

First Unitarian Church of Portland

Board of Trustees Meeting - November 5, 2020 – Agenda

Board (only) Deepening 6:15, Board Meeting - 7 - 9pm - Zoom call – link

Join Zoom Meeting

<https://us02web.zoom.us/j/85380550183?pwd=L2xOZWFIYkhSUmlOSWdreVJpQlduZz09>

Meeting ID: 853 8055 0183

Passcode: 425452

One tap mobile

+16699006833,,85380550183# US (San Jose)

+12532158782,,85380550183# US (Tacoma)

Board Meeting

6:15 Deepening/Check-in

7:00

Convene

Opening Words – Brad

Determine Quorum

Process Observer Review

Review Agenda

Review and Approve Previous Meeting Minutes

Board Roles

Timekeeper – Marilyn

Process Observer – Alan

7:10

Congregant Comment Period

7:20

Updates

Note: Committee updates – reports attached

Note: Dates to Calendar

Board Forum – Nov. 22

Bill’s first Q&A and Fin Comm quarterly update – Nov 15

ET Update

7:50

Generative Discussion

- 8th Principle introduction, and initial discussion

8:50

Meeting Wrap-up

Communications Check

Process Observations

Closing Words –

9:00

Adjourn

Our Mission:

The mission of First Unitarian Portland is to create a welcoming community of diverse individuals; to promote love, reason and freedom in religion; to foster lifelong spiritual growth; and to act for social justice.

Our Vision:

First Unitarian Portland is a beacon of hope for us and for our community, a spiritual center in the heart of our city that helps each of us to find our moral compass, calling and challenging us to build the beloved community with an ever deepening sense of spirit, diversity and inclusion.

Goals for First Unitarian Church

Five Year Church Goals are created in collaboration with the congregation and Executive Team and adopted by the Board. They reflect the mission and vision of our church. Church goals are primarily carried out by the Executive Team and staff, collaborating with the Board.

Board 1-3 Year Goals are created by the Board and Executive Team at our yearly Retreat. Board goals may draw from the 5 Year Church goals yet reflect work within the purview of the Board.

First Unitarian Church Five Year Goals

At the Board meeting on May 6, 2016, the Board adopted five-year goals for the church.

From 2016-2021, First Unitarian Church of Portland will:

- Focus on collaborative governance, revising policies for clarity and brevity and creating linkages between the Congregation, the Board, and the Executive Team.
- Increase church funding through enhanced giving, including goal to reduce or retire the Buchan Building mortgage.
- Make a cultural transition from program-focused church to mission-driven church, with priority to building beloved community between generations.
- Develop a long-term plan for development and sustainability of church campus given changing dynamics of West End and downtown Portland.

Board 1-3-Year goals

The Board adopted its 1-3-year goals at the October meeting. They are:

1. Continue to examine the ways in which power, privilege and White supremacy culture affect our church, including our board work, to include:
 - a) Educating ourselves on the issues, such that we can support the development of this work in the congregation.
 - b) Taking steps to improve our practices and model antiracist behavior. This will include:
 - i. Evaluating how we enact policy-based governance in a manner that actively dismantles White supremacy culture in our board and in our congregation.
 - ii. Exploring and considering endorsing the adoption of the 8th Principle through its addition to our bylaws.
2. Holding the mission of the church, engage in ongoing, generative conversations with the Executive Team and the congregation to:
 - a) Develop understanding of the church that's emerging, as well as the pastoral needs and continuing connections among congregants in the church that is

- b) Approve a revenue plan to sustain the mission of the church in current and emerging contexts
 - c) Lead the congregation in development of 5-year church goals
 - d) Consider viable options for maintenance of our current physical plant and future development of the campus to meet the needs of the emerging church
3. Governance committee will review and possibly recommend changes to the bylaws as they relate to size of Board, and definition of pledging member in board policies.
 4. Continue to support the Ministerial Search Committee and the transition to a new Senior Minister.

First Unitarian Church Portland Oregon
Board of Trustees Meeting Minutes – FINAL
September 3, 2020
(Conducted via zoom meeting)

Board members present: Mindy Clark, Alan Comnes, Cindy Cumfer, Ryan Deibert, Theo Harper, Caitlynn Hill, Adam House, Marilyn Mays, Barbara Morrison, Brad Taylor, Andy Wilson, Leila Wrathall

Board members absent: None

Ex officio board members present: None

Ministers and staff present: Rev. Bill Sinkford, Rev. Tom Disrud, Kathryn Estey, Intern Minister Stacey Mitchell

Timekeeper: Brad Taylor

Process Observer: Alan Comnes

Congregants present: Jess Noël Parker, Darin Stewart, Mark Woodleaf

The board meeting convened at 7:06 PM.

Opening words: Alan Comnes read a poem by Dick Laurie (adapted by Sherman Alexie for the film *Smoke Signals*), "Forgiving our Fathers"

Mindy Clark determined there was a quorum.

Process observer review:

No notes to share from last month.

Review agenda:

Agenda was reviewed and approved.

Review and Approve previous meeting's minutes:

Leila Wrathall moved and Andy Wilson seconded a motion to approve the minutes. The motion carried with a unanimous vote.

Congregant Comment:

- Mark Woodleaf expressed appreciation for the opportunity to join, along with others from the Ministerial Search Committee.

ET updates

- Two days ago, a vehicular crash outside of the Buchan Building caused a broken window at the Buchan Reception. Just a traffic accident - nothing more than that. Plywood on windows while they are being replaced.
- Beginning public phase of annual fund drive
 - Theme: Our Path Forward
 - Shifting prior methods and language ("a season of giving" rather than annual fund drive)
 - Reaching out to a cross-section of congregants for early pledges and to potentially increase pledges to help address shortfalls in other congregants' income
 - Launching on Homecoming Sunday (Sept 13)

- How can board members help fundraising (Same ask of others in the community):
 - Make sure pledge is in early
 - Consider making a sustaining pledge if you haven't before
 - It is a blessing to hold your pledge even in this time, and consider increasing pledge to help cover others who may be struggling
 - If you are unable to maintain your pledge level due to financial hardship, don't be ashamed - we are in this together
- Launching new family worship at 9:15 AM, beginning Sept 13
 - Something the family can enjoy together
 - Assist parents to not have to become "religious educators in chief"
 - Includes mailing craft kits to families
- Continuing with virtual social hour
- Inviting congregants to join social justice work
- Group of BIPOC religious leaders that Bill participates in: Call to center voice of most marginalized in organizing efforts, including partnership with IMIRJ
- Financial update:
 - Through July (last monthly data) income has held up remarkably well, no sharp drop
 - Made possible by very generous, unsolicited gifts from other congregants
 - Has been early expression of our fundraising strategy for this fall
- Northwest Academy update:
 - Marching ahead with multiple models to return to in-person when can comply with Governor's order. Earliest possible (but unlikely) in October.
 - Continuing to fulfill their lease (as is Outside In)
- Planning to reforecast year financially after Celebration Sunday with better data from fund drive (end of November)
- Wrapping up third round of pastoral calls to congregation
 - First round, theme was: We're doing fine
 - This round: More call for lay ministry support; increased anxiety, depression, isolation

Committee Reports are included in the board packet and included here by reference.

