget 07/01/2021 to 06/30/2022
Total Investment Activity	<u>(\$429.20)</u>	<u>\$2,833.32</u>	<u>(\$3,262.52)</u>	<u>\$8,500.00</u>
NET SURPLUS/(DEFICIT)	<u>(\$73,034.33)</u>	<u>(\$100,384.10)</u>	<u>\$27,349.77</u>	<u>\$3,094.74</u>

First Universalist Church of Minneapolis

Balance Sheet

	Actual As of <u>10/31/2021</u>
Assets	
Current Assets	
Cash	\$257,338.15
Investments	\$4,055,469.53
Accounts Receivable	\$3,263.55
Other Current Assets	\$33,101.54
Total Current Assets	<u>\$4,349,172.77</u>
Non-Current Assets	
Fixed Assets	\$3,773,088.84
Total Non- Current Assets	<u>\$3,773,088.84</u>
Total Assets	<u><u>\$8,122,261.61</u></u>
Liabilities and Fund Balance	
Liabilities	
Current Liabilities	
Accounts Payable	\$55,946.76
Benefits Payable	\$44,024.80
Other Current Liabilities	\$124,544.22
Total Current Liabilities	<u>\$224,515.78</u>
Long Term Liabilities	
Interfund Transfer	(\$28,924.81)
Total Long Term Liabilities	<u>(\$28,924.81)</u>
Total Liabilities	<u>\$195,590.97</u>
Fund Balance	
Unrestricted Net Assets	\$4,360,549.03
Donor Restricted Net Assets	\$3,566,121.61
Total Fund Balance	<u>\$7,926,670.64</u>
Total Liabilities and Fund Balance	<u><u>\$8,122,261.61</u></u>

First Universalist Church of Minneapolis
Analysis of Revenues & Expenses - Capital Campaign
November 2021

	Project to Date Actual	Total Budget	Project to Date Variance
Revenues			
Revenues			
Donations	\$ 4,330,555.94	\$ 5,158,077.07	\$ (827,521.13)
Construction Loan	\$ 272,851.25	\$ 2,000,000.00	\$ (1,727,148.75)
Total Revenues	\$ 4,603,407.19	\$ 7,158,077.07	\$ (2,554,669.88)
Expenses			
Initial Launch/Fundraising			
Architectural Pre-Work	\$ 2,000.00	\$ 27,000.00	\$ 25,000.00
Consultants	\$ 229,030.00	\$ 230,000.00	\$ 970.00
Launch Event	\$ 52,689.09	\$ 30,000.00	\$ (22,689.09)
Printing/Supplies	\$ 8,000.00	\$ 8,000.00	\$ -
Total Initial Launch/Fundraising Expenses	\$ 291,719.09	\$ 295,000.00	\$ 3,280.91
Miscellaneous Projects			
Architect Fee	\$ 166,795.87	\$ 166,795.87	\$ -
Debt Retirement	\$ 649,151.38	\$ 649,151.38	\$ -
Merchant Services	\$ 4,108.96	\$ 5,000.00	\$ 891.04
Misc. Capital Expenditures	\$ 104,839.17	\$ 79,555.75	\$ (25,283.42)
Staff Salaries	\$ 54,100.43	\$ 95,000.00	\$ 40,899.57
Tuckpointing	\$ 122,000.00	\$ 122,000.00	\$ -
Loan Principal	\$ -	\$ 2,000,000.00	\$ 2,000,000.00
Loan Interest	\$ -	\$ 120,000.00	\$ 120,000.00
Contingency	\$ -	\$ -	\$ -
Total Miscellaneous Projects Expenses	\$ 1,100,995.81	\$ 3,237,503.00	\$ 2,136,507.19
Phase 1			
Architect Fee	\$ 134,872.70	\$ 134,372.00	\$ (500.70)
Flannery	\$ 1,459,726.11	\$ 1,521,669.00	\$ 61,942.89
Flannery Permits	\$ 19,614.13	\$ 19,614.00	\$ (0.13)
Misc. Consultants	\$ 44,012.00	\$ 14,381.00	\$ (29,631.00)
Misc. Construction	\$ 11,628.50	\$ 53,559.00	\$ 41,930.50
Owners Representative	\$ 87,654.10	\$ 87,654.00	\$ (0.10)
Owner Supplied Systems	\$ 151,936.45	\$ 97,248.00	\$ (54,688.45)
Total Phase 1 Project Expenses	\$ 1,909,443.99	\$ 1,928,497.00	\$ 19,053.01
Phase 2			
Architect Fee	\$ 125,865.04	\$ -	\$ (125,865.04)
Flannery	\$ 354,726.03	\$ 1,750,000.00	\$ 1,395,273.97
Flannery Permits	\$ -	\$ -	\$ -
Misc. Construction	\$ 33,671.45	\$ -	\$ (33,671.45)
Misc. Consultants	\$ 43,938.75	\$ 265,000.00	\$ 221,061.25
Owner Representative	\$ 85,630.00	\$ -	\$ (85,630.00)
Owner Supplied Systems	\$ 41,386.95	\$ 140,000.00	\$ 98,613.05
Solar Panels	\$ 44,500.00	\$ 105,000.00	\$ 60,500.00
Contingency	\$ -	\$ 190,000.00	\$ 190,000.00
Total Phase 2 Project Expenses	\$ 729,718.22	\$ 2,450,000.00	\$ 1,720,281.78
Total Expenses	\$ 4,031,877.11	\$ 7,911,000.00	\$ 3,879,122.89
Net Total	\$ 571,530.08	\$ (752,922.93)	

