

President's Report December 17, 2009

Fellow Trustees,

We have three very substantive issues on this month's agenda.

The Unity Leadership Committee has given us a very thoughtful discussion and recommendation. Laura and other committee members will be at the meeting to discuss this with us. It seems to me our first issue is whether this is a board issue or whether it should simply be referred to staff. While the recommended action seems very operational on the surface, alternative Model 1 implies a different mission so it seems there may be a mission component to this decision. Even if we decide this is a board issue to deal with, it would seem appropriate to refer this to the staff and Foundation board for their recommendations.

The chair and other members of the Nominating Committee will also be at the meeting to discuss two issues. Their conclusion regarding the leadership development issue is that they do not want to make it part of their activity. It seems to me that leadership development is basically an implementation issue that would normally be the staff's bailiwick and would only have gone to Nominating Committee because they already exist and it could be seen as part of their mission. Given their recommendation I think we should discuss the issue but simply refer it to staff to be followed up as part of their work plan to implement what we have already put in the Strategic Outcomes.

The second discussion item with the Nominating Committee is what traits, skills, and experience we think would be helpful in new board members. As you probably already know the Nominating Committee is following its normal process of interviewing us individually. I thought it might also be helpful to us all to have a joint conversation about this. We are still working out what the board's role is and as a result may benefit from hearing each others thoughts about what is important in new board members.

See you Thursday,

Barry

**Board of Trustees Meeting
December 17, 2009**

Agenda

- 6:30 Gather
 - Chalice lighting and opening words - Justin
- 6:40 Meeting Preparation
 - Confirm meeting objectives and agenda
- 6:42 Consent Agenda
 - Approve October minutes
 - Approve new members
- 6:45 Review the Past
 - Sr. Minister report
 - Financial monitoring report
- 7:10 Create the Future
 - Unity Leadership
 - Action: Refer to staff and Foundation Board for recommendation
 - Leadership Development
 - Action: Refer to staff for follow-up
 - Nominating Committee feedback
 - Action: Provide comment
- 8:10 Meeting Summary: Decisions review, action items & assignments
- 8:20 Meeting Evaluation: Process Evaluation & Assessment
- 8:25 Closing - Justin
- 8:30 Adjourn

Attachments:

1. President's Report
2. Attendance Report
3. Report of the Staff Management Team
4. Finance Report
5. Finance Committee Minutes

6. Unity Leadership Committee Report
7. Cindy marsh Email Re: Leadership Development

Next meeting: Thursday, January 21

**First Universalist Church
Statistical Report
December 17, 2009**

MEMORIAL SERVICES: 1

Will Hartfeldt's memorial on Dec. 5 – Revs. Kate Tucker and Justin Schroeder

MARRIAGES/SERVICES OF COMMITMENT:

MEMBERS FOR APPROVAL: 8

Lena Gardner, Golden Valley
Elizabeth Myers, Oakdale
Cal and Haydee Peterson, Minneapolis
Dianne Berg and Suzy Messerole, Minneapolis
Kate Gehrman and Rae Hoelsing, Minneapolis

MEMBERS REINSTATED: 0

MEMBERS FOR REMOVAL: 42

Jan Goldman Carter– moved to Washington, DC
John and Muffet Trout – family situation changed
Dru Cummins – passed away November 29

The following did not respond to the membership letter asking their status. They have not made a contribution to the church:

Martha Ballard	Helen Meyer	Kira Smith
David Barnes	Jamie and Lynn Meyer	Jennifer and Steve Thomas
Phillip Bratnober	Stacy and Tim Miller Bruzek	Ruth Thompson
Michael and Jen	Tracy Miller	Will and Mary Tradewell
Donndelinger	Hannah Owens-Pike	Margaret Webster
Ginny Halloran	David Preis and Keith Vargo	Ann Wiesner and Darrick Unger
Sloan King	Erika Rae	Colleen Wilkinson and Ben Christenson
Mike Leck	Bruce Renken	
Mark and Beth Malmberg	Wendy Ruffedt	
Helen and Jeff Mathison	Terri Russell	
Colleen McCann	Sue Salmela	

	To Date	End of Year Totals			
MEMBERS (Fiscal Year)	2009-10	2008-09	2007-08	2006-07	2005-06
TOTAL MEMBERS:	813	840	824	845	885

TOTAL MEMBERS AS OF THE LAST MEETING: 847

To be added: 8

To be removed: 42

TOTAL MEMBERS: 813

Report from the Management Team December 2009

Staff Goal #1/ Strategic Outcome #2: Build/Strengthen Community Connections

Sermon-Based Small Groups: An evaluation tool has been developed for participants and facilitators. Small group participants are receiving the survey monkey survey immediately after their last session. In addition, facilitators and ministers will be meeting on December 15 to discuss the fall session and ways to improve sermon-based small groups going forward.