Consent Agenda:

- Accept Annual Ballot results as published in agenda.

Cindy Cumfer moved and Brad Taylor seconded a motion to approve. The motion carried with a unanimous vote.

Generative Discussion: Evaluation of Ministry FY '19 - '20

- What the Evaluation of the Ministry is:
 - Board annually assesses/evaluates the ministry of the church
 - Board works as a team with the Executive Team to evaluate the long-term progress toward the mission of the church, identifying issues we face now and may face in the future
 - Different than assessment/review of the Executive Minister or the ministerial staff
 - Have shared with Ministerial Search Team (and potentially to ministerial candidates) to shape understanding and context of current ministry
 - Important document and process for ongoing life and movement of the church. Intended to be process of reflection and discernment of how well we're living our mission that can help

to guide our actions (e.g. Should we reallocate effort, funds?). It is as much a process of spiritual discernment as numerical exercise.

- The Board engaged in a rich generative discussion that touched on several themes from the evaluation draft:
 - Idea of an emerging church, what that means, and whether it endures post-COVID
 - It's emerging - not here yet; six months feels long, but in the lifetime of the church, it's not long at all
 - Will continue to be out of sanctuary for at least another year
 - Many unknowns/unknowables, but can forecast or intuit some things:
 - Much like shopping/education/work, experience of COVID is supercharging moves that were already taking place to more virtual experiences
 - What that means for when we can gather again, unknown, but guess is: When we return to in-sanctuary worship, more of the ministry will be online than pre-COVID. Unlikely to go back to full reliance on physical gatherings.
 - What will that mean for the church? Open question...
 - Intersects with conversations about block campus and worship needs.
 - How to keep our younger people connected? How not to lose them after YRUU until their 30s. Can this be an entry point to taking First Unitarian to college?
 - Becoming an antiracist church, what that means, how we move forward with that
 - Current strong witness for social justice
 - Liken it to embracing identity as a welcoming church during marriage equality fights in the 90s
 - This is identity work: Claiming an antiracist identity for the church, embrace that identity, and follow what that calls us to do
 - Embracing this as a core spiritual practice
 - This is an invitation for congregants to come along, not to shut others out
 - Bill's foresight on several issues that have helped to strengthen the church in COVID times:
 - Screens, online worship
 - Working to dismantle white supremacy culture
 - How we've used our modified form of policy-based governance to foster collaborative conversation between Board and ET.

Communication Check:

- Highlight themes of assessment of ministry in Moderator Letter; point to assessment in e-news

Process Observations:

- Strong dialogue as zoom meetings go, but need to remain mindful of ongoing engagement of full group.
- With larger groups, may be helpful to have active facilitation to encourage participation.

Closing Words: Alan Comnes read poem by Sherman Alexie: "Powwow at the End of the World"

Meeting adjourned at 9:00 pm.

Minutes respectfully submitted: Ryan Deibert, board secretary

9/3/2020

First Unitarian Church Portland Oregon
Board of Trustees Meeting Minutes – FINAL
October 1, 2020
(Conducted via zoom meeting)

Board members present: Alan Comnes, Cindy Cumfer, Ryan Deibert, Theo Harper, Caitlynn Hill, Adam House, Marilyn Mays, Barbara Morrison, Brad Taylor, Andy Wilson, Leila Wrathall

Board members absent: Mindy Clark

Ex officio board members present: Kathy Ludlow

Ministers and staff present: Rev. Bill Sinkford, Rev. Tom Disrud, Kathryn Estey

Timekeeper: Andy Wilson

Process Observer: Caitlynn Hill

Congregants present: Leslie Pohl-Kosbau

The board meeting convened at 7:09 PM.

Opening words: Caitlynn read a poem by Richard S Gilbert, “We Meet on Holy Ground”

Barbara Morrison determined there was a quorum.

Process observer review:

No notes to share from last month.

Review agenda:

Agenda was reviewed and approved as submitted.

Review and Approve previous meeting’s minutes:

Final September meeting minutes were not included in the Board Packet. They will be included for approval at the November meeting.

Congregant Comment:

None present.

Dates to calendar

- October 25: Board Forum
- November 15: Bill’s first Q&A and Finance Committee quarterly update

ET updates

- New church year up and running:
 - New family worship service for 3 weeks at 9:15 (75-100 devices, has included some nonfamilies)
 - RE Committee beginning phone outreach in a couple of weeks to collect feedback
 - Feels like good worship in that space

- 10:15 worship between 500-750 devices, 800-900 adults
 - Extremely high quality worship
- Combination zoom/in-person memorials and wedding: Find a new normal in the traditional functions of the church
- Our Path Forward (formerly annual fund drive):
 - Moving to language of gifts and giving (vs. pledge)
 - Last Friday at 80% of goal; ~\$300,000 to go, with approximately 400 families that we've not yet heard from
 - Celebration Sunday is this coming Sunday, as virtual effort
 - Images of "This is our Church"
 - A substantial ask for one-time gifts from those outside of Portland
 - Tom and Bill will start outreach to households they haven't heard from within the next week after Celebration Sunday
 - Looking to learn more about whether households have experienced loosened bonds
- ET is committed to reforecasting budget, ideally prior to the holidays
- 8th Principle Workshop:
 - 85 attended, with 70 for full day
 - Hope that BLT will recommend for board to vote to place on spring ballot
 - Process of education and discussion was extremely successful
 - Strong interest from Kathy to help disseminate information from the workshop
- Adult ministries continues to be highly attended
 - Courses are more topical, community-focused, justice based
 - Becoming a very substantial part of the ministry
- Thinking about ministry in the midst and aftermath of the election
 - Lay ministers will begin weekly prayer vigil prior to and following the election
 - Stacy's interfaith conversations a space to discuss issues that are coming up
 - Bill's forecast: This will become uglier and more challenging in lead up to election, and possibility for real chaos following election
 - Church will need to be there for its people, many of whom will be out on the street, and others who will be struggling
- How did congregational outreach (pastoral calls) go in this last round:
 - First round: "I'm nervous, but doing OK."
 - Second: "Still doing OK, but looking forward to getting outside"
 - This time: More people coming to terms with isolation, fear; many additional lay ministry referrals
 - Planning additional outreach post-election

Committee Reports are included in the board packet and included here by reference.

