

First Unitarian Universalist Church of San Diego
ANNUAL MEMBERSHIP MEETING MINUTES
June 20, 2021

Prelude/Zoom Instructions – Robie Evans, Director of Operations

Called to Order at 11:06 am – Sarah Ormond, President

Chalice Lighting and Opening Words - Sarah

Approval of Minutes of June 28, 2020 – Rhiannon Smith, Past President

Rhiannon – Called for a motion / second and approval of the posted minutes. Moved/Seconded/Passed unanimously

Presentation of Slate of Candidates for Electronic Vote through online voting process (Majority needed)

Sarah – She announced that online voting will begin at the end of our meeting today and she read aloud the following slate:

Board of Trustees

- Vice President/President Elect FY21-22 / President FY22-23: Cora Pendergast
- Treasurer: David Rogers, one-year term
- Member At Large: Rosalba Ciampi, three-year term
- Member At Large: Rhiannon Roselle, three-year term

Nominating Committee:

- Sarah Ormond, one-year term
- Mindy Hochgesang, two-year term

Sarah then reminded everyone of our Board of Trustees roster with their terms:

Position	FY 2021-2022	Term Ends
Trustee 1	Julie Forest, Pres	2022
Trustee 2	Cora Pendergast, VP	2023
Trustee 3	David Rogers	2022
Trustee 4	Laura Ball	2022
Trustee 5	Andrea Gonzalez	2022
Trustee 6	Brian Krohne	2022
Trustee 7	Maureen McNair	2022
Trustee 8	Rosalba Ciampi	2024
Trustee 9	Rhiannon Roselle	2024

Presentation of Financial Report for Fiscal Year 2020-21

James Long, Treasurer – James began with a short introduction of the slides he would be presenting on our profit and loss statement for fiscal year 06-30-2021, using 10 actual months (ending 04-30-21) and two forecasted months.

Income

Pledges and gifts are above budget due to another unexpected COVID grant from the Spirit Level Foundation for almost \$70,000. We are forecasting pledges to be under budget by about \$34,000 this fiscal year. Preschool income is below budget because we granted a pandemic relief to the preschool by not raising this fiscal year’s rent by 4% to allow for some breathing room since their enrollment was down. Gratefully, the parking lot income has rallied this year! And, word is just in from Ace that they expect it to go even higher next year. Rental income is over budget due to more income from our anonymous rental donor that we’ve received for the past several years. We are forecasting not to use any of our projected General Fund Surplus this year! This is good news and will be used to help balance our FY 21-22 budget, presented later in this forum.

Expenses

Ministry Teams did not use all of their budget as expected, mainly due to being remote. Payroll was below budget due to resignation of SJ Coordinator. Outside Services was above budget due to cost of livestream personnel and Interpretation and Spanish translation consultants.

We are forecasting a net income of \$6,173, with no transfer in from general fund surplus, as originally budgeted.

Balance Sheet as of April 30, 2021

Assets: After Cash, Other Current Assets include Receivables and other prepaid expenses. Fixed Assets include Real Estate (land and buildings), Furniture, Fixtures and Equipment, solar fixtures, parking lot, landscaping, all building and leasehold improvements, etc. Other Assets include our beneficial interest in the Munafo Trust.

Liabilities: Current Liabilities include accounts payable, deposits and deferred lease payments.

Equity: In the equity section, "Plant" includes real estate, furniture, fixtures and equipment and other depreciated assets. Committees include Camp, RE, Partner Churches, Social Justice, young adult, youth, and others reserve funds. Designated includes our new Emergency Fund, Designated Later funds, Legacy Challenge, Maintenance/Repair fund, Sabbatical, South Bay, Food Pantry, and others. Affiliated include Art Guild, Dynamic Duos, Earth Centered Spirituality Circle, Looking Glass Theatre, Mens Fellowship, and others. Donor Restricted include Memorial Wall and Garden, Intern Ministers, Music, Social Justice, Journey Toward Wholeness, Helen Myers and others. Endowments include Legacy General Endowment, Social Justice, Helen Myers, and Caregiving Endowments.