Most of our twelve facilitators for the winter session are identified. The group calendar will be available before January 3. Facilitators for the second semester will be trained on January 13.

Strengthen Sunday morning Welcome Teams: A second Welcome Team training has been scheduled for late February and publicized. Role, responsibilities, job descriptions, and training have all been developed.

Schedule Targeted Group Listening Sessions: Following up with Mark Morrison Reed's visit, a meeting with people and families of color is scheduled for Sunday, Jan 24, from 12:30 to 2pm. This is a chance for Justin Schroeder (and appropriate staff) to listen to people and families of color talk about their experience in the church, in worship, in religious education, etc. Depending on feedback, we might schedule subsequent meetings or a task force to engage these issues.

Staff Goal #3/ Strategic Outcome #2: Help People Move Toward Spiritual Maturity

Youth Follow Welcoming Path to Transition from RE to Adult Church Membership:

Heidi will be teaching a Pathways to Membership class specifically for our 9th grade Coming of Age class in April.

Mature Person of Faith: The "God" conversation that Kate and Justin led was a great opportunity to engage one another across theological difference. December's "God" theme has offered people an opportunity to engage across differences as well.

Staff Goal #4/ Strategic Outcome #1 & 2: Set Quantifiable Baselines of Participation

All Religious Education participation is now being tracked through our attendance software. Individual attendance, as well as attendance trends will be easily accessible information.

Staff Goal #5: Gather baseline information about building usage

In progress. Participation numbers are being tracked through the office for all events.

Staff Goal #6/ Strategic Outcome #1: Strengthen programming for visitors - first year of membership

We have been surveying visitors for two months now with a survey monkey tool. Feedback is overwhelmingly positive about visitors' experiences. New member programming continues to be evaluated by Heidi, Justin, and Kate, although our programming for new members is successful there may be changes coming that include foundational UU education for all new members and spiritually deepening small group learning for leaders.

Staff Goal #7/ Strategic Outcome #2 & 5: Develop a culture of shared service and ministry at First Universalist

Identify emerging leaders, invest them, support and empower (equip) them, and when necessary, divest them (help create leadership transition plans). On Dec 10, there was a potluck celebration for our Liberal Labeling Team; the staff recognized and thanked the Liberal folks for their hard work and ate good food together. Each Liberal Team member got a small gift of appreciation from the staff.

The **Legacy Fund Team** job description has been created.

November-09												
	9am	11am	2009		2008	2007	2006	2005	2004			
First Week	198	416	614		624	466	617	665	552	510	707	430
Second Week	183	370	553		476	437	510	483	552	491	475	598
Third Week	176	293	469		452	483	767	527	699	645	464	551
Fourth Week	210	581	791		426	362	400	424	438	453	625	345
Fifth Week	0	223	223		172	0	0	0	0	375	0	0
Monthly Total	767	1883	2650		2150	1748	2294	2099	2241	2474	2271	1924
Avg. for Month	192	377	663		430	437	574	525	560	495	568	481
Church School												
First Week	86	259	345		280	196	199	232	322	286	313	292
Second Week	82	225	307		328	214	219	316	300	274	241	279
Third Week	84	233	317		306	155	212	262	0	229	310	265
Fourth Week	86	226	312		302	167	176	260	198	0	0	167
Fifth Week	0	0	0		0	0	0	0	0	204	0	0
Monthly Total	338	943	1281		1216	732	806	1070	820	993	864	1003
Avg. for Month	85	236	320		304	183	202	268	273	248	288	251
Total												
First Week	284	675	959		904	662	816	897	874	796	1020	722
Second Week	265	595	860		804	651	729	799	852	765	716	877
Third Week	260	526	786		758	638	979	789	699	874	774	816
Fourth Week	296	807	1103		728	529	576	684	636	453	625	512
Fifth Week	0	223	223		172	0	0	0	0	579	0	0
Monthly Total	1105	2826	3931		3366	2480	3100	3169	3061	3467	3135	2927
Avg. for Month	276	565	786		673	620	775	792	765	693	784	732