- Finance Committee documents distributed by email earlier this week
- Communications Committee will be sending board members a list of groups within the church for outreach/dialogues

Consent Agenda:

- Approve Evaluation of Ministry for 2019-2020 church year

Cindy moved and Brad seconded a motion to approve. The motion carried with a unanimous vote.

Action Items:

- Discuss, finalize, and adopt board goals
 - Background:
 - A smaller subset of the board volunteered to review notes from prior generative discussions to draft 1-3 year board goals for consideration and adoption by the rest of the board. The draft goals were included in the board packet.
 - Board discussion:
 - Can the second goal be tightened up a bit?
 - Thinking was: As the emergent church continues to emerge, it's likely to have different financial needs in addition to the church we have now
 - Can we say "develop" rather than "approve" a revenue plan?
 - Better language is "approve" given role of the board vs. the ET
 - A word on time frame for emerging church: If you imagine that we may begin gathering again in person a year from now.. I would think that the board would want to have some significant experience of what the "re-gathered" congregation might look like. How many of us will decide to gather in person vs. to remain online, especially as the risk factors continue (and then begin to recede). It's likely to take some time. We can bring our assumptions (how many gather, when do we add more choirs), but we won't know that for some time.
 - Downtown is changing, with more people living on the streets. People may feel less comfortable downtown, especially at night.
 - Lots of factors that will enter into this consideration. After 1918 pandemic, theaters were swamped with people wanting to get out to do things, and be together.

Theo moved and Andy seconded a motion to adopt the board goals as distributed. The motion carried with a unanimous vote.

- Discuss and authorize further work by the RE Development Task Force – ask Task to develop additional options for the church property and needed maintenance/upgrades
 - Background:
 - Real Estate Development Task Force did an enormous amount of work to imagine (with support from architects, and other professionals). Three specific scenarios:
 - Rehab existing buildings so useable over a reasonable period of time

- New development, quarter block (new offices with affordable housing above)
- New development, half block (new offices, sanctuary, and more housing above)
- Price tags for each of those were >\$20 M
 - Even rehab, due to cost to seismically retrofit sanctuary
 - This may be beyond the capacity of the congregation based on fundraising analysis
- Task force presented very rough estimates for a fourth and fifth options, each involving selling some portion of the campus and concentrating the church uses on a smaller portion of the property, but these options would need more work to develop confidence in these estimates.
 - Option 4: Sell quarter block (offices), rehab sanctuary; move operations to remaining three-quarter block.
 - Option 5: Sell half block (including sanctuary); move operations to remaining half-block.
- Board elected to reflect on what we learned and reconsider
- Raises questions:
 - What reflection does the board need in order to give a specific ask to the Real Estate Task Force
 - When would the board look to make an assessment like this about physical plant needs? How does this relate to the emerging church?
- Board discussion:
 - We have a problem of having two sanctuaries. I am assuming that we may be back to full in-person worship within five years. Would Eliot Chapel be large enough? Could the organ go to Eliot Chapel.
 - Can we make Eliot Chapel available for other uses (concerts?).
 - Could we add housing that generates income, rather than just affordable housing?
 - One piece of information I would like to see: At least one plan that financially viable to present to incoming minister, such that it doesn't look like an unsolvable problem.
 - Add to list of unknowns: Won't know the value of downtown real estate in upcoming years. May be important to understand how that market is shaking out. Can we have the RE Task Force ready to pick up again when these things begin to gel?
 - Difficult for me to track the conversations
 - Would be helpful to have something I can wrap my head around on my own time, that breaks out some of the existing maintenance needs that helps with triage: The pressing problems, which ones do we have years to address. Is that a document that can be created? Can the seismic retrofit work include a comp project, so I can better understand the scope of work and compare it to something.
 - It would be a reasonable request of the task force for a staging plan for rehab work.
 - The biggest challenge is the seismic retrofit: Is it acceptable to bring 500-700 people into a building

- I would like to see the other two plans (4&5) with additional detail on those plans and costs. How, specifically, might that look?
 - Understand that those options assume we could accommodate in-person worship in Eliot Chapel (e.g. enough of the congregation is satisfied with online worship that in-person worship shrinks).
- This will take more than an hour at a board meeting. May require 2-3 hours together.
 - What do we want/need to know?
 - How does this mesh with the timeline of understanding the emerging church?
 - How do we want to discuss this with the congregation?
- We may just need to wait until the congregation can be back together, when we may know more.
- Task Force has highly detailed cost estimates for options 1-3 (detailed to the point of not being helpful to the board). What do you want of the taskforce?
 - Imagine a staged renovation plan over several years, with associated costs and timeline.
 - If board wants Option 4 & 5 to the same level of detail, there will be a substantial cost
- May be helpful to understand historic preservation statutes and ability to renovate Eliot Chapel
- Some observations: We want to know two things:
 - What will the world look like post-covid (RE Task Force won't be able to do this)
 - More detail about sequencing work and cost to maintain/rehab existing facilities (May be a good ask for RE Task Force at this stage)
- As we talk to congregation, it will be critical to have the simplified version of Option 1 for congregation to consider in context of any other options
- Is it worth asking the congregation:
 - What do you want the church to look like a year from now? Mostly online? Mostly in person? A mix?
 - Less formal and more frequent to get more "real time" information about where congregants see themselves in 6 months to a year (e.g. If we have an effective vaccine...)
- I want Option 5 to include: Can we put a new sanctuary we need in the space where Channing Room/Fireside Room (area between two existing sanctuaries)
- Will next 2-3 years be highly variable and then settle back to what we have? It's very difficult to know whether the emerging church will be final emergence
- How soon do we have to make a decision? I'm uncomfortable because I don't know what post-vaccine looks like (1.5-2 years). I also know that cost estimates become stale at a point. We don't know how land values will shift. What realistically is the time frame by which we have to say: We will move forward with one of these options. Or can we sit on this and wait? How long until we have to do additional

