



UNITY CHURCH-UNITARIAN

*The mission of Unity Church
is to engage people
in a free and inclusive
religious community
that encourages lives of
integrity, service and joy.*

ANNUAL MEETING INFORMATION PACKET

Unity Church-Unitarian

148th Annual Meeting of the Congregation

Saturday, November 16, 2019 • 10:00 a.m.

Pancake breakfast begins at 8:30 a.m.!

Everyone is invited to attend; only voting members — those who have signed the church's membership book and have made an identifiable pledge in the current year and a contribution toward that pledge — are eligible to vote.

If you would like more information about your voting status
please contact Barbara Hubbard at barbarah@unityunitarian.org or 651-228-1456 x116.

Child care is available during the Annual Meeting and no RSVP is required.

Budget Information Session

Sunday, November 10 • 10:15 a.m. and 12:30 p.m. • Center Room

Learn about the financial landscape at Unity Church,
including the 2020 budget (see pages 8-13) that the congregation will be asked to approve at the Annual Meeting.

**148th Annual Meeting of the Congregation
Saturday, November 16, 2019 • 10:00 a.m.
Meeting Agenda**

Convening of Meeting

Hymn: *Turn the World Around*

We come from the mountain (ocean, fire, heartland, story, mountain)
Living in the mountain
Go back to the mountain
Turn the world around.

Invocation and Bond of Fellowship (read in unison, please rise as you are able)

*As those who believe in religion,
As those who believe in freedom, fellowship, and character in religion
As those who believe that the religious life means the thankful,
trustful, loyal and helpful life, and
As those who believe that a church is a community of helpers,
wherein it is made easier to lead such a life;
We join ourselves together, name, hand, and heart
as members of Unity Church*

William Channing Gannett March 9, 1879, adapted

Adoption of Robert's Rules of Order

Election of Parliamentarian: Sally Scoggin

Approval of the Minutes of November 17, 2018, Annual Meeting

In Memoriam

Congregational Updates

- Ministries
- Updated Approach to Anti-Racism and Multicultural Initiatives
- 2018-2019 Board Activities
- Congregational Survey Summary
- Transition Update

Congregational Business

- Election of New Trustees
- Announcement of 2019-2020 Board Officers
- Acknowledgment of Outgoing Trustees
- Presentation and Vote on the 2020 Operating and Capital Budgets
- Status Report on Capital Debt

Words of Thanks from Board of Trustees to Executive Team and Staff

Closing

**147th Annual Meeting of the Congregation
Unity Church—Unitarian
Saturday, November 17, 2018 — 10:00 a.m.
DRAFT MINUTES**

BOARD MEMBERS PRESENT: Justin Cummins, Chair; Bailey Webster, Secretary; Nila Gouldin, Jill Van Koolwijk, John Steiner-Manning, Jennifer Tong, Terry Linskey, Ruth Kirkland, Nancy Evert

EXECUTIVE TEAM: Janne Eller-Isaacs, Rob Eller-Isaacs, Barbara Hubbard, Lisa Friedman

PARLIAMENTARIAN: Alan Maclin

VOTING MEMBERS: There were 128 voting members present. Quorum was 94.

CONVENING OF THE MEETING

Justin Cummins convened the meeting at 10:06 a.m.
Singing of hymn *Gathered Here* (#389)
Unison Reading of Invocation and Bond of Fellowship

ADOPTION OF ROBERT’S RULES OF ORDER

Motion to adopt Robert’s Rules of Order was made by Louise Livesay-Al. John Sherman seconded the motion. There was no discussion and the motion was unanimously approved.

ELECTION OF PARLIAMENTARIAN

Motion to approve Alan Maclin as parliamentarian was made by Beth Klemann. Betsy Moore seconded the motion. There was no discussion and the motion was unanimously approved.

APPROVAL OF NOVEMBER 18, 2017, ANNUAL MEETING MINUTES

Motion to approve the minutes from the 146th Annual Meeting of the Congregation was made by Mark Foster. Sam Gallia seconded the motion. There was no discussion and the motion was unanimously approved.

IN MEMORIAM

Janne Eller-Isaacs and Rob Eller-Isaacs read the names of members who have died since the last Annual Meeting. They included: Beatrice Elizabeth Weschcke Asfeld, Paul Arthur Siegler, Betty (Thor) Hardacker, Hazel Dicken, Earl Bernard Gustafson, David Eugene Fogelson, Helener Kane Currier, Jane Bose, Richard McKinley Cooper, Howard Milton Guthmann.