Report from the Director of Administration

Financial Report December 9, 2009

Data as of November 30, 2009

	Rec'd to Date	Annual Budgeted	Last Yr to date
Pledges	\$316,709.76	\$753,000.00	\$281,625.25
New Member Pledges	\$2,210.00	\$25,000.00	\$1,450.02
Contingency for Unpaid Pledges	\$0.00	-\$20,000.00	\$0.00
Pledges Lost	\$10,492.40	N/A	N/A
Pledges Added	\$17,042.47	N/A	N/A

Highlights of Operating Budget: Income and Expenses are not significantly at variance from budget except for the following:

	Year to Date Actual	Annual Budgeted
Guest Speakers	\$1887.20	\$1000.00
Electronic	\$932.49	\$1,000.00
Office Supplies	\$2710.25	\$4,500.00
Undesignated Bldg Maint.	\$10,356.84	\$10,000.00
Repairs and Maintenance	\$11,176.41	\$16,000.00
Boiler/AC Maintenance	\$6,298.41	\$11,330.00

Guest Speakers: for Mark Morrison Reed and other guests.

Electronic: We've been doing some upgrading of systems, including a new website. We tried to budget accordingly, but some of the new systems cost more than expected.

Office Supplies: previously discussed

Undesignated Building Maintenance: previously discussed

Repairs and Maintenance: previously discussed

Boiler/AC Maintenance: previously discussed

Statement of Financial Position - First Universalist Church

November, 2009 - Selected Funds

	Balance as of 7/1/2009	Balance Last Month	Balance as of 11/30/2009	Year to Date Change
<i>Assets:</i>				
OPERATING ACCOUNTS	58,071.49	73,473.19	105,834.21	47,762.72
RECEIVABLES/PREPAYS	6,206.23	0.00	0.00	(6,206.23)
INCOME RECEIVABLE	772,997.44	517,740.74	454,077.68	(318,919.76)
PHYSICAL PLANT	2,220,750.75	2,220,750.75	2,220,750.75	0.00
RESERVE FUNDS	597,157.17	650,559.08	684,029.67	86,872.50
<i>Total Assets:</i>	<u>3,655,183.08</u>	<u>3,462,523.76</u>	<u>3,464,692.31</u>	<u>(190,490.77)</u>
<i>Liabilities:</i>				
PAYABLE/PREPAID/CARR	75,418.09	14,751.03	14,751.03	(60,667.06)
DEFERRED REVENUE	772,997.44	517,740.74	454,077.68	(318,919.76)
DEBT	759,173.21	759,173.21	759,173.21	0.00
<i>Total Liabilities:</i>	<u>1,607,588.74</u>	<u>1,291,664.98</u>	<u>1,228,001.92</u>	<u>(379,586.82)</u>
<i>Net Assets:</i>				
EQUITY	1,682,180.77	1,741,088.80	1,759,644.14	77,463.37
OPERATING ACCOUNTS	91,054.47	86,071.36	104,194.86	13,140.39
OPPORTUNITY FUNDS	103,210.94	98,673.75	80,647.05	(22,563.89)
LEGACY FUNDS	179,148.63	195,249.87	195,090.87	15,942.24
Current Period Changes	(8,000.47)	49,775.00	97,113.47	105,113.94
<i>Total Net Assets:</i>	<u>2,047,594.34</u>	<u>2,170,858.78</u>	<u>2,236,690.39</u>	<u>189,096.05</u>
<i>Total Liabilities & Net Assets:</i>	<u>3,655,183.08</u>	<u>3,462,523.76</u>	<u>3,464,692.31</u>	<u>(190,490.77)</u>