- substantive/costly work to reaffirm cost estimates?
- Reasonable question: Can rehab of existing buildings be staged to make it a more financially viable option?
 - Any other large question about sale of property, new buildings should probably wait until well after emerging church is becoming clear (3 years +).
- Would like to not walk away from the possibility of creating affordable housing. Is there a way to work in partnership/collaboration with someone that can provide housing. Church in Tulsa uses their church facility in more diverse ways. Let's not lose opportunity to imagine new ways to use this church that might fit with the community of communities.
- Helpful to know: Is lending market for affordable housing shifting? How might that affect viability of that work in the coming months/years?
- The Campbell Company fundraising analysis allowed ET to follow up with potential donors ahead of Our Path Forward. Did that provide us with any information about our ability to fund raise for sustainability in the near-term?
 - Won't know until after Celebration Sunday.
- What Bill heard:
 - A request for more specific information about possibility to stage the rehab work on existing buildings:
 - Is it possible to stage? And what are the cash flow requirements/timing?
 - Some clearer detail on the buckets of costs and types of work
 - A request to further imagine Option 5, in two versions:
 - "Sanctuary in the center of the block"
 - Is this even allowed with historic preservation constraints?
 - If it's allowed, is it even viable (square footage, etc.)?
 - What can we do via Option 5 for the church that returns

No specific board action taken.

Communication Check:

- No items noted

Process Observations:

- Lack of norms for how we raise hands/manage participation in conversation.

Closing Words: Caitlynn read "A Prayer for Unfinished Business" by Kelly Weisman Asprooth-Jackson

Meeting adjourned at 8:57 pm.

Minutes respectfully submitted: Ryan Deibert, board secretary

Governance Committee Meeting
October 7, 2020, 7-9 pm
Minutes

Attending Committee Members: Cindy Cumfer, Mindy Clark, Ryan Deibert, Caitlin Hill, Adam House

Absent: None

Guests: Theo Harper and Barbara Morrison

Minutes by Cindy Cumfer

Opening Words: Adam

Next Meeting's Words: Mindy

TO DO:

Ryan will share notes on Board's discussion of the evaluation of the ministry.

Cindy or Mindy will check with Bill and Tom about when Gov Comm should discuss adding 8th Principle.

Mindy and Ryan (and Cindy?) will have an orientation session for new members as described below.

Mindy will talk to other large churches to see what their experience is about large Board sizes.

Mindy will also talk to Susan Beaumont to get her ideas and check resources at the UUA.

DECISIONS:

1. *Adoption of Minutes.* We adopted last meetings' minutes.

2. *To Do List.* All tasks were done or in process.

3. *8th Principle Discussion.* Theo reported that Bill and Theo will be addressing the 8th Principle and Theo is actively involved in the movement to adopt the 8th Principle. Those advocating for adoption of the 8th Principle may put it on the church ballot this spring. Paula Cole Jones presented a workshop on this issue recently which several Gov Comm members attended and found very inspirational. The national committee advocating for this wants individual congregations to adopt the 8th principle prior to the GA discussion on this. It believes that this will provide support for adoption of the principle at GA. Gov Comm can provide advice on the process required by our bylaws to get this on our ballot.

We had a brief discussion about reversing the order of the principles, to move the 7th and 8th principles to the beginning. This has also been discussed by leaders in the 8th principle movement.

DECISION: The Committee will defer to the leadership of Bill, Theo, and those Bill selects to lead on this issue in our church. If they decide to seek a Bylaws amendment to adopt the 8th principle as one of the principles recognized in the Bylaws, Gov Comm will work with them on the process for adoption.

4. *Communication of Evaluation of Ministry.* The Committee discussed a number of ideas about what and how the Board should communicate the Evaluation of the Ministry the Board adopted at its last meeting.

Some pieces we think should be highlighted:

- Bill's list of strengths of the church which may not be otherwise noticed;
- Pick out important points in Assessment
- Barbara will look at what she thinks might be highlighted

How and to whom we should communicate:

- Tom Disrud says that we can do slides.
- Adam suggested that the website contain a list of topics and allow congregants to click on those which interest them
- Caitlin pointed out that this approach would make the information more accessible to those who use readers
- All agreed that a big piece of the upcoming Board forum should be a discussion of the Evaluation

5. *Reducing Board Size* (Bylaws revision, requiring membership vote)

Gov Comm had a rousing discussion on whether to reduce the size of the Board to 7 or 7-9 members. All agreed that the current Board size (12 plus ET) makes deep Board discussion on difficult issues very difficult in our time constraints. Many leaned toward a Board of 7 members, or 7-9 members.

We also recognized that much work of the Board is currently done in committees and that it would be more challenging to people these committees if we had a smaller Board. We discussed several options:

- Committees would be much smaller, with 2-3 Board members
- Committees could bring congregants in, but this might mean that a few non-elected congregants would have an outsized voice in Board work
- We could abolish committees and have all committee work be done by the Board. This would mean more Board meetings each month but with no committee meetings. Also, all Board members would be in the "weeds" of all Committee work.

We recognized that this decision may also be influenced by what the "emerging church" will be. If our congregation remains in significant part virtual in the future, the leadership model that sees Board members as representatives of the congregation may change to a "community of communities" model, which suggests that the Board has relationships to the congregation/members, but are not acting as representatives.

Theo noted that the Board Liberation Team wants to be part of whatever structure moves forward. He is interested in the model in which all Board members serve on all Committees. This would mean that all Board members would serve on the BLT.

We discussed getting help from our large church consultant, Susan Beaumont.

We also recognized that this change should be discussed with the congregation, many of whom will need to be educated on how we govern, especially the Board and ET's roles in decision-making.

We discussed the Board putting this on its December agenda, with a congregational workshop in January, if we want to get this on the ballot in time for congregational voting on the Bylaws amendment. Some of Gov Comm's questions on this: Is this too much distraction for the congregation since it will be on the ballot with the 8th principle vote? Do we want to postpone this until next year? If we don't want to wait until the end of the year, we could put this up for a special vote in October.

Other thoughts: we will want to liaison with Nom Comm about this. We could also propose a variable size Board of 7-12 and allow the Board to decide each year what size would work best.