CONGREGATIONAL UPDATES

MINISTRIES

Janne and Rob formally announced their retirement, highlighting their commitment to keeping the best interest of the church in the planning process. The church is embracing changes, and they expressed gratitude to Ruth Palmer, the Board, the Executive Team, and the staff for rising to the challenge of good planning and leadership. This year the board oversaw the writing of the new Ends. As a result of the Ends, the church will be contracting Team Dynamics to shepherd the church into a multicultural and anti-racist future, with funds from a generous bequest from Helener Currier. The pastoral care team continues to respond to the pastoral needs of the congregants, offering a myriad of services. K.P. Hong and Lisa Friedman have made significant strides in strengthening the religious education program at Unity Church. Worship life is an ongoing conversation with the worship associate program and music ministries at the center. Justice work at Unity Church grows directly out of personal spiritual practice and intimate group work, and has come a long way thanks to members of the staff team.

BELOVED COMMUNITY STAFF TEAM

The Beloved Community Staff Team just finished its second year, and with the Anti-Racism Leadership Team has worked hard to incorporate more programming in the life of the church. As a developmental model, it is important to provide multiple entry points. They are always looking for best practices from other Unitarian Universalist congregations. The Beloved Community Staff Team also established a group called Multicultural Conversation Partners. Half of the members on the team are POC, half are white, and their focus is on practices of accountability.

BOARD OF TRUSTEES

2018-2019 BOARD ACTIVITIES

It was another action-packed, fun-filled year! The board has spent a lot of time working on updating the bylaws with input from the congregation. The Ends, Mission, and Values were also rewritten this year, with 266 participants engaged in the process of creating the new Ends statements.

CONGREGATIONAL SURVEY SUMMARY

Terry Linskey reported out on the Congregational Survey. There was no Spirit Map portion this year. The survey measures to what degree the congregation perceives our Ends statements to be true. Average scores were very high. People are very willing to recommend Unity Church to friends.

The survey included 174 comments, which is almost 100 more than in 2017. The majority of comments were positive — largely around programming, church staff, and the spiritual home that Unity Church provides. There were some critical comments: a desire for more diversity, a greater sense of community, and deeper engagement. Terry expressed gratitude to everyone who responded to the survey.

STAFF TRANSITIONS

John Steiner-Manning reported on staff transitions. We have the gift of time from Rob and Janne with their advanced notice of their retirement. The board has decided that we will have a one-year interim after their retirement. 2019 will be a less busy year for the board, with more time to plan for the transition.

CONGREGATIONAL BUSINESS

PROPOSED BYLAWS WITH REVISIONS

The board is recommending a number of revisions to the bylaws to increase clarity and become up-to-date with state laws. The bylaws presented today are the result of several years of work. Thank you to Sally Scoggin and Laura Park for their guidance. The board has held a number of sessions for congregants to give feedback on the bylaws, which led to further tweaks.

Motion to approve the bylaws as presented was made by Beverly Heydinger. Mark Foster seconded the motion. There was no discussion and the motion was unanimously approved.

ELECTION OF NEW TRUSTEES

Motion to approve Justin Cummins (second term), Clover Earl, and Jackie Smith as new trustees was made by Bob Ambrose. Tom Merritt seconded the motion. There was no discussion and the motion was unanimously approved.

ANNOUNCEMENT OF 2018-19 BOARD OFFICERS

Jill van Koolwijk was announced as the incoming secretary and Jennifer Tong was announced as the continuing chair. Jennifer Tong thanked the outgoing trustees — Bailey Webster and Terry Linskey — for their service, and Justin Cummins for his incredible work as Chair.

PRESENTATION AND VOTE ON THE 2019 OPERATING AND CAPITAL BUDGETS

2019 BUDGET PRESENTATION

Motion to approve the 2019 operating budget was made by the board. Patt Kelly seconded the motion. Barbara Hubbard began with a broad overview of the church's financial picture, including the three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Heritage Society is a group of individuals who have left Unity Church in their estate plans. Howard Guthmann was very important to forming that society. This year we were notified of three bequests: Helener Currier, Hazel Dicken, and Jane Bose, all of whom wanted to ensure the work of the church into the future.