Statement of Activities - First Universalist Church

November, 2009 - Selected Funds

	November Actual	Year to Date Actual	Annual Budget	YTD % of Ann. Budget	Year to Date Last Year
<i>Income:</i>					
<i>OPERATING FUND</i>					
OPR. CONTRIBUTIONS	60,082.20	338,575.54	821,500.00	41.21	325,463.65
FUNDRAISERS	20,328.79	21,280.69	47,000.00	45.28	30,026.45
INTEREST	12.70	621.71	8,000.00	7.77	2,898.42
BUILDING USE	31,872.80	106,879.89	207,918.00	51.40	82,518.52
MISC.	13,025.83	61,195.55	120,223.15	50.90	42,924.22
R.E. DONATIONS	3,958.75	26,253.75	30,600.00	85.80	20,809.75
UNITY LEADERSHIP	0.00	49,190.02	92,315.50	53.28	0.00
<i>OPERATING FUND</i>	129,281.07	603,997.15	1,327,556.65	45.50	504,641.01
 <i>Total Income</i>	 <u>129,281.07</u>	 <u>603,997.15</u>	 <u>1,327,556.65</u>	 <u>45.50</u>	 <u>504,641.01</u>
 <i>Expense:</i>					
<i>OPERATING FUND</i>					
MINISTERS	15,422.36	99,261.76	261,545.67	37.95	87,890.92
LIFE SPAN FAITH DEV.	8,449.99	44,317.62	128,170.65	34.58	78,558.10
WORSHIP	4,734.66	17,540.88	48,210.53	36.38	19,789.48
MEMBERSHIP	2,138.89	12,080.54	37,374.00	32.32	13,683.13
DEN. CONNECTION	6,750.00	16,000.00	39,500.00	40.51	9,144.00
COMMUNICATIONS	3,569.43	19,719.46	50,832.00	38.79	18,177.57
FAITH IN ACTION	4,393.78	20,882.26	59,964.98	34.82	24,266.07
PASTORAL CARE	0.00	191.58	8,450.00	2.27	167.09
FINANCE/ADMINISTRATION	10,863.77	66,266.32	211,029.21	31.40	73,252.02
PROPERTIES	13,211.57	80,777.86	215,935.78	37.41	81,363.50
DEPRECIATION	0.00	0.00	0.00	0.00	0.00
CAPITAL EXPENSE	1,290.86	12,830.44	18,200.00	70.50	10,063.71
CONGREGATIONAL LIFE	7,339.18	34,028.39	88,114.00	38.62	0.00
UNITY LEADERSHIP	0.00	39,373.55	98,315.50	40.05	0.00
NON-OPERATING	12,296.61	30,557.99	60,454.56	50.55	12,016.51
<i>OPERATING FUND</i>	90,461.10	493,828.65	1,326,096.88	37.24	428,372.10
 <i>Total Expense</i>	 <u>90,461.10</u>	 <u>493,828.65</u>	 <u>1,326,096.88</u>	 <u>37.24</u>	 <u>428,372.10</u>
 <i>Income - Expense</i>	 <u>38,819.97</u>	 <u>110,168.50</u>	 <u>1,459.77</u>		 <u>76,268.91</u>

NOTES/MINUTES

Finance Committee Meeting of 12/3/09

Present: Patti Frazee, Paige Winebarger, Dan Berg, Nancy Gaschott

1. We heard a report from Dan (and Nancy, who participated by phone) about his meeting with Ross Levin, who has been serving pro-bono as the church's investment advisor - for both the Foundation and the Church's "Reserve" account.

The primary purpose of the meeting was to have contact with Ross and attend to our relationship with him. He expressed willingness to continue to serve the church; we expressed gratitude.

We agreed that we needed to have a current investment policy. Currently the Foundation has an investment policy and Ross has been using the same guidelines for the church's Reserve account, but the church's cash needs of its Reserves differ from the Foundation's.

We agreed that the Finance committee should and would review the Schwab statements on a regular basis, for 'checks and balances.' We also agreed that we should consider the approval process for investment decisions, now handled by Patti, while not really in her job description.

2. Back to the Puddles i.e. our painstakingly thorough review of the Reserve accounts

(As we've noted before, the current Finance Committee's work in understanding the purpose of each of the funds in our Reserves would not be possible without the incalculable hours of detective work done by Paige and Patti, who researched years of church history and documentation to bring us to today's understanding about the intent of the donors to these funds.)