Another suggestion was that Board members be limited to 6 year service. (Right now, if a member fills an unexpired term, that member can run for 2 six-year terms when their partial term is completed, so a person can serve up to almost 9 years).

The question was raised about whether we could vote via electronic voting in October. No one was sure. If we did this, we would need to explore whether our bylaws/the law allows this.

TO DO: Mindy will put this on the Board agenda, to get a sense of where the Board wants to go on this. She may also contact Susan Beaumont for her thoughts.

6. *Special Thanks*. The Committee agreed we were very grateful to have Theo and Barbara at the meeting. Their input was very helpful. We also noted that, with their presence, we were a 7 person committee, a preview of how a 7 person Board might function.

Closing words: Adam

FIRST UNITARIAN CHURCH OF PORTLAND BOARD OF TRUSTEES
Communications Committee Meeting Minutes
October 13th, 2020, 7:00- 8:30 - Zoom Room

The meeting convened via Zoom.

Present: Barbara Morrison, Kathy Ludlow, Theo Harper, Mindy Clark, Brad Taylor

Opening words

The September meeting minutes were approved as written.

Discussion of 8th principle process, including considering groups to conduct outreach to; in December the board may discuss placing the 8th principle on a ballot.

The October Moderator Letter was discussed. Topics to be addressed: process of consideration of the 8th principle; recognition of the family services; update on the status of giving (formally "fund drive"); and describing the Board's 1-3 year.

The October 25th forum was discussed. It was suggested that it may be best to move the forum to a date after the November 3rd election. The general format was discussed. It was proposed that we develop slides to convey information and guide the conversation, with board members presenting for 20-25 minutes and reserving the final 20-25 minutes for questions and answers. Possible topics mentioned included: the ministerial evaluations and the boards 1-3 year goals.

There was further discussion of engaging congregants in through coordinated Board Dialogs and having board members share the responsibility of reaching out to the groups. Barbara is maintaining a list.

The group considered topics that will be important for further consideration and discussion, such as keeping the congregation updated on development conversations and reexamining the search timeline.

It was suggested that we reach out to the Search Committee and invite them to present to that board. It was suggested that the Communication Committee poll the BOD regarding questions for the Search Committee and then send those questions to the SC in advance to inform their presentation and preparation. Themes discussed included: how did this year's process go (how many congregations engaged in a search process successfully)? How did the number of candidates this year compare to past years. Is there a way to guess how many candidates will be available this coming year? Is there a guess of how many congregations will be searching?

We continued discussion around sending out the zoom links and publishing them widely so that congregants can find out how to attend board meetings.

Closing words

Respectfully submitted,
Brad Taylor

**First Unitarian Church
Finance Committee Minutes
October 27, 2020**

Attending:

Committee Members: Leila Wrathall, Alan Comnes, Andy Wilson, Marilyn Mays, Mindy Clark
Non-Voting Board Members, Committee Members and Congregants: Ed McClaran, Stan Jewett, Linda Craig, Dev Dion, Jo Ann Floor, Evey Gordon, Josh Soske
Staff: Kathryn Estey, Zaida Cooper

Call to Order: 5:00 pm

Reading: Ed provided a reading.

Date and Time for Next Regular Meeting: November 24, 2020; 5:00 – 6:30 PM

Announcements and Reports:

Leila reviewed Agenda.

Motions/Approval:

M/S/C: Approve September Minutes

September 2020 Financial Review - Discussion

Postponed, report will be sent out when ready.

Updates – Kathryn Estey

Our Path Forward: 2021: Pledges received, as of late last week, \$1.530M. Sounds very good but remember 2021 budget is based on salary cuts and didn't include reduction in rentals. Many increased pledge amounts relative to last year (40% of givers). \$40K in one-time-only gifts. ET will reforecast budget based on actual results. 2021 pledgers currently about 800 (last AFD ~960).

Question: do the bylaws require congregational approval of a redrawn budget? Answer: Per Mindy, the bylaws allow the Board to approve variations based on financial updates.

Finance Comm. will have a December meeting 12/29 to review budget revisions with the ET.

Other notes: ET is advising staff to stay home Election Day and the day after.

Review of June 30, 2019 financial statement (Linda):

Will review rather than audit this FY due to Covid and change of auditors.

Financial assets declined from 2018 to 2019 due to transfers to the Foundation to "Burn the Mortgage."

{reported 2018 revenues include \$948K in capital pledges for Burn The Mortgage}

Only remaining long-term debt is \$31K note payable to Oregon Clean Power Coop for the solar panel installation.

Question: why are net assets for 2019 shown as down \$400K when the Church now owns the real property clear of debt? Linda will investigate.

The "Statement of Functional Expenses" reflects a new system of allocating support service costs across Church programs. Fits better with a mission-based approach. Restricted accounts are now clearly identified as such.

Question: \$899K shown as invested in non-FDIC-insured accounts. Can this be reduced, was it impacted by the change to Beneficial?

Answer: No, it is impractical unless we were to spread our accounts across multiple financial institutions.

Question: can we update description of functions of Ministry, for the 2020 statement, to include their ET administrative duties? Ed to email suggested wording to the Committee. 2019 language to stay as-is.

June 2020 statement will be available on a more timely basis now the change of outside auditor is complete.

Alan Comnes agreed to do open and closing reading next meeting.

Ed McClaran read closing words.

Meeting adjourned at 6:00pm.

FIRST UNITARIAN CHURCH

FINANCIAL STATEMENTS

Year Ended June 30, 2019



**First
Unitarian
Portland**

KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FIRST UNITARIAN CHURCH
FINANCIAL STATEMENTS
Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-14

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees
First Unitarian Church
Portland, Oregon

We have reviewed the accompanying financial statements of First Unitarian Church (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

First Unitarian Church's 2018 financial statements were reviewed by other accountants and in their conclusion dated October 4, 2018, they stated that based on their review, they were not aware of any material modifications that should be made to the 2018 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2018, for it to be consistent with the reviewed financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note B, the Organization adopted the provisions of Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958)*, for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.