Highlights from the 2019 operating budget:

- The pledge goal for next year is \$1,365,000
- 150 households have pledged this year
- Helener Currier Trust: will be used in part to support new multicultural initiatives. \$139,000 will be used next year in the operating budget for this: music, Team Dynamics, and a portion of K.P. Hong's salary.
- 76% of expenses are in salaries and benefits. Recommending a 2% COL adjustment for all staff.
- There is a line item for an organist should it be needed.
- Funding for a new database
- 15 hours/week comptroller

- Health insurance will go up 3.5%
- Budgeting an extra \$5700 to UUA Mid-America
- There will be a financial review next year

There was a question about whether Sunday's offering structure will remain the same (yes). Tom Merritt commented that a program from the Currier Funds would be better supported by operational money rather than bequests (already a conversation with the board). Louise Livesay-Al asked about the senior minister salary range (97% of NACBA). Charlie Vanek asked for details on the Currier Trust (completely unrestricted; timeline unclear).

The motion to approve the operating budget was unanimously approved.

STATUS REPORT ON CAPITAL DEBT

Motion to approve the 2019 capital budget was made by the board, with the following amendment: reduce the budget by \$75,000 by removing the storage unit line item. Patt Kelly seconded the motion.

Unity Church has been asking for capital pledges since 2015. This allows us to pay down our capital debt and have a reserve for capital projects. Projects for 2018 include panic hardware on doors in the back of the sanctuary, and a \$75,000 chapel project.

Don Arnosti asked what the balance would be on the debt when the five-year term is up, and what the plans are to pay/refinance that (hold for later in the meeting). Tom Merritt asked what capital pledges have already been received for 2019 (75% of budget so far). Charlie Caswell asked what the target is for the capital reserve fund (not set yet). Pauline Eichten asked why the storage unit line item was pulled from the budget (ET decided it was premature to make a decision about storage). Louise Livesay-Al asked if the additional 20% that can be applied toward debt service will be paid (discussion of debt service).

The motion to approve the operating budget was unanimously approved.

WORDS OF THANKS FROM BOARD OF TRUSTEES TO EXECUTIVE TEAM AND STAFF

Jennifer Tong thanked the Executive Team for their leadership and vision and thanked each member of the church staff for their contributions.

ADJOURNMENT

Jennifer Tong closed the meeting with a reading.

The meeting was adjourned at 11:48 a.m.

Minutes respectfully submitted by Bailey Webster, Secretary

2018-19 Report from the Board of Trustees

The board kicked off this busy year at its annual planning retreat in January 2019, with a focus on how we could best prepare ourselves to ensure that Unity Church can continue to flourish into the future. As we looked to the immediate and longer-term future we knew the ministerial transition would be a significant event in the life of our church. We also noted that events outside of the church are moving swiftly and unpredictably, and we resolved to ensure that Unity Church could stand firm as a beacon of our values in the years to come. The recently renewed Ends statements provided us with both the guidance and the breathing room to more fully consider what we could do to strengthen the board itself by developing the skills and mindset needed to not just survive but thrive in a rapidly changing environment.

The new Ends include the aim of sustaining and stewarding the church. Monitoring Unity's finances to ensure stability and financial strength into the future has been a key focus area of the board this past year. In late 2018, after nearly a year of work, the board approved an updated set of financial limitations. In 2019 we determined how those limitations would be monitored. Working closely with the Executive Team we developed a new set of monthly reports which provide highlights of key financial results and a forecast so that we can focus on the future. The reports are easier for all board members to understand and are enabling us to think more proactively about Unity's financial picture. This effort will continue into the new year as other financial policies are scheduled for review under the new limitations.

The set of Ends that we call "Widening the Circle" (creating a multicultural spiritual home, an ever-widening circle of belonging, and brave space for racial healing and dismantling dominant culture) has been another focus area as the board looks to strengthen its capacity into the future. With these new Ends articulated, the board agreed to fully accept its monitoring responsibility for Unity's anti-racism work. This responsibility had previously landed outside the board and on the Anti-Racism Leadership Team (ARLT), in the absence of fully articulated Ends related to anti-racism for the board to officially monitor. This spring the board expressed its gratitude for the work of the ARLT at a luncheon, and will carry this endeavor into the next year by working with a consulting team to develop more specific ways to monitor Unity's progress in this area.