First Universalist Church of Minneapolis

Income Statement

	Actual 07/01/2021 to 11/30/2021	Budget 07/01/2021 to 11/30/2021	Variance	Annual Budget 07/01/2021 to 06/30/2022
Revenues				
Support				
Annual Giving	\$437,758.59	\$482,337.34	(\$44,578.75)	\$1,140,000.00
Donations/Fundraising	\$38,377.26	\$57,451.68	(\$19,074.42)	\$204,800.00
Revenue Released from Restriction	\$61,702.32	\$8,333.31	\$53,369.01	\$20,000.00
Total Support	\$537,838.17	\$548,122.33	(\$10,284.16)	\$1,364,800.00
Earned Revenue				
Service/Rental Income	\$43,117.98	\$59,374.92	(\$16,256.94)	\$142,500.00
Investment Income	\$13.33	\$0.00	\$13.33	\$0.00
Other Income	\$715.77	\$0.00	\$715.77	\$102,200.00
Total Earned Revenue	\$43,847.08	\$59,374.92	(\$15,527.84)	\$244,700.00
Total Revenues	\$581,685.25	\$607,497.25	(\$25,812.00)	\$1,609,500.00
Expenses				
Personnel Expenses	\$493,870.03	\$527,957.57	\$34,087.54	\$1,267,275.00
Administrative Expenses	\$52,743.76	\$61,232.52	\$8,488.76	\$145,430.26
Program Expenses	\$66,324.41	\$31,829.87	(\$34,494.54)	\$73,100.00
Building & Grounds	\$41,900.57	\$45,768.48	\$3,867.91	\$124,600.00
Other Expenses	\$289.45	\$1,874.96	\$1,585.51	\$4,500.00
Total Expenses	\$655,128.22	\$668,663.40	\$13,535.18	\$1,614,905.26
Investment Activity				
Realized Losses	(\$460.66)	\$0.00	(\$460.66)	\$0.00
Unrealized Losses	(\$882.86)	\$0.00	(\$882.86)	\$0.00
Dividends & Interest	\$346.40	\$3,541.65	(\$3,195.25)	\$8,500.00
Realized Gains	\$1,072.07	\$0.00	\$1,072.07	\$0.00
Unrealized Gains	\$69.24	\$0.00	\$69.24	\$0.00

First Universalist Church of Minneapolis

Income Statement

	Actual 07/01/2021 to 11/30/2021	Budget 07/01/2021 to 11/30/2021	Variance	Annual Budget 07/01/2021 to 06/30/2022
Total Investment Activity	<u>\$144.19</u>	<u>\$3,541.65</u>	<u>(\$3,397.46)</u>	<u>\$8,500.00</u>
NET SURPLUS/(DEFICIT)	<u>(\$73,298.78)</u>	<u>(\$57,624.50)</u>	<u>(\$15,674.28)</u>	<u>\$3,094.74</u>