Although not introduced explicitly at our meeting, this note-maker feels a need to offer some definitions for the benefit of the readers of these notes:

Permanently Restricted Funds are assets of the church that have come from donors whose intent was to have the church maintain the principal/corpus of their gift in perpetuity, while permitting the church to spend all or part of the income earned by investing the gift, according to the church's Investment & Spending Policy. In the nonprofit world these funds are normally referred to as Endowments. Our research shows that, at least at times, our church has referred to these as Legacy Funds; we continue that language. Our By-Laws currently briefly describe the management of these funds but we do not have a current Investment & Spending Policy for the Legacy Funds. Often a spending policy will describe something in the 3% - 6% range based on an average of the value of the fund looking back at the last 12 quarters. Typically an annual budget will include an estimate of the payout from this/these funds as income for operations. I've provided a sample Investment & Spending Policy as an attachment to the December agenda.

Temporarily Restricted Funds are assets of the church that have come from donors whose intent was to have the church spend the gift in a specific time period and/or for a specific purpose. For example, many church members made gifts for the purpose of the church's celebrations of its 150th birthday. When the restrictions have been met Temporarily Restricted Funds normally become Unrestricted Funds. Typically a budget will include an estimate of the expense related to the satisfaction of the restrictions on these funds, and an equal amount of revenue.

Unrestricted Funds are assets of the church that either (1) have come from the donor with no restrictions - for example current year pledge payments - or (2) have come from the donor with restrictions to time or purpose, and these restrictions have been met by the church - for example some of the donations to the 150th raised a few years ago for the current year celebrations would have become unrestricted this year. In either case Unrestricted Funds are spent in the current year. An annual budget will estimate the unrestricted revenue and associated expenses. The monthly &/or annual Profit and Loss statement reflects this unrestricted activity.

So ... working from the document prepared by Paige and Patti called *Worksheet of General Ledger Accounts - "Puddle Management Sheet"* here's what we accomplished at this meeting:

A. The Legacy Funds

We reviewed the 4 funds in this category and came to these conclusions:

Legacy Fund Contributions #60.

UNDESIGNATED BEQUESTS. Included in this fund are bequests to the church that came with no donor restrictions. We recommend that these should be categorized as Temporarily Restricted funds, that they should be called "Undesignated Bequests," and that the principal (corpus) of these funds should not be spent until the church has engaged in long-range planning and identified its needs.

We also recommend that any new undesignated bequests be treated similarly.

We expect that the church will engage in long-range planning, to include financial planning, and that, once that process has concluded, these funds will become available to fulfill the goals of the planning. We expect that the result of the planning could mean anything from having those funds available for immediate spending -- to becoming part of a permanently restricted endowment fund.

Value: About \$62,000

GIFTS TO THE FUND FROM LIVING DONORS. Included in this fund also are gifts to the church from two living donors. We agreed to research further to determine the intent of those donors. At our January meeting we expect to make a recommendation regarding their disposition.

Value: About \$52,000

C&M Olson # 37.

Donors to this fund intended it to be used to support the education of UU ministers; it has historically been distributed by our minister in response to requests from ministerial students. As such it seemed to us to be a good illustration of a fund that should be categorized as Temporarily Restricted. It does not belong in the Legacy category.

Value: About \$20,000

M. E. Carter Library # 13

Donor(s) to this fund intended that its principal not be spent, and that its income be used exclusively for support and maintenance of the church library. This is a Permanently Restricted Fund, and does belong in the Legacy category.

Value: About \$13,000

Don Carter Endowment # 104

Donor(s) to this fund intended that its principal not be spent, and that its income be used to support the church in any way its board determines. This is a Permanently Restricted Fund, and does belong in the Legacy category.

Value: About \$52,000

B. The Opportunity and Designated Funds

We agreed that, in general, these 20 funds are Temporarily Restricted Funds, from donors whose gift was for a specific purpose, or, in some cases, for a specific time. Most are providing current income against expenses.

Social Hall Fund # 23. At our November meeting we'd agreed that this small fund should be combined with the Pledge Reserve Capital fund (left over from the capital campaign).

Memorials #30. We discussed its history as funds available to spend in pursuit of SPIFF's ministry. I'm not sure the committee came to a conclusion about whether we wanted to recommend a change to this practice. I note that this fund's 9/30/09 balance is in the not insignificant amount of \$8,404.

Value of the 20 funds: About \$137,000

C. Temporary Board Restriction Funds

We discussed these funds at our November meeting and will return to these in January. Currently they are treated as net assets/church equity accounts. We agreed that we will need to draft a policy governing the management of board-restricted funds.