As the retirement of our senior co-ministers, Rob and Janne Eller-Isaacs, rapidly approaches, the ministerial transition has become an increasing focus for the board. We created a Transition Sub-team and are working with a UUA consultant to help us manage this significant change. This year the board voted to add the Reverend KP Hong to the Executive Team, in recognition of his lifespan religious education and as the lead in Unity's multicultural initiative, and to provide additional continuity through our interim period before we have a new called minister in place. The Transition Sub-team has appointed leaders for a Celebration Team and is coordinating a process to create a slate of candidates for the Search Team. The congregation will be voting next year to select the members of the Search Team.

As always, the board is grateful for the support of the congregation as we work together on our mission to foster transformation through a free and inclusive religious community that encourages lives of integrity, service, and joy.

Jennifer Tong, Chair, Board of Trustees
Unity Church-Unitarian
November 4, 2019

Board of Trustees Nominees



Alex Askew is a lifelong Unitarian Universalist, having grown up attending the Ames, Iowa, congregation. After coming to Minnesota for college, he served three AmeriCorps terms with several local nonprofits. Called to address the opportunity gap in our community, Alex has since found a profession in nonprofit fundraising, currently with The Bakken Museum in Minneapolis. If not working, he can probably be found in a hammock, reading a book that took weeks to get from the library. Alex is grateful to call the Twin Cities home and have Unity Church as a place for reflection, action, and connection.



Louise Livesay-Al has been a member of Unity Church since it was in the transition process before Rob and Janne became our ministers. She has raised her children here, experienced some major life transitions during her time at Unity Church and has always found Unity to be a place that has supported, nurtured, and held her no matter the occasion. She has been on the Board of Trustees and the Pledge Team, led women's retreats, helped start the UU Families Project, taught religious education at every stage of our program, produced the children's musical, been on several ministerial internship committees, and a whole host of other activities. She has also been a Compensation Consultant for the UUA in our district to help churches in ministerial transition put together thoughtful compensation packages that will attract the candidates that they are seeking. Professionally, Louise is a compassionate problem-solver as a collaborative family law attorney and lives in Vadnais Heights with her husband, Marc Al, and two children, Sam and Lily Hamacher.



Jennifer Tong originally came to Unity Church eight years ago seeking a religious education program for her oldest son, and found a community for herself as well. First volunteering to teach in R.E., she gradually increased her engagement with the church, with a special interest in racial justice issues. She participated in the project to update the R.E. curriculum, and later joined the Anti-Racism Leadership Team. She is a member of several local volunteer groups, and recently completed a year as a Policy Fellow at the Humphrey Institute. Jennifer works as a project manager in a finance group at Cargill, and lives in St. Paul with her husband, Tu, and sons, Julian and Harlow.

Fiscal Year 2020 Proposed Operating and Capital Budgets

**Fiscal Year 2020 Proposed Operating Budget
(1/1/20-12/31/20)**

	FY 2019 Approved <u>Budget</u> 1/01/19-12/31/19	FY 2019 Projected <u>Year End</u> 1/01/19-12/31/19	FY 2020 Proposed <u>Budget</u> 1/01/20-12/31/20	Budget <u>Note #</u>
<u>INCOME</u>				
Gross Pledges	1,365,000	1,300,000	1,350,000	1.
Less Shrinkage	(47,775)	(39,000)	(47,250)	
Net Pledges	<u>1,317,225</u>	<u>1,261,000</u>	1,302,750	
Gifts, Offerings and Fundraisers	90,000	62,000	90,000	2.
Program Income	86,445	69,840	103,459	3.
Investment Income	26,000	51,381	50,000	4.
Church Facility Rental	34,774	41,905	43,512	5.
Other Funds and Grants	309,425	256,027	336,688	6.
Total Income	<u>1,863,869</u>	<u>1,742,154</u>	1,926,409	
<u>EXPENSE</u>				
Governance	14,000	15,011	19,700	8.
Program				
Salaries, Taxes & Fringe	716,922	707,353	751,060	7.
Other Program Expense	358,102	294,003	333,617	9.
Total Program Exp	<u>1,075,024</u>	<u>1,001,356</u>	1,084,677	
Development	7,200	9,060	12,350	10.
Administration / Operations				
Salaries, Taxes & Fringe	409,983	389,411	450,495	7.
Other Admin/Operations Expense	339,352	356,772	359,187	11.
Total Admin / Operations	<u>749,334</u>	<u>746,183</u>	809,682	
Subtotal Expense	<u>1,845,559</u>	<u>1,771,610</u>	1,926,409	
Sabbatical Reserve	1,280	972	0	12.
Reserve Fund	17,030	16,291	0	13.
Total Expense	1,863,869	1,788,873	1,926,409	
INCOME OVER/(UNDER) EXPENSE	<u>0</u>	<u>(46,719)</u>	0	

