

**All Souls Church Unitarian Board of Trustees Meeting Minutes
April 24, 2023**

Trustees

Name	Present	Absent
Alan Abramson	x	
Pam Coukos	x	
Sophia Fisher, Secretary		x
Gretta Goodwin	x	
Maya Hermann, President	x	
Traci Hughes-Trotter, ex officio	x	
Brian Petruska, Treasurer	x	
Clair Null, Vice President	x	
Bill Sinkford, ex officio	x	
Justis Tuia	x	

Officers Present

Erika Landberg
Donna Olsen

Staff Present

None

Guests Present

LDNC: Sam Trumbull, Chuck Delaney, Topher Kandik
Finance Committee: Jason Mellen, Jerome Adler
Marleise Pastore

Reports Received

- Executive Limitation Report: Financial Management
- Treasurer's Report
- Executive Team Report
- Finance Committee Report

Convening

The meeting was called to order at 7:10 p.m.

Opening Prayer (Rev. Bill Sinkford)

4-1 Approval of Agenda

- *Motion to approve agenda*
 - Approved without objection

4-2 Consent Agenda

- March 27 Meeting Minutes
 - Pam will provide a clean version of the cover letter to the executive limitations monitoring report on staff and volunteer treatment
 - Alan was here for most of the meeting
 - The enddate for the executive limitation monitoring report needs to be corrected to February 2024 (not 2023) in the “Re:” line of the report
- Appointment of Erika Landberg as Interim Moderator
- Approval of Neil Manzulo as delegate to UUA General Assembly
- *Motion to approve consent agenda*
 - Approved without objection

4-3 Update from the Leadership Development and Nominating Committee

- Sam: LDNC got started very early this year and has worked really hard – big appreciation to them. Filling current board vacancies was clearly going to take a lot of effort so focused on recruiting for the coming year rather than filling this year’s vacancy. Board tabling was really helpful. LDNC struggled to meet the board’s request for racial diversity among the candidates. There’s a long tradition of PoC serving in leadership positions at All Souls but it tends to be the same people repeatedly and they’ve feeling burned out. There’s also a perception that board members aren’t treated well, or that there’s tension between board members, or between board and ET. Will be helpful for the board to speak candidly with congregants about those perceptions. LDNC decided that even though we couldn’t meet the objective of racial diversity, we still needed to provide candidates. It’s not the responsibility of PoC to fill leadership positions. Recommendations to the board for next year:
 - LDNC felt very refreshed by the candidates who applied, so hopefully the board will be very welcoming to them and their fresh energy next year. Hopefully this will help to alleviate some of the burnout.
 - Continue increasing transparency about what the board does. Even those who were willing to serve were unclear about board function, structure, etc.
 - Board engaging in more togetherness would be helpful, especially with facilitation. LDNC can support that process if the board would want that.
- There were not enough candidates to fill the LDNC next year. This is something the Board will need to help with (3 vacancies as Sam, Chuck, and Topher are rolling off; at least two of those need to be filled). Hopefully next year there will be an active church council that can nominate for LDNC next year.

4-4 Executive Limitation Report: Financial Management (5 Minutes) (Traci Hughes-Trotter)

Motion: To find the Executive Team in compliance with the church’s financial management policies.

Approved by voice vote

4-5 3rd Quarter Financial Results

- March was a good month in terms of core donations (above budget by \$28 thousand). We’ve had 5 good months and 4 bad ones. We’re still \$222k below budgeted core donations, which constitute 70% of the church’s income. Facilities use was overly optimistic so overall we’re \$283k behind on income.
- We’re also \$123k under expected budgeted expenses for personnel. Overall about \$80k below budget on expenses.

- We currently have a deficit of \$116k, likely to grow a bit since fourth quarter is typically not good. We're using the one-time Employee Retention Tax Credit to fund this year's budget.
- Investments have been doing well this year and we have grant income sitting in the bank earning interest. Operating cash is good right now.
- Accounts payable includes \$60k to pay last year's fair share contribution to the UUA (though the UUA closes its books every year, so our CPA recommended we just write that off). Finance committee recommends we pay this year's \$60k, with \$30k paid now.
- Board members had no objections to that recommendation.

4-6 Treasurer's Report

- Endowment funds are currently split across multiple managers, and are not even in separated accounts. Finance committee has worked on a recommendation to simplify these accounts. Holmwood allows for use of dividends so it makes sense to keep it in Vanguard. Overall these changes would increase the amount we have invested with UUCEF (the other half would be in TIFF, other than Holmwood in Vanguard).
- Making these changes might cost us some brokerage fees if we have to liquidate assets. Can try to minimize that by only transferring what we have to.
- The three funds have slightly different performance. Typically, TIFF does best when the market is up (which is part of why finance committee recommends putting our unrestricted endowments there), but sometimes it's losses are a little more when the market is low. UUCEF gets lower returns (they're frank about this b/c of restrictions on the types of companies they'll invest in). Vanguard is a passive investment fund so it just tracks a benchmark.
- Minor note: Finance, Investment, and Audit committees were merged several years ago

Motion:

- To invest the church's endowments in this way:
 - Move the unrestricted endowments and the building and maintenance endowments -- i.e., the General Endowment, Mason, and Shively -- to TIFF with each endowment in its own separately segregated account.
 - Retain Beckner, AP Davis, and the RE Endowment solely invested in UUCEF but move them into separately segregated accounts for each.
 - Retain Holmwood as it is currently invested with Vanguard.