Value of the 4 funds: About \$341,000

REPORT

TO: First Universalist Board of Trustees and Rev. Justin Schroeder

FROM: Ad Hoc Committee on the Future Structure of the Unity Leadership Program (ULP)

DATE: December 9, 2009

Committee Participants: Laura Cooper (chair), Dan Berg, Victoria Schanen, Doug Smalley, Ralph Wyman. Laura is a former President of the Congregation, chaired an ad hoc Church study committee on governance models, and has served many years on non-profit boards. Dan is a member of the Board of Trustees, a professional in foundations and philanthropy, a parent of a ULP youth and has served on the boards of start-up non-profits. Victoria has been a member of the Foundation Board, was on the Social Justice Council, and served as a volunteer in the ULP. Doug is a member of the Board of Trustees, and served on the All-Church Council and the Social Justice Council. He has experience on non-profit boards and was instrumental in the study and implementation of a new Church governance model. Ralph has served on the Foundation Board, has served on non-profit boards, and the Social Justice Council, and is currently the Director of the Minnesota UU Social Justice Alliance.

The Charge to the Committee: In June 2009, the Committee was assigned the following task by the Board of Trustees:

To discern and recommend to the Board by October 1 (later asked to report in December 2009) the optimal organizational form for Unity Leadership, considering the needs of both Unity Leadership and First Universalist Church.

The Work of the Committee: The Committee met five times between July 2 and October 17, 2009. We started our discernment process by compiling what we knew about ULP and discussing the challenges presented. The challenges primarily related to financial and staff time constraints within the current structure, coupled with the program's planned growth and the consistency between ULP and the Church's vision. Many questions arose regarding funding possibilities and partnership options that might address these constraints. Initially, the Committee also followed a decision-making check-list from "Starting a Nonprofit at Your Church" by Joy Skjeggstad, a process which created more questions and possibilities for us to examine.

To gather more information, we invited guests to our second, third, and fourth meetings to share historical, institutional, financial, operational and organizational details about the program. Faith in Action Director Debra Rodgers, the leader and organizational powerhouse behind ULP, came to our second meeting. Eric Cooperstein, Chair of the First Universalist Foundation, attended our third meeting. Eric's position on the Foundation, a consistent grantor to ULP, allowed him to provide financial and organizational details of ULP and its relationship to the Foundation. Rev. Kate Tucker, also at our third meeting, offered context by describing the history of social justice programming at First Universalist. Our fourth meeting was attended by Justin Schroeder, Jennifer Schuster-Jaeger, and Betsy Allis. Under the Church's policy governance model, Justin is responsible for the ultimate decision about the future ULP structure. Jennifer chaired the ULP volunteer committee during the 1990s, served on and chaired the Foundation, chaired the Compass initiative to discern the social justice path of the Church, and has contributed in numerous ways to Church social justice programs.

Betsy Allis provided significant leadership to myriad social justice initiatives, most notably as chair of the Social Justice Council. At our fifth and final meeting, the Committee drafted our list of findings and came to a consensus on a recommendation.

Findings: The Committee makes the following findings:

1. ULP is a unique youth empowerment and leadership development program.
2. ULP is not a faith-based program, but a values-based program.
3. The program has successfully created a curriculum of social justice that educates youth about social justice organizing.
4. ULP has provided powerful training programs during the school year that include more youth than those who are able to participate in the summer program.
5. ULP engages youth primarily in social change work, rather than social service work.
6. A large number of youth successfully complete the program, despite the challenges that some of the youth face in participating.
7. ULP provides youth with a framework for understanding social justice issues and lifelong skills for social change work.
8. Six or seven out of 29 youth from our Church participated in the summer of 2009.
9. For the participants from our Church, ULP has been an important part of their development. ULP has, over time, engaged a large number of First Universalist and First Unitarian youth.
10. Church volunteers play a very small role in ULP activities and no role in its governance.
11. ULP has relatively little visibility in the Church.
12. ULP consumes the vast majority of the staff time for the Faith in Action Director.
13. Little time of the Director is available for leadership of other Church social justice programs.
14. The program appears to lack adequate program documentation to permit the program to be sustained in the absence of the current Director.
15. Debra Rogers has been a visionary leader, but has not been employing the more diverse set of leadership skills that would be necessary for the successful leader of an independent non-profit organization.
16. There has been no formal or longitudinal program evaluation, apart from anecdotal.
17. Elements that would be needed by a successful non-profit have not been part of the ULP program in its recent past. These include fundraising, selecting and effectively working with an advisory board, recruiting volunteers, providing detailed budgets, conducting objective program evaluations, and publicizing the program to internal and external constituencies.
18. It would be a challenge to fund the projected growth in the ULP program within the existing Church budget. The existence of ULP precludes growth in other Church social justice programs if current Church funding and expenditures for ULP remain relatively constant.
19. For the Foundation, funding stipends for ULP youth consumes the largest single grant that it provides.
20. The Foundation has recently chosen also to fund two of the partner organizations of ULP.
21. The Foundation has reduced resources for 09-10 and has not decided whether it can maintain its \$45,000 in support to ULP for 2010-2011.
22. ULP has made only limited efforts in external fundraising and has had limited success.
23. The program is successful in meeting its goals of involving diverse youth and assisting a large number of partner organizations in achieving their goals.
24. ULP carries on the tradition of Unity Settlement House by educating, training and empowering under-served and traditionally-marginalized populations, as well as by offering youth development programming.