Unity Church—Unitarian

Proposed Operating Budget Narrative — Fiscal Year 2020

Attached you will find the proposed budget summary for Fiscal Year 2020 which runs from January 1 through December 31, 2020. This budget was developed by the Executive Team, reviewed by the Board of Trustees and is being presented to the voting members of the congregation for approval at the Annual Meeting on November 16, 2019.

Income \$1,926,409

1. Pledge Income (Net) \$1,302,750

2020 pledges are projected at \$1,350,000. We expect 3.5% of our 2020 pledges to be uncollectible. Net pledges account for 68% of our total budgeted income.

- At this writing, 598 households have pledged \$1,224,324 for 2020, and we are \$125,000 from our goal.
- There are 100 households with 2019 pledges who have not yet pledged for 2020. The value of their 2019 pledges is \$115,000.
- We are also reaching out to over 50 households who are active in the church and not currently pledging.
- If our 2020 pledges are not at \$1,325,000 by the date of our annual certification with the UUA (February 1, 2020), we will adjust the budget accordingly. (In 2019, we received \$24k in additional pledges between February 1 and November 1.)

2. Gifts, Offerings and Fundraisers \$90,000

Unrestricted special gifts are budgeted at \$30,000 and are largely received at the end of the year.

Sunday offering income is projected to be in excess of \$100,000 in 2020. With most offerings, 70% is given away to offering recipient organization and 30% is kept to support our outreach ministries in the operating budget. 100% of emergency offerings are given to the recipient, as are offerings for the Arthur Foote Music Fund and the Hallman Ministerial Intern Fund. We are projecting \$30,000 in offering Income in the 2020 operating budget.

We are planning a fundraising auction on March 21, 2020, providing \$30,000 of income. Mark your calendars!

3. Program Income \$103,459

Program income includes fees from weddings, memorials for those who are not members, children's musical ticket sales, religious education program fees, summer camps, retreat fees, and food ministry income (Wellspring Wednesday, soup suppers and pancakes). The increase in 2020 is due primarily to a change in our approach to religious education materials fees. We will no longer be waiving this nominal fee for parents who volunteer in the program.

4. Investment Income \$50,000

\$30,000 of the investment income in the operating budget comes from the cash dividends from Unity Church endowments that are "Held by Others," including the Mary Lou Diether Trust held at U.S. Bank and the Unity Church-Unitarian Fund held at The Saint Paul Foundation.

The remaining \$20,000 is an allocation of endowment income per our spending policy that is calculated at 5% of the last 12 quarter average.

5. Church Facility Rental Income \$43,512

Facility rental income is received from individuals and groups for one time rentals, ongoing activities such as twelve step groups and the New Century Club, and from building tenants. One Voice Mixed Chorus rents office, meeting, and rehearsal space. The Minnesota Hungarians rent space for language classes and events, and Medley Village Preschool rents space for a preschool. We are seeing an increase in building use by rental groups and also raising rents slightly to our tenant organization.

6. Other Funds and Grants \$336,688

Other Funds and Grants includes **\$36,750** in an annual Hallman Internship gift, a small portion of Unity Consulting income, fiscal agency fees, and miscellaneous income from copiers and the electric vehicle charging station. We are receiving a large bequest from the estate of Ms. Helener Currier in the approximate amount of \$1,200,000. Ms. Currier's primary interest was in encouraging greater racial inclusion at Unity Church and supporting our anti-racism efforts. We are in conversation with the Board of Trustees about the allocation of this bequest, including dedicating portions to debt reduction, endowment, and reserves.