James then explained that we applied for and received in late April 2020 a Paycheck Protection Program loan that is part of the CARES act. As many of you know, the government made loans to help small businesses and nonprofits stay afloat and to not lay off staff. The amount of the loan we qualified for was a function of our payroll and totaled \$172,400. Because we have NOT reduced staff, this loan is 100% forgivable, but has to first be approved by the SBA. The SBA now has our application for forgiveness and we are awaiting their response. They have 90 days to get back to us. These funds went directly into our General Fund Surplus line item. When the pandemic hit, we cut so many expenses due to not being on campus, that we saved a lot of money and this is why we have not used all of our PPP monies yet. Now you can see why the GF balance at the end of this year is projected to be just under \$240K.

James then opened it up to questions.

Annual Internal Review Process

Robie Evans, Director of Operations, at the Board's request, explained the church's annual internal review process. Our constitution states "The financial statements, records and bookkeeping procedures of the Church and church Affiliated Organizations shall be audited or reviewed by an accounting firm or auditing committee named by the Board, and the audit or review shall be presented to Voting Members at the next Annual Membership Meeting." Our internal review process had been done many ways over the last years. We've paid an outside accounting firm several thousands of dollars to do a CPA – compiled review and we've passed with flying colors over the past 12 years. Every five years, we would do a Big "A" Audit and the last one was done by a national firm, Moss Adams LLC and it cost the church almost \$30,000. After that, we thought that's the cost of a staff member and would be a much better use of our funds. So, first we led an inside team of church members, but that was hard to manage and schedule and maintain. So, we then hired an administrator from the Kent UU church in Ohio, who for many years used to perform internal reviews for the Episcopal Diocese in Ohio so she is well versed in this area. We first hired her to come and catch up with three years' worth of reviews for FY 15, 16, and 17 in November, 2018. The following year, she came and did FY 18 in November of 2019. All reviews have had excellent results and minimal findings. All findings have been answered and / or corrected. Because of the pandemic and lack of travelling, we postponed the review for November of 2020 to this coming November of 2021 at which time she will complete both years for FY 19 & 20. You can find the December 2019 Internal Review report in the Members section of our website.

Presentation of Proposed Budget for FY 2021-22

Robie explained that a balanced budget was presented to the congregation for their vote. In order to balance this budget, we had to work under some specific parameters:

- Our church campus will open on the first Sunday in Sept for indoor worship services. Social Hour will start Sept 5
- Our campus will be closed two days/week for activities due to custodial services reduced from 7 days/week to 5 days/week.
- More about current staffing later in this presentation, but to balance the budget, we will not have
 - SJ Coordinator
 - SB Coordinator
 - Elder Program Support
 - Scheduler
- We have budgeted a new Interim minister to start 08-01-2021
- We have budgeted a new Asst. minister to start 09-01-2021.
- Food pantry will look for add'l space to rent and will fund this from their own reserves; this FY21-22 budget cannot support the pantry at this time.

Income

Our biggest part of the income pie are pledges, gifts and generosity offering admin fees. We are hoping to receive \$800K in financial commitments for this upcoming year, which is higher than this fiscal year. We don't think it's achievable unless we do an annual campaign in the fall much like we used to go where we really focus on reaching our members and pledging friends to ask if they would increase their pledges. What we and our Funding Our Future team have seen from their forums, pledges have been declining over the past few years. The numbers in this budget are the numbers that we came up with 1.5 months ago and we're hoping that we can do it. I really, really think we can. And, because of the CARES Act, we are eligible for the Employer Retention Tax Credits and we will apply for and expect to receive some monies back from our payment of payroll taxes for part of the 2020 year and hopefully part of the 2021 year, depending on government restrictions guidelines and how it's interpreted. This could be a good sum coming back to us. We fairly certain this will come in, but it won't be for several months and may even be in the following fiscal year for 22-23.

Our next biggest part of the pie is our Parking Lot income of \$321,000 and has really come back this year and we're very grateful. Our lot supervisor is still working on a two-year projection of parking revenue. He did send that to me just before this week's budget forum and I've forwarded it on to a couple members of our Finance Team for their initial review. Based on this, we think this budgeted income is conservative. This might be another source of add'l funds coming in.

Our third largest income source are our "Transfers In," see as the blue wedge at the top of your screen. Such as, from our general fund surplus from this year's operating budget (\$147,469) and other designated funds to cover our new music director position, and some smaller designated gifts. So yes, we have budgeted in for a new Music Director at 25 hours per week starting Sept 1, but just so you know, that position and all employer costs are fully funded by donor funds for up to two years. And, this is the only way that we can afford this position at this time.