25. The Compass report indicated that Church social justice work should be faith-based. However, there may be a lack of clear definition and differences of opinion about what it means for social justice to be faith-based.
26. The Church has not engaged in a discernment process to identify how to operationalize a faith-based social justice program.

Based on these findings, the Committee recommends that ULP be established as a Church-affiliated non-profit organization. We also discuss below the advantages and disadvantages of three alternative models that we consider less advantageous.

Recommendation: We recommend that ULP become an affiliated non-profit, securing its own 501(c)(3) status, but remaining affiliated with First Universalist Church. Such an organization would have its own board, but have bylaws requiring that its board include a significant number of Church members. The ULP board would decide on its own if the organization would be faith-based, values-based, or a hybrid. ULP could reasonably expect to have continued Foundation support, opportunities for fundraising from Church members, use of Church volunteers and Church facilities, and would have Church youth as participants. In order to direct staff time and resources to the transition to non-profit status, in 2010, the program will need to maintain or contract its size rather than proceed with planned expansions.

Pros:

- This structure would provide a separate governing board and would greatly facilitate external fundraising.
- Having the program external to the Church will protect the Church from financial liabilities of the program.
- Separation would allow the Church Faith in Action Director to focus on a social justice discernment process and other social justice initiatives.
- Separation would clarify the relationship between Church staff and budget on the one hand and ULP staff and budget on the other.
- Continued participation of Church youth could be assured by requiring in the non-profit organization's bylaws that a certain proportion of youth slots be reserved for First Universalist youth.
- The affiliated non-profit would control its own destiny and may ultimately choose to evolve into an independent non-profit.

Cons:

- This is likely to be a poor environment for seeking funds for non-profits and is unlikely to improve in the next two to three years. Outside funding, a principal rationale for recommending the proposed structure, may not be available.
- The process of separation will require considerable staff time and money that will have to come initially from First Universalist Church (or perhaps the Foundation).
- An affiliated organization will incur additional overhead costs.
- It might be difficult to craft a bylaw for the non-profit that would reserve program participation slots for Church youth yet permit exceptions when there are an insufficient number of qualified Church youth applicants.

Alternative Models:

Alternative Model 1—Remain within the Church and become more integrated. ULP could be redesigned to be faith based and become the Church's signature faith and justice program. The objective would be to provide a program for Church youth that would be consistent with teachings of the faith.

Pros:

- A program better integrated with the Church would provide an opportunity for Church volunteer involvement with Church youth and community youth. To do so would provide continuity with the history of Unity Settlement House.
- Maintaining the continuity of ULP within the Church assures that the Church is doing something meaningful in social justice.

Cons:

- An integrated program would either need permanently to contract in size to allow for other social justice initiatives or be augmented with additional staff.
- A faith-based identity might limit participation of community youth.
- The Church is not yet ready to identify a signature social justice program without further discernment and the Church focus this year is necessarily on other priorities such as worship and small group programming.
- The program would be subject to changes in Church politics, fundraising and policy priorities.
- The Church would assume legal liabilities for all of the program's activities—most of which occur offsite.
- Although the Church's social justice goals have not yet been well defined, it does not appear that ULP clearly fits within the Church's mission, vision, and ends.
- As a Church program, it would be difficult to acquire funding from outside sources.
- ULP currently lacks congregational knowledge and support. If it were a part of the Church it would be dependent on uncertain changes of the Church's priorities.
- ULP would not control its own destiny in its own interests.