Given the new Ends statements and the focus on multicultural initiatives, we are proposing that a portion of the Currier gift be dedicated over a three year period (2019, 2020 and 2021) to developing new initiatives including consulting and training with Team Dynamics, special music, artists-in-residence, publicity and outreach, and a portion of Rev KP Hong's salary and benefits. **The proposed 2020 allocation from the Currier bequest is \$117,427.**

We are proposing that **\$40,000 be allocated from the Jane Bose bequest** to allow us to hire a half time Director of Finance in 2020. We have projected salaries and benefits into 2021 and 2022 and with the shifting ministerial salaries, the budget will hold this position in the future. We consider hiring a Director of Finance to be important to the health and strength of the organization and critical to the transition plan for the Executive Director.

2020 marks the fourth year of our long-term mortgage that resulted from our 2012 *Unity Tomorrow* capital project. Debt service is \$142,512 each year and is being paid from Capital pledges, which are adequate to cover this debt service without impact to programming. This is a five-year note on a 20 year amortization schedule with a fixed 4.0% interest rate. The 2020 budget includes **\$142,512** of capital pledge income to address the annual debt service on this loan.

Note: You will find additional detail about our capital debt in the narrative that accompanies the proposed 2020 capital budget.

Expense \$1,926,409

Expenses fall into basically four categories: staff salaries, taxes and benefits (62.4%), the costs associated with providing our governance, worship and programs (18.3%), fixed expenses in resource development, administration and facilities (11.9%), and debt service (7.4%).

7. Staff Salaries, Taxes and Benefits \$1,201,555

Staff costs are grouped into two categories in the budget. **Program staff costs of \$751,060** include ministry, music, religious education and congregational life personnel. **Administration / Operations staff costs of \$450,495** include communications, administration, and facilities personnel. Salaries and benefits represent 62.4% of total expenses.

2020 staff salaries and benefits include:

- Our senior co-ministers, Janne and Rob Eller-Isaacs will be retiring mid-year and the Board of Trustees will hire an interim minister to serve for a year beginning in August, 2020. Karen Hering will move into a full time position as Associate Minister of Care and Transition to oversee the pastoral care program during the transition and will work with KP Hong, Minister of Faith Formation, and Lisa Friedman, Minister of Congregational and Community Engagement, to ensure quality and continuity. Minister's salaries are budgeted at 95% - 100% of the national market range to ensure budget capacity in anticipation of the transition.
- Our Director of Music Ministries, Ahmed Anzaldúa, is joined by a part-time organist.
- We are reaffirming our commitment to equitable wages by factoring in a 3% cost of living adjustment (COLA) for employees who are currently paid less than the annual equivalent of \$50,000. There is no COLA built in for those who earn \$50,000 and more.
- We are adding administrative capacity in the area of finance by hiring a half-time Director of Finance. This person will have dedicated time for the financial work of the organization and allow the Executive Director's position to focus on other priorities.
- We will be hiring a Maintenance Supervisor midway through the year as Bill Lowell retires. The new person will focus on maintenance projects, acquisitions and vendor relations, and work in collaboration with our Facilities Coordinator, Teresa Connor.
- Unity's health and dental insurance premiums through the UUA are budgeted to increase by 5.0% in 2020. The employee's share of premium remains at 20%.
- Retirement benefits remain at 10% of salary for all eligible employees.

8. Governance Expense \$19,700

This area includes Board and Executive Team general expenses including meetings, professional fees and the board's software.

The church engaged a full financial audit in 2010 before the *Unity Tomorrow* capital campaign and has paid for annual reviews by a CPA firm since then. In 2020, the board plans to engage a full audit of the 12/31/19 financial position in preparation for the upcoming ministerial transition.

We have been accruing a ministerial search reserve in anticipation of the upcoming ministerial transition. By the end of 2019, the reserve will stand at \$9,500. We are proposing supplementing this reserve with money from an unrestricted bequest to adequately cover the upcoming ministerial search team and moving expenses.

9. Program Expense \$1,084,677

This category includes both staff and non-staff costs of \$751,060 and \$333,617 respectively.

Included are the costs of the worship, pastoral care, music ministries, lifespan religious education, Wellspring Wednesday, community outreach, and membership programs. This proposed 2020 budget also includes expense for multicultural initiatives.

UUA and Mid-America Region dues are budgeted to increase by 5% to \$63,982 in 2020. This represents another step toward the goal of 100% fair share.

10. Development Expense \$12,350

This includes the cost of the annual pledge drive, the Heritage Society dinner and our annual fundraiser expense. In 2020, we are budgeting additional dollars for an investment consultant.