Our fourth largest revenue stream is from our preschool lease and another rental income property that a percentage was gifted to the church several years ago. At \$115,178.

The remaining income sources are facilities use (since we will be opening up this year), fundraising, and our 4.5% endowment transfer.

That makes up our income or revenue stream.

Expenses

For our expenses, I've broken them down into six categories. Our largest expense, of course, are wages and all costs associated (benefits, insurance, taxes, that sort of thing).

We're maintaining the staff we have now, and we're adding

- We are maintaining our Fair compensation salaries, we have given our staff a 1.8% cost of living adjustment, per the UUA's guidelines.

- Fully Donor-funded Music Director @ 25hrs/week.
- Program Assistant @ 10hrs/week (Sundays/patio set up, RE support). Since we promoted Tony Bianca and he used to be the Program Assistant, we now need to fill that position with this person who will work 5 hours on Sundays to support our RE program and our patio table groups and other congregation members as needed plus 5 hours during the week to support the RE program by getting supplies ready as needed for Sundays.
- Maintenance – add 1 4hrs/week to Ray Evans' position since he hardly has time to cover his duties at his current 12 hours per week; he will be going to 16 hours per week
- Custodian – full time / going from paying a company to in-house staff; we think it will save us a lot of money. On a quick side note, yes, we will be losing our dear Antonia, which breaks my heart. During this pandemic time we have let her adjust her hours at her request to Monday through Friday to have weekends off. She likes working weekdays now and doesn't want to return to her weekend plus schedule. She will continue until we find our own staff replacement. We will miss Antonia dearly.

Our next largest category is property expenses (\$326,212), our number one being our mortgage payment, as you might've learned in a recent Funding Our Future forum. Our mortgage makes up \$120,000 of our annual budget every year, since our building was built in 2021. When the mortgage is paid off, this will greatly expand our staffing and other program needs. Others include South Bay lease payment, insurance, maintenance, taxes and so on.

Thirdly we have Operations Expenses at \$193,651, which include things like denominational support, legal, office equipment leases, office supplies, utilities, telephone, internet, website and so on.

Next are our outside services expenses, which are people we pay who are independent contractors, and other vendors for our livestream services, ASL and Spanish interpretations/translations, database service, sound engineer, guest preachers, IT consultant who provides our IT support, etc.

Next we have our ministry team program budgets and then all other. As you can see, Ministry Team budgets have grown again, since we will be back together on campus. We're really looking forward to this!

FY22 Budget Compared to FY21 Actuals

For Income we have pledges and gifts, and generosity offering admin fees budgeted for \$814,000. This is lower than we've received this fiscal year due to the unexpected second Spirit Level Grant of \$70,000. And, even though I've already gone over these numbers, now I'm explaining why they are different than what's actually happening this fiscal year.

For the parking lot, we've conservatively budgeted it to be the same this year, however Ace Parking just sent me a two-year projection which they're anticipating a much higher revenue stream than we're budgeting here. Let's hope that happens. Since we're in such strange times, we feel it's better to be more conservative than not. Parking income has really grown this year, especially in the past few months.

Our rental income, we don't expect unusual activity this year, so we brought that back down.

Facilities Use and Adult Education income were brought back since we are planning to come back together as we reopen the campuses.

Fundraising we was more conservative for our D4\$ since I'm not sure how we'll be rolling this out for this year.

For many, many years, we've taken a 4.5% transfer in from our Legacy Endowment Fund plus the dividends earned from that fund. It's growing bit by bit every year since we look at a 13-quarter balance average and a few years ago we received a quarter of a million bequest which is slowly coming into that calculation.

Transfers In the major portion of that will come in from our General Fund Surplus, plus the designated funds to cover the cost of our new Music Director.

Total income is budgeted at just over \$1.5 million

For expenses, ministry teams are back up to an “in person/back together” operating level. We use these funds to help our programs happen from all eight of our ministry teams!

Our payroll / benefits and other employer costs are higher than this year because the new Interim Lead minister coming in at a recommended mid-level rate, our Music Director (and remember this is covered by donor funds), our new Program Assistant, increase maintenance hours and also by bringing in a Custodian as direct staff instead of paying a Company to provide this service. We believe that we will save money going this route. Conversely, the property expenses below have decreased because that’s how it was classified in the past.