Alternative Model 2—Wholly independent 501(c)(3) organization. This alternative would have many of the same advantages and disadvantages of an affiliated non-profit, but it would lose its connection with the Church.

Pros:

- Independence would liberate the Church to focus with a fresh look at its own social justice objectives.
- Independence would allow ULP to make decisions in its own interests without regard to the interests of the Church.
- An unaffiliated ULP board could reflect community values more fully.

Cons:

- Full independence would leave ULP without a safety net in its vulnerable early years.
- Separating the program from the Church would deprive the Church of a successful program.
- The ULP board, in shaping the program to be consistent with its own values, could take the program in directions inconsistent with our values and perhaps make it into one in which we would not want our children to participate.

Alternative Model 3—Foundation becomes an operating foundation and operates ULP as its program. In this model, the First Universalist Foundation would guarantee sustained financial support to ULP and focus the majority of its resources on the successful continuation of ULP.

Pros:

- The Foundation has assets that would permit it to self-fund its establishment as an operating foundation.
- It would be less problematic for the First Universalist Foundation to become an independent foundation than for ULP to do so because the Foundation already has a board and a history of operations.
- The Foundation would be in a position to raise money.

Cons:

- The First Universalist Foundation would have some of the start-up costs of a foundation (because it is not a true legal foundation now).
- The Foundation has little or no fundraising history.
- There is no indication that the Foundation necessarily wants to focus so entirely on ULP. Doing so would necessarily limit the Foundation's support for other initiatives.
- There is no assurance that the Foundation would continue to operate ULP indefinitely.
- The Foundation's objectives are not necessarily ULP's future objectives if those were assessed independently of the Foundation.
- The Foundation's money is a large asset of the Church. The Foundation's resources are now available if the Church were seeking credit and the assets are potentially available to the Church in case of financial exigency.
- This is likely to be a poor environment for seeking funds for non-profits and it is unlikely to improve in the next two to three years. If outside funding is necessary it may not be available.

Dear Barry,

After much deliberation the Nominating Committee has reached a decision on the issue of Leadership Development. We believe researching and developing a vision for what Leadership Development could be at First Universalist is critical for the next stage of our Church/Congregational growth and development. However, we have collectively decided we are not the right group to take on the task of researching and developing the vision, primarily because our members have very full plates with jobs, other commitments within the Church, and other family and personal responsibilities. Members feel capable of handling the tasks of the Nominating Committee as they currently exist but do not have additional time to take on a major new role.

Given my background and interest in leadership development, I personally remain very interested in participating in developing the vision for leadership development; I'd like to talk with you and Justin about what that might look like.

As a Nominating Committee, we did give this challenge deep consideration. Our recommendations to you as Board Chair are as follows:

- Appoint a Task Force accountable to the Board/Justin to research and develop the vision for leadership development. This Task Force will also recommend implications for the Nominating Committee (changes, new processes, etc.). In addition to reviewing recent trends and developments within the UUA and our large Churches, the previous work of a committee led by Ginny McAninch and Lucy Swift on this topic should be reviewed.
- Champion the Leadership Development initiative. If the Board and Justin do not champion this effort, it will not go anywhere. (We believe Leadership Development does have your sponsorship, but wanted to emphasize this point).
- Select members with a variety of backgrounds; some with expertise in leadership and organization development, and others with experience in other Church work with a history and knowledge of First Universalist.
- Appoint a relatively small group (5-6) who are committed to the task and will make it a priority.
- Ensure linkage and interconnection with the Board, Nominating Committee, Staff, and other relevant groups.
- Consider (as a Board) using this initiative as one way to connect with the Congregation.

We realize that a new vision for Leadership Development will likely have implications for how the Nominating Committee works and possibly for skill sets needed among the members. If a vision is developed by the end of the Church year, it will help current members decide whether or not to "re-up" with the NC as their terms end.

I look forward to discussing my potential role on Leadership Development task force with you at your convenience. I plan to remain on the Nominating Committee and could provide a linkage/interconnection between the NC and this special task force.

The Nominating Committee members remain committed doing a great job for First Universalist in continuing the good work that has been accomplished, and continuing to broaden our reach to identify members to serve in key leadership roles.

Warm regards,

Cindy

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