Approved by voice vote

4-7 Pledge Drive Results

- Extremely successful leadership phase, but public phase is going much slower than hoped (about a month behind).
- \$4.25M raised for capital campaign so far -- this is a very good start but we've always known that the campaign would need to be a major effort for the developmental minister.
- We're behind where we need to be on pledges for next year, though. As of Monday we have ~280 pledges \$915k (relative to pledge goal of \$1.4M and 495 pledges). Although number and pace of pledges this year has been disappointing so far, the amounts being pledged are good -- more increases than decreases. We have a significant number of new pledges. Churn in donor base is higher at All Souls than Rev Bill has ever seen elsewhere. We mail pledge cards to more prior donors than current donors.

- Rev Bill predicted that changing the culture of generosity at All Souls would be a 3 year job, but then we added building / capital campaign on top of that (starting in month 10). The year has been really hard year with fundraising, playing catchup since Oct when those who hadn't yet paid on their pledge didn't get a statement. Rev Bill believes this is not indicative of what the fundraising situation would normally be like. Structural deficits at ASC started 8-9 years ago – Brian is right to be paying attention to this trend.

4-8A Projections for FY23-24

- Looks like we're going to be about \$300k behind on income this year, expenses also probably \$70k under. Luckily we have the ERTC, which will leave us with positive net income this year (but it's based on a one-time windfall).
- The simplest projection for next year's budget would be based on this year's income, which would leave us with a deficit of \$300k.
- Finance committee recommends basing next year's budget on income of \$1.2M in pledges, \$100k in non-pledge, \$70k in plate (of which half would be given away). Finance committee approved a recommendation of a 10% draw on endowment (twice what church policy calls for), but no member of the committee was comfortable with more than a 10% draw.
- Membership numbers don't factor into the projection process (it's just based on this year's income). Brian recommends sharing expenses per member to help congregants understand the situation – if everyone contributed an exactly equal amount, how much would we need to cover the budget (as membership goes down, expenses per member go up). Right now, a smaller number of members is supporting the same level of operations.

4-8 Draft Budget Recommendation

- Both budget scenarios (pledges of \$1.4M and \$1.2M) proposed only a \$10k contribution to the UUA. The coming year's fair share is expectation is \$105k.
- Motion to move into executive session (8:30pm)
- Motion to come out of executive session (9:50pm)

Motion: to present a draft budget to the congregation at the May 1 budget hearing with \$1.25M in pledge income

Approved unanimously by roll call vote of 7 present trustees

Motion: to present a draft budget with an endowment draw of 15% + any profit from 2023-2024 FY (which will be invested in the endowment before the end of 2023-2024 FY)

Approved 5:2 with Brian and Alan voting against the motion

Motion: (2 parts together)

Approved 6:1 with Brian voting against the motion

- Board members on priorities
 - Minister of congregational life (mentioned as a priority by several trustees)
 - Prioritizing/care for current employees (mentioned by several trustees), exploring flexibility and creative solution for some staff time to support for congregational care
 - Try to protect those with the lowest pay
 - Spread the cuts across program areas (RE, music, social justice, cong care, etc.)

- Framing staffing this year as a transition year (mentioned by several) and transparency with staff about the realities of our evolution from a large church with lots of staff support to a medium sized church with more lay leadership contributions to programming (e.g. tasking minister of congregational care with building a lay ministry)
- Trustees expressed their trust in the ET to make these decisions.
- To make it clear that this is a transitional year, it would be helpful to have a statement from board about what the intention is for next year in terms of endowment draw (to set an explicit goal).

Motion: The board reaffirms our developmental ministry goal #1 of creating financial sustainability. We recognize the urgency of working on that goal with the intention for the FY2024-2025 to be a year of transition and change during which we align our expenses with our resources and move closer to the recommended 5% draw on the endowment for the subsequent fiscal year.

Approved by voice vote

4-9 Salary Compliance Disclosure

Brian will update the salary compliance disclosure to remove the extraneous use of the “specialist” title and to update the office manager with the appropriate salary band

Motion: To approve the form and content of the Disclosure on Church Salary Compliance with UUA Guidelines; and to include it with the fiscal year 2024-2025 budget materials that are shared with the congregation.

Approved by voice vote

Motion to adjourn

- Approved without objection
- Meeting adjourned at 10:23 p.m.