Portland, Oregon
October 2, 2020

FIRST UNITARIAN CHURCH
STATEMENT OF FINANCIAL POSITION

Year Ended June 30, 2019
(With Comparative Totals as of June 30, 2018)

ASSETS

	2019	2018
Cash and cash equivalents	\$ 973,773	\$ 1,145,351
Accounts receivable	13,405	-
Pledges receivable	828,315	1,058,547
Prepaid expenses and other	67,288	24,938
Property and equipment, net	6,758,650	7,002,039
Investments	160,820	151,434
Inventory	16,595	17,266
Total assets	\$ 8,818,846	\$ 9,399,575

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 291	\$ 268
Accrued vacation payable	73,867	73,175
Related party payable	227,096	479,272
Retirement liability	-	23,404
Deferred event revenue	32,665	12,226
Deferred rent revenue	374,456	383,956
Long-term debt	31,000	-
Total liabilities	739,375	972,301
Net assets		
Without donor restrictions		
Available for operations	638,828	409,286
Invested in property and equipment	6,758,650	7,002,039
Total net assets without donor restrictions	7,397,478	7,411,325
With donor restrictions	681,993	1,015,949
Total net assets	8,079,471	8,427,274
Total liabilities and net assets	\$ 8,818,846	\$ 9,399,575

See notes to financial statements.

FIRST UNITARIAN CHURCH

STATEMENT OF ACTIVITIES

Years Ended June 30, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Revenues, gains and other support				
Operating pledge	\$ 1,418,397	\$ -	\$ 1,418,397	\$ 1,433,876
Capital pledge	42,205	-	42,205	948,956
Contributions non-pledge	54,244	3,721	57,965	133,376
First Unitarian Church Foundation	55,000	-	55,000	444,677
Rental income	420,694	-	420,694	422,348
Program receipts	124,559	-	124,559	136,075
Bookstore receipts	14,389	-	14,389	16,697
Sunday tapes, flowers, sermons, events, etc.	32,971	-	32,971	33,821
Interest income	3,760	-	3,760	2,891
Program contributions	-	136,990	136,990	163,130
Net gain on investments	9,543	-	9,543	15,327
Miscellaneous	11,427	-	11,427	40,589
Total revenues and other support	2,187,189	140,711	2,327,900	3,791,763
Net assets released from restrictions				
Satisfaction of donor restriction	474,667	(474,667)	-	-
	2,661,856	(333,956)	2,327,900	3,791,763
Expenses				
Program services	1,813,792	-	1,813,792	2,406,450
Supporting services	861,911	-	861,911	326,703
Total expenses	2,675,703	-	2,675,703	2,733,153
Change in net assets	(13,847)	(333,956)	(347,803)	1,058,610
Net assets, beginning of year	7,411,325	1,015,949	8,427,274	7,368,664
Net assets, end of year	\$ 7,397,478	\$ 681,993	\$ 8,079,471	\$ 8,427,274

See notes to financial statements.

FIRST UNITARIAN CHURCH
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	PROGRAM SERVICES						SUPPORTING SERVICES	Total		
	Stewardship	Religious Education	Ministry	Music	Adult Programs	Social Justice	Total Program	General and Administrative	2019	2018
Expenses										
Salaries, taxes and benefits	\$ 53,249	\$ 251,799	\$ 358,672	\$ 169,574	\$ 48,022	\$ 85,808	\$ 967,124	\$ 629,334	\$ 1,596,458	\$ 1,459,743
Program expenses	1,010	26,765	132,433	51,820	13,851	20,942	246,821	23,219	270,040	384,789
Occupancy	328	1,224	843	2,029	-	-	4,424	217,273	221,697	264,846
Professional expenses	4,839	8,893	14,833	5,845	2,455	2,909	39,774	38,980	78,754	54,396
Office expenses	6,388	2,460	3,506	2,503	292	751	15,900	37,700	53,600	42,352
Miscellaneous	-	-	9,056	-	-	-	9,056	26,695	35,751	72,456
Denominational dues/expense	-	-	34,197	-	-	-	34,197	-	34,197	30,982
Insurance	-	-	2,084	625	-	-	2,709	18,126	20,835	23,139
Financial Fees	-	-	-	-	-	-	-	27,711	27,711	29,298
Board expenses	-	-	7,308	-	-	-	7,308	-	7,308	3,789
Interest	-	-	-	-	-	-	-	-	-	47,064
Services in support of programs	15,324	64,453	110,105	52,772	14,771	24,062	281,487	(281,487)	-	-
Depreciation expenses	11,160	46,938	80,183	38,431	10,757	17,523	204,992	124,360	329,352	320,299
Total expenses	\$ 92,298	\$ 402,532	\$ 753,220	\$ 323,599	\$ 90,148	\$ 151,995	\$ 1,813,792	\$ 861,911	\$ 2,675,703	\$ 2,733,153

See notes to financial statements.

FIRST UNITARIAN CHURCH
STATEMENT OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (347,803)	\$ 1,058,610
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	329,352	320,299
In-kind contributions	(11,904)	(377,109)
Changes in assets and liabilities:		
Prepaid expenses	(42,351)	(725)
Accounts receivable	(13,405)	-
Pledges receivable	230,233	(442,923)
Bookstore inventory	671	4,070
Accounts payable and other accrued expenses	23	3,705
Accrued vacation	692	-
Retirement liability	(23,404)	23,404
Deferred event revenue	20,439	(18,703)
Net cash provided by (used in) operating activities	<u>142,543</u>	<u>570,628</u>
Cash flows from investing activities		
Purchase of investments	(2,424)	(2,300)
Capital asset purchases	(90,521)	-
Net cash provided by (used in) investing activities	<u>(92,945)</u>	<u>(2,300)</u>
Cash flows from financing activities		
Mortgage repaid	-	(584,465)
Repayment of related party payable	(252,176)	8,056
Issuance of long-term debt	31,000	-
Net cash provided by (used in) financing activities	<u>(221,176)</u>	<u>(576,409)</u>
Net change in cash and cash equivalents	(171,578)	(8,081)
Cash and cash equivalents, beginning of year	<u>1,145,351</u>	<u>1,153,432</u>
Cash and cash equivalents, end of year	<u>\$ 973,773</u>	<u>\$ 1,145,351</u>
Supplemental Disclosure		
Cash paid for interest	<u>\$ -</u>	<u>\$ 47,064</u>

See notes to financial statements.

FIRST UNITARIAN CHURCH
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A – DESCRIPTION OF ORGANIZATION

First Unitarian Church of Portland (the Church), a not-for-profit organization established under the laws of the State of Oregon, operates as a religious organization. The mission is to covenant together to create a welcoming community of diverse individuals, to promote love, reason and freedom in religion, to foster lifelong spiritual growth, and to act for social justice. Support is primarily through contributions from the congregation.