Outside Services, as you can see, our livestream tech, sound engineer, Spanish language and ASL Interpreters are all paid out of this line item. We’re still going to livestream, even when we’re back in person; we will be doing a multi-platform or hybrid service every Sunday. We’ve done a careful analysis of this.

Operating expenses are increased because of being back on campus, denomination and other transfers out.

So, Expenses are also at just over \$1.5 million for a balanced budget.

Robie then opened it up to questions.

Update on the Vote on the 8th Principle - Angela Garcia-Sims and Laura Ball

-8th Principle Resolution: Be it resolved that the First Unitarian Universalist Church of San Diego adopts the 8th Principle: “We, the member congregations of the Unitarian Universalist Association, covenant to affirm and promote: journeying toward spiritual wholeness by working to build a diverse multicultural Beloved Community by our actions that accountably dismantle racism and other oppressions in ourselves and our institutions” and as adopted by the congregations of the Unitarian Universalist Association.

Angela and Laura presented a brief history of the work their discernment team did to get the word out about the 8th Principle to nearly everyone in our congregation, even in this time of the pandemic. They explained that we are looking for at least an 85% approval to “adopt.”

Update on Statements of Conscience - Kathy MacLeod

-Statements of Conscience Approval of our First UU Public Witness Guidance Team's (of our Social Justice Ministry Team) request to ratify the UUA Statements of Conscience for local use (2/3 Super Majority Needed)

Kathy explained this ballot measure submitted by the Social Justice Executive Team. The Board is requesting ratification for local use of eight of the UU Statements of Conscience that have been discerned by UU congregations and adopted at General Assembly. Right now, the only position that First UU has discerned pertains to Sanctuary. Ratification of these statements will provide authority for First UU social witness in public hearings. Members are asked to approve the background and theological/religious grounding for each Statement only; none of the suggested actions in them are authorized for local use with this action. The Social Justice Executive Team and a minister decides local actions based on policy to be developed. The eight Statements pertain to Democracy, Income Inequality, Reproductive Justice, Immigration, Peace, Moral Values, Climate Change and Criminal Justice. More information is found by each one’s link to the UUA website. You may either vote for all eight at once or individually if you oppose or are undecided about any of them. The statements receiving 2/3 approval by the members will be included in a Public Witness Guide, which will be kept current at subsequent annual meetings when the UUA adopts additional Statements of Conscience and First UU discerns. She then asked for questions.

Update on Renewal and Growth Fund - Robie Evans

Robie explained that earlier this fiscal year, we received a wonderful large gift of almost \$2 million from an anonymous donor. For now, these funds have been deposited into two Certificates of Deposit, and some into our Charles Schwab account. The entire portion of these funds have been designated by the donor and are outlined in a “Designation of Funds”

Report. The name of this special fund is the “Renewal and Growth Fund.” There are a few specific allocations for these donated funds, including technology, personnel, and outreach & growth. The intentions of the gift are:

- Help First Church become more of a “happening place,” with the expectation that these changes will, over time, result in more Sunday visitors, church members, pledges and donation.
- Promote greater ethnic, racial, and class diversity at First church, including greater diversity for events among members and attendees.

Your newly elected Board for this coming fiscal year will be reviewing the report. Some of the funds will be used over the next five years and others sooner as technology upgrades are identified and obtained. For outreach and growth, the report specifies that this allocation be administered by a committee of the First Church Board, which would report to the full board. It is the donors’ wish that “First Church is a vibrant, inclusive, and welcoming religious community which holds services every Sunday morning. In addition, First Church sponsors many life-affirming events and groups meeting or occurring every week of the year.” More information will be forthcoming from your Board during this next fiscal year. The church gratefully accepts this extremely generous gift and the meaning/intention it was given with.

Update on Funding Our Future - Dave Hunt

Dave spoke on behalf of the Funding Our Future (FOF) team gave a brief update on the work of the team. He then gave this brief background describing the process, what the FOF team accomplished, and next steps.

Last year, Rev. Kathleen pulled together a small group of lay and staff to recommend what they could do on the fundraising side to address the financial needs of the church. This group ultimately chose to engage a well-regarded consultant to assist us in a two-step process.