11. Administration/Operations Expense \$809,682

This category includes both staff and non-staff costs of \$450,495 and \$359,187 respectively.

Included are the administrative and facilities expenses for communications, office and facilities supplies, office supplies and equipment, computers, telephones, postage, utilities, property and equipment maintenance, purchased services, and insurance.

The 2020 facilities expense budget includes the \$142,512 of debt service that is paid by capital pledges. (See budget note #6.)

12. Rev Lisa Friedman took her six month sabbatical in the 2018-2019 church year. We are not accruing any additional sabbatical reserve in 2020.

13. The Board of Trustees requires the Executive Team to add "not less than 1% of the annual operating budget" to the budget for reserves each year. The receipt of the Currier bequest will make a significant impact on our reserves.

The 2020 budget will be presented to the congregation for approval at our 148th Annual Meeting of the Congregation on November 16, 2019. If you have questions or would like further detail, please come to a budget information meeting on Sunday, November 10, at 10:15 a.m. or 12:30 p.m., in the Center Room, or contact Barbara Hubbard at barbara@unityunitarian.org or 651-228-1456 x116.

**Fiscal Year 2020 Proposed Capital Budget
(1/1/20-12/31/20)**

<u>Income from Reserves and 2020 Pledges</u>		<u>Note #</u>
Capital funds in reserve (as of 10/31/19)	267,762	1.
2020 Capital Pledges		
Gross pledges (to date)	203,117	
Less Shrinkage (3.5%)	-7,109	
Net 2020 Pledges	196,008	2.
Total Capital Funds Available	463,770	
 <u>Expense (2020)</u>		
Acquisitions and Repairs		
Chapel Art	20,000	
Roof & gutter repair	50,000	
Sound system in Ames Chapel	5,000	
Computer Replacement	10,000	
Carpet replacement	5,000	
Total Acquisitions and Repairs	90,000	3.
Debt Service	142,512	4.
Total 2020 Expense	232,512	
 <u>Reserve as of 12/31/2020</u>	 231,258	

Unity Church—Unitarian Proposed Capital Budget Narrative — Fiscal Year 2020

2017 was the first year of our long-term mortgage that resulted from our 2012 *Unity Tomorrow* capital project. The project cost \$8.0 million and we raised \$6.8 million in commitments. After paying principal and interest on the short term construction loan for 4.5 years, we converted the remaining \$1,950,000 of debt to a long term note on January 1, 2017. This is a five-year note, on a 20 year amortization schedule, with a fixed 4.0% interest rate.

Debt service is \$142,512 each year and is being paid from capital pledges, which are adequate to cover this debt service without impact to programming. We will be required to refinance the loan at the end of 2021, either with the current or another banking institution, without prepayment penalty.

In addition to debt service payments, we are allowed to pre-pay up to 20% of the principal balance each year without penalty. Since 2017, we have made additional loan principal payments of \$176,679.

In 2015, the congregation began making capital pledges in addition to operating pledges. Capital pledges allow us to pay debt service and provide funds for capital acquisitions and repairs, thus avoiding deferred maintenance. Capital pledge totals average in excess of \$200,000 each year from over 300 households.

NOTES

Income from reserves and 2020 pledges: \$463,770

1. Capital funds in reserve as of 10/31/19: \$267,762

This represents the capital pledges collected since 2015, less annual debt service and the acquisitions and repairs made through 10/31/19.

2. 2020 Capital pledges (net): \$196,008

Capital pledges (to date) made for 2020, less a 3.5% shrinkage allowance.

Expense (2020): \$232,512

1. Acquisitions and repairs: \$90,000

These are estimates. If approved, we will acquire multiple bids on the projects.

2. Debt service (year 4 of 5): \$142,512

Projected reserve as of 12/31/2020: \$231,258

Unity Church–Unitarian

BOARD OF TRUSTEES

JUSTIN CUMMINS
CLOVER EARL
NANCY EVERT
NILA GOULDIN
RUTH KIRKLAND
JACKIE SMITH
JOHN STEINER-MANNING
JENNIFER TONG, CHAIR
JILL VAN KOOLWIJK, SECRETARY

EXECUTIVE TEAM

REV. JANNE ELLER-ISAACS, SENIOR CO-MINISTER
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