The activities of the Church consist of the following:

➤ **Program Services**

Stewardship – Activities, events, and projects that are related to supporting the Church's Mission and Vision:

Religious Education – This program, also known as Family Ministries, provides our children and youth with appropriate grade-level opportunities to explore, reflect, and learn in a nurturing spiritual community, encouraging ethical growth (internalizing enduring values like justice, equity, and compassion, and gaining tools to act on them in everyday life), social growth (connecting with peers and people of all ages on a deeper level) and spiritual growth (feeling a connection with the sacred within and beyond).

Ministry – Includes three main areas of service: 1) planning and leading weekly Sunday worship services, other religious observances throughout the year, and special events – coordinating the participation of our other programs in these services as called for; 2) providing direct pastoral care to congregants, and directing the Church's lay ministry team to extend the outreach of pastoral care; and 3) taking a leadership role in the larger Unitarian Universalist movement maintaining connections with other Unitarian Universalist congregations and institutions.

Music – Our music program offers opportunities for singers and instrumentalists of different types and levels of proficiency. Considering high-quality music as an important part of worship, our staff and volunteer musicians aim to craft beautiful and meaningful musical experiences for the congregation every week, and strive to build a deep sense of community among our ensembles.

Adult Programs – Offers classes, events and retreats that support and challenge participants to discover how to bring their own faith to the world with greater clarity and presence. Participants explore a wide variety of topics such as faith development, Unitarian Universalist history and identity, ethics, spiritual practices, theology, world religions, and social justice, designed to meet a variety of needs, interests and learning styles.

Social Justice – This program, with its committed involvement of 11 action groups and five service projects, acts to inspire, educate, and mobilize congregants and those in the broader community to move spiritual beliefs to action. We seek to recognize the intersections of our various justice efforts to the root causes of oppression, providing education, opportunities for direct action, advocacy and service, and engagement with community partners.

FIRST UNITARIAN CHURCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

➤ **Supporting Services**

General and Administrative – Activities related to the operation of the Church offices, administrative functions, staff support, utilities, repairs and maintenance on the building and grounds, and other administrative cost.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncement

During the fiscal year ended June 30, 2019, the Church implemented *Accounting Standards Update No. 2016-14, Not-for-Profit Entities Topic 958 (“ASU 2016-14”)*. This standard revised the net asset classification requirements and information presented in financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. As a result of the implementation of ASU 2016-14, net assets and transactions are now presented in two categories (with donor restrictions and without donor restrictions) instead of three (unrestricted, temporary, and permanent). Additionally, disclosures regarding liquidity have been added and the expansion of disclosures regarding the nature of donor restrictions have been made. The implementation of ASU 2016-14 had no impact on total beginning net assets.

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at June 30, 2018, as previously reported			
Unrestricted	\$ 7,411,325	\$ -	\$ 7,411,325
Temporarily restricted	-	919,859	919,859
Permanently restricted	-	96,090	96,090
	\$ 7,411,325	\$ 1,015,949	\$ 8,427,274

Basis of Accounting

The financial statements of the Church have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues and support are recorded when earned, and expenditures are recorded as incurred.

Financial Statement Presentation

The Church is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

FIRST UNITARIAN CHURCH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. The Board of Trustees may designate net assets without donor restrictions for specific purposes.

Net Assets With Donor Restrictions – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Church and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

For financial reporting purposes, the Church considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents held for long term purposes are excluded from cash and cash equivalents and are included in investments.

Property and Equipment

Land, buildings and equipment are stated at cost, or fair value at the date of donation. Asset acquisitions in excess of \$500 are capitalized and depreciated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Buildings are depreciated over forty years and equipment is depreciated over five and seven years. Land improvements are depreciated over twenty years.

Donations of equipment or fixtures are accepted by the Church but are accepted without restriction as to use or disposition.

Donated Goods and Services

Donated goods and services are provided in a number of ways by volunteers and other friends of the Church. Valuation of donated goods is based on an estimate of fair market value of the goods. No amounts have been reflected in the financial statements for donated services by the Board members involved in Board activities or for unpaid volunteers because criteria for recognition has not been met.

FIRST UNITARIAN CHURCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Church is a tax-exempt organization under the Internal Revenue Code 501(c)(3) and applicable state laws. The Church is not required to file federal or state tax information returns. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Church does not believe it has unrelated trade or business income in excess of \$1,000.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain prior year balances in the accompanying financial statements have been reclassified to conform to the current year presentation.

Functional Allocation of Expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Individual salaries are distributed based on each person's time spent in programs or supporting tasks. Payroll taxes and benefits are allocated on the basis of the direct salary expenses by program. Certain shared costs including occupancy and office expenses are allocated either on the basis of square footage or on the basis of direct salary expense by program.

NOTE C – FAIR VALUE MEASUREMENTS

The fair value of certain assets and liabilities is measured under a three-level hierarchy. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

Validation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities and bonds, mutual fund investments, exchange traded funds, and cash equivalents.

Level 2 – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

Level 3 – Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include land held for investment.

FIRST UNITARIAN CHURCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market fund	\$ 4,337	\$ -	\$ -	\$ 4,337
Equity funds	91,191	-	-	91,191
Bond funds	<u>65,292</u>	<u>-</u>	<u>-</u>	<u>65,292</u>
	<u>\$ 160,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,820</u>

Realized and unrealized gains and losses from investments are reported in the statement of activities as they occur. There have been no changes in valuation techniques and related inputs.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2019 consists of the following:

Land	\$ 613,424
Buildings and improvements	10,952,703
Equipment	522,082
Total property and equipment	<u>12,088,209</u>
Less accumulated depreciation	<u>(5,329,559)</u>
Property and equipment, net of depreciation	<u>\$ 6,758,650</u>

Depreciation expense for the year ended June 30, 2019 was \$329,351.