Step 1, approved by the Board in April, was to conduct an assessment that would address this question: what is level of support in the congregation to contribute the time, talent, and financial resources essential to the successful conduct of a fundraising campaign and what are the congregation’s priorities among the many needs that have been identified? Step 2 would be the actual fundraising effort.

Step 1 was accomplished in the month of May through small group forums held virtually and in person. The FOF team developed a 25-minute presentation that was given at 24 forums attended by ~ 170 First UU members and friends.

In preparing the presentation, the FOF team felt strongly that these forums should be about more than money. They were aware of the many ongoing discussions covering a wide array of issues. As such, they wanted these forums to be an opportunity for conversation on any topic that the attendees wished to speak to. The typical forum lasted from 60 to 90 minutes, meaning 2/3 to 3/4 of time was spent in Q&A and discussion. All comments and questions were recorded. Additionally, 146 people took the time to fill out a survey that helped answer the primary assessment question.

The results of the assessment process were compiled in a comprehensive, 190-page report that was delivered to the Board earlier this month. While the Board has not had time to fully digest and discuss the report, we can share with you today some of what we learned:

Most people felt we should wait until the interim ministry period begins before proceeding with a fundraising effort. Concerns expressed included more definition on, and the timing of a “Stay/Go” decision, a generalized uncertainty surrounding the resignation of our two ministers, and a strong sense of division within the congregation felt by many, and their desire for healing.

With regard to the primary assessment question that he stated earlier, the report concluded that our congregation is not ready to embark upon a significant, combined capital campaign at the present time.

The FOF team is unanimous in their belief that these forums were very valuable to not only assessing the congregation’s desire to address financial needs, but to also providing an opportunity for listening to the hopes and concerns of all members & friends. They are grateful for the time many of you took to participate.

So, what are the next steps?

The new Board will be meeting to review the comprehensive report, study the recommendations contained within, and deciding the scope and timing of fundraising to address both the capital and operating needs that were presented in the forums.

Update on Ministerial Staff - Sarah Ormond and Julie Forest

Sarah and Julie wanted nothing better than to be able to tell all of us that our interim minister search found the perfect person to guide us for the next couple of years. Unfortunately, that is not the case. We, like several other congregations, did not succeed in finding an interim minister. The mere fact that there were 140 congregations looking for an interim with only 144 candidates tells you that we are not the only congregation in turmoil. Luckily, the UUA Transitions office has been hard at work on our behalf. It looks as if we will have a collection of ministers spending a month or more with us in the near future. Our hope is that we can then welcome a transitional minister to lead us for a couple of years. We know that this question is uppermost in everyone's mind. As soon as we know more you will hear from Julie, as the new Board President.

Closing Remarks / Call for Electronic Vote through online voting for Slates of Candidates, FY 21-22 Budget, 8th Principle Resolution, Statements of Conscience (2/3 super majority needed) and Adjournment– Sarah Ormond

Sarah gave her brief closing remarks and called for the electronic voting process to begin through the link to our voting process. At this time, the food pantry video was shared with the attendees.

Meeting adjourned at 12:27 pm.

Election Results – Ballot Committee (announced via eblast on the afternoon of Tuesday, June 22, 2021)

The 24-hour voting period started at the end of the annual meeting. Election results were announced as follows:

Board of Trustees (at least 84.38%):

Cora Pendergast
David Rogers
Rosalba Ciampi
Rhiannon Roselle

SOC #3

- 95.31% Yes
- 3.13% No
- 1.56% Undecided

SOC #4

- 91.41% Yes
- 6.25% No
- 2.34% Undecided

SOC #5

- 94.53% Yes
- 3.91% No
- 1.56% Undecided

SOC #6

- 95.31% Yes
- 3.13% No
- 1.56% Undecided

Budget:

Yes – 93.75%
No – 6.25%

8th Principle

Yes – 86.72%
No – 13.28%

Statements of Conscience

SOC #1

- 93.75% Yes
- 4.69% No
- 1.56% Undecided

SOC #2

- 91.41% Yes
- 4.69% No
- 3.91% Undecided

SOC #7

- 96.09% Yes
- 2.34% No
- 1.56% Undecided

SOC #8

- 92.19% Yes
- 4.69% No
- 3.13% Undecided