First Universalist Church of Minneapolis

Balance Sheet

	Actual As of <u>11/30/2021</u>
Assets	
Current Assets	
Cash	\$318,529.10
Investments	\$3,988,033.44
Accounts Receivable	\$4,333.55
Other Current Assets	\$32,928.52
Total Current Assets	<u>\$4,343,824.61</u>
Non-Current Assets	
Fixed Assets	\$3,773,088.84
Total Non- Current Assets	<u>\$3,773,088.84</u>
Total Assets	<u><u>\$8,116,913.45</u></u>
 Liabilities and Fund Balance	
Liabilities	
Current Liabilities	
Accounts Payable	\$73,726.71
Benefits Payable	\$53,378.54
Other Current Liabilities	\$124,544.22
Total Current Liabilities	<u>\$251,649.47</u>
Long Term Liabilities	
Interfund Transfer	(\$28,924.81)
Total Long Term Liabilities	<u>(\$28,924.81)</u>
Total Liabilities	<u>\$222,724.66</u>
 Fund Balance	
Unrestricted Net Assets	\$4,351,229.92
Donor Restricted Net Assets	\$3,542,958.87
Total Fund Balance	<u>\$7,894,188.79</u>
Total Liabilities and Fund Balance	<u><u>\$8,116,913.45</u></u>

First Universalist Church of Minneapolis
Analysis of Revenues & Expenses - Capital Campaign
December 2021

	Project to Date Actual	Total Budget	Project to Date Variance
Revenues			
Revenues			
Donations	\$ 4,330,555.94	\$ 5,158,077.07	\$ (827,521.13)
Construction Loan	\$ 272,851.25	\$ 2,000,000.00	\$ (1,727,148.75)
Total Revenues	\$ 4,603,407.19	\$ 7,158,077.07	\$ (2,554,669.88)
Expenses			
Initial Launch/Fundraising			
Architectural Pre-Work	\$ 2,000.00	\$ 27,000.00	\$ 25,000.00
Consultants	\$ 229,030.00	\$ 230,000.00	\$ 970.00
Launch Event	\$ 52,689.09	\$ 30,000.00	\$ (22,689.09)
Printing/Supplies	\$ 8,000.00	\$ 8,000.00	\$ -
Total Initial Launch/Fundraising Expenses	\$ 291,719.09	\$ 295,000.00	\$ 3,280.91
Miscellaneous Projects			
Architect Fee	\$ 166,795.87	\$ 166,795.87	\$ -
Debt Retirement	\$ 649,151.38	\$ 649,151.38	\$ -
Merchant Services	\$ 4,108.96	\$ 5,000.00	\$ 891.04
Misc. Capital Expenditures	\$ 104,839.17	\$ 79,555.75	\$ (25,283.42)
Staff Salaries	\$ 54,100.43	\$ 95,000.00	\$ 40,899.57
Tuckpointing	\$ 122,000.00	\$ 122,000.00	\$ -
Loan Principal	\$ -	\$ 2,000,000.00	\$ 2,000,000.00
Loan Interest	\$ -	\$ 120,000.00	\$ 120,000.00
Contingency	\$ -	\$ -	\$ -
Total Miscellaneous Projects Expenses	\$ 1,100,995.81	\$ 3,237,503.00	\$ 2,136,507.19
Phase 1			
Architect Fee	\$ 134,872.70	\$ 134,372.00	\$ (500.70)
Flannery	\$ 1,459,726.11	\$ 1,521,669.00	\$ 61,942.89
Flannery Permits	\$ 19,614.13	\$ 19,614.00	\$ (0.13)
Misc. Consultants	\$ 44,012.00	\$ 14,381.00	\$ (29,631.00)
Misc. Construction	\$ 11,628.50	\$ 53,559.00	\$ 41,930.50
Owners Representative	\$ 87,654.10	\$ 87,654.00	\$ (0.10)
Owner Supplied Systems	\$ 151,936.45	\$ 97,248.00	\$ (54,688.45)
Total Phase 1 Project Expenses	\$ 1,909,443.99	\$ 1,928,497.00	\$ 19,053.01
Phase 2			
Architect Fee	\$ 125,865.04	\$ -	\$ (125,865.04)
Flannery	\$ 354,726.03	\$ 1,750,000.00	\$ 1,395,273.97
Flannery Permits	\$ -	\$ -	\$ -
Misc. Construction	\$ 55,871.45	\$ -	\$ (55,871.45)
Misc. Consultants	\$ 43,938.75	\$ 265,000.00	\$ 221,061.25
Owner Representative	\$ 85,630.00	\$ -	\$ (85,630.00)
Owner Supplied Systems	\$ 57,699.30	\$ 140,000.00	\$ 82,300.70
Solar Panels	\$ 44,500.00	\$ 105,000.00	\$ 60,500.00
Contingency	\$ -	\$ 190,000.00	\$ 190,000.00
Total Phase 2 Project Expenses	\$ 768,230.57	\$ 2,450,000.00	\$ 1,681,769.43
Total Expenses	\$ 4,070,389.46	\$ 7,911,000.00	\$ 3,840,610.54
Net Total	\$ 533,017.73	\$ (752,922.93)	