NOTE E – PLEDGES RECEIVABLE

Pledges include both annual operating pledges as well as a capital campaign as follows:

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Campaign receivable at June 30, 2019	\$ 675,527	\$ 239,048	\$ 914,575
Less allowance for uncollectibles	<u>(74,308)</u>	<u>(11,952)</u>	<u>(86,260)</u>
Net unconditional promises to give	<u>\$ 601,219</u>	<u>\$ 227,096</u>	<u>\$ 828,315</u>
Amounts due in:			
Less than one year	\$ 601,219	\$ 50,000	\$ 651,219
One to five years	<u>-</u>	<u>177,096</u>	<u>177,096</u>
Total	<u>\$ 601,219</u>	<u>\$ 227,096</u>	<u>\$ 828,315</u>

FIRST UNITARIAN CHURCH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE F – LONG-TERM DEBT

Long-term debt consists of a note payable to Oregon Clean Power Cooperative for \$31,000, unsecured. Payments are \$3,468 per year including interest at 4.85%. This note finances a 12 year solar energy prepayment plan. The final payment of the note will occur August, 2031.

Year Ending June 30,	
2020	\$ 1,965
2021	2,060
2022	2,160
2023	2,264
2024	2,374
Thereafter	20,177
	\$ 31,000

NOTE G – RESTRICTIONS ON NET ASSETS

Restrictions on net assets as of June 30, 2019 consist of the following:

Capital pledges - building campaign	\$ 227,096
Sewell lecture	125,080
Sleger Music fund	32,598
Programs	199,591
Chesney intern fund	76,090
Hessler Deale Women in Ministry	21,538
	\$ 681,993

While capital pledges are restricted to repaying the Foundation under arrangement described in Note L, annual pledges are considered without donor restriction and available for operations when pledge is made.

NOTE H- CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Church to concentrations of credit risk consist principally of cash and cash equivalents.

The Church places its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2019 \$899,432 was uninsured.

FIRST UNITARIAN CHURCH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE I – ORGANIZATIONS RETIREMENT PLAN

A retirement plan is available to all salaried employees who are employed 1,000 hours or more per year after one year of employment. Employees may contribute the lesser of \$30,000 or 25% of "taxable compensation". The Church contributes approximately 10% of the employees' gross annual salaries. During the year ended June 30, 2019 employer contributions to the plan total was \$108,908.

NOTE J – DEFERRED RENT REVENUE

Deferred rent revenue represents prepayments of rental income on the property leased to Outside In, an Oregon non-profit corporation. The lease commenced on November 30, 1998 and expires November 29, 2058. The full rental payment of the 60-year period was paid in three large installments by Outside In. The difference between the cash payments and the annual rental revenue recognition of \$9,500 is recorded as unearned revenue.

NOTE K – LINE OF CREDIT

There is a line of credit with Wells Fargo for a maximum of \$300,000, with no expiration date. Interest is the greater of a floating rate equal to the index plus 0.500% (approximately 3.750% at June 30, 2019), or the floor rate of 4.250%. Interest is computed on an actual/360 simple interest rate. Interest is due monthly as it accrues. The line of credit has not been used during the year ended June 30, 2019 and had a zero balance at June 30, 2019.

NOTE L – RELATED PARTY TRANSACTIONS

In order to assure a stable financial base by protecting endowment funds to meet long term needs and by attracting future gifts and bequests, the congregation directed the Board of Trustees to establish a foundation to manage endowed funds to support the mission of the church. The foundation is governed by a Board of Trustees, which is separate from the Board of Trustees of the Church and selected by the congregation and contains members which also act as members of the First Unitarian Church of Portland Board of Trustees.

The earnings on the funds in the endowment may be made available to the Church in order to supplement operating funds of the Church. The net assets of the foundation are not consolidated with the basic financial statements of the Church because assets of the Foundation may be directed by its independent Board of Stewards to projects outside of the Church.

In a prior year transaction, the Foundation repaid the entire mortgage that had been debt of the Church, in exchange for being repaid a portion of the original mortgage as the Church completed the capital campaign to retire debt. The pledges associated with that campaign are described in Note E.

FIRST UNITARIAN CHURCH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE M – LEASE REVENUE

Space is leased to the Northwest Academy for the period of August 1, 2018 until July 31, 2021. Rent increases annually on August by the percentage increase named in the CPI-U for Portland as published by the Bureau of Labor Statistics but in no case less than 3 percent per year. Total lease revenue under this lease for the year ended June 30, 2019 was \$251,415.

There are three leases for office space with Outside In. Space at 13th Avenue, Portland, Oregon and space at Main Street, Portland, Oregon are leased from July 1, 2019 to June 30, 2022 with a monthly rent of \$1,562 and \$1,063, respectively. Rent for these two spaces will be increased annually on July 1 by 3%.

Space under the “Land Lease” is leased from November 30, 1998 to November 29, 2058. Because Outside In prepaid a sizeable portion of rent under an arrangement described in note J, the yearly cash payment is \$9,500 until the year 2024, at which time the prepaid installments will have expired and the yearly rent will be \$46,500.

Future minimum receipts for this are as follows:

Year Ending June 30,	Buildings Outside In	Land Lease Outside In	The Northwest Academy	Total
2020	\$ 31,494	\$ 9,500	\$ 294,373	\$ 335,367
2021	32,438	9,500	303,088	345,026
2022	33,412	9,500	25,318	68,230
2023	-	9,500	-	9,500
2024-2028	-	47,500	-	47,500
2029-2033	-	47,500	-	47,500
2034-2038	-	47,500	-	47,500
2039-2043	-	47,500	-	47,500
2044-2048	-	47,500	-	47,500
2049-2053	-	47,500	-	47,500
2054-2058	-	47,500	-	47,500
2059	-	3,958	-	3,958
	<u>\$ 97,344</u>	<u>\$ 374,458</u>	<u>\$ 622,779</u>	<u>\$ 1,094,581</u>

FIRST UNITARIAN CHURCH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

NOTE N – LIQUIDITY

The following chart represents the Church's financial assets available to meet cash needs for general expenditures within one year of June 30, 2019:

Financial assets at year-end	
Cash and cash equivalents	\$ 973,773
Investments	160,820
Accounts receivable	13,405
Pledges receivable	828,314
Total financial assets	<u>1,976,312</u>
Less those unavailable for general expenditure within one year, due to:	
Net assets with donor restrictions	
Purpose restricted funds	(454,889)
Pledges restricted for capital campaign	(227,096)
Total unavailable financial assets	<u>(681,985)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,294,327</u>

NOTE O – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 2, 2020, which is the date the financial statements were available to be issued.

Beginning in January 2020, an outbreak of a coronavirus necessitated that many employees work from home and provide for social distancing measures. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of donors, sponsors, and members to fully participate in programs and continue their current level of financial support to the Church. At the present time, the ultimate future effects of these issues are unknown.