

**First Unitarian Society Foundation of Madison, Inc.**

*Minutes of Directors' Meeting held April 18, 2022 (by Zoom)*

*Adopted: July 12, 2022*

Present: Connie Beam (President), Peter Marion (Treasurer), Kendall Harrison (Secretary), Kathy Luker (Vice President), Dennis Birke, Carol Stang, David Kuenzi, Annette Helmer, Dean Hessler, and Kurt Stege.

Also present: Monica Nolan, Emily Cusic Putnam.

Connie called the meeting to order at 7:03 p.m.

**Minutes from February 21, 2022 Meeting**

Pete moves to amend the figure \$226,039 on the third bullet point under the Treasurer's Report, Profit and Loss section, to \$228,039, as the previous number was incorrect.

Kendall moves to add a "t" to "Stonehauler's" in the "Updates" section on page 5 of the draft minutes.

**MOTION:** Annette moves to approve the minutes with those edits. Kathy seconds. **Motion passes.**

**Treasurer's Report (Pete)**

Pete reported that the Program Enhancement Fund and Stonehaulers' Building Fund have been moved to the donor restricted section of the financial reports on the advice of our new accountant at Kollath. In addition, the reports have been reorganized by type of restriction (or lack of restriction). Both Pete and Connie note that our new accountant is very adept and easy to work with.

Dennis suggests that the reports should have a footnote explaining that distributions are now separated from earnings, in order to know when the starting point is. Dennis further suggests using "Classes" in Quick Books to help organize the reports. Connie suggests we should have a discussion of what reports to distribute now on a quarterly basis.

Pete further reported:

**Balance Sheet at 3-31-2022**

**Assets**

Total assets were \$3,798,000, a decrease of -\$154,000 since June 2021. Vanguard investments totaled \$3,767,000.

## **Liabilities**

Custodial funds totaled \$95,000.

## **Net Assets (Equity)**

Donor funds totaled \$3,703,000. The funds are presented based on the key balance sheet adjustments noted below.

## **Income Statement (Profit & Loss) for 7-1-2021 through 3-31-2022**

### **Income**

Vanguard Investment income totaled \$245,000.  
WCCN microfinance note receivable interest totaled \$750.  
Donations increased by \$100 to \$51,000.  
Total income for the year to date was \$42,000.

### **Expense**

Program distributions from donor funds to FUS totaled \$102,000 to date.  
Foundation administrative expense \$10,000 to date.  
Custodial fund earnings expense totaled \$2,600.

## **Key balance sheet adjustments**

### **Inter-fund transfers**

Board-approved transfers of permanently endowed donations of \$6,454.72 from the Program Enhancement Fund to the Bartell Memorial Fund, and of \$1,000 from the Stonehauleders' Fund to the Vilas Fund.

### **Fund reclassifications**

Kollath CPA firm-recommended reclassification of the Program Enhancement Fund and the Stonehauleders' Fund from Board Designated Donor Funds Without Restrictions to Funds with Donor Restrictions Only (i.e., not endowed).

### **Revised FY 2023 Payout proposal and schedule**

Based on the inter-fund transfers and fund reclassifications noted above, the FY 2023 Payout proposal and schedule were revised and Board ratification is requested.

### **Revised FY 2022 fourth quarter fund distribution**

As agreed in our last Board meeting, distribution in the fourth quarter will include previously unscheduled and carried over distributions. In future all distributions will be done quarterly and

FUS will be responsible for managing restricted distributions from the Arnie and Sam Clay Fund and the Wartmann Lecture Series Fund for expense reimbursements.

### **Portfolio Review (David and Carol)**

David shared the portfolio spreadsheet and explained:

- We are down 6.1 percent for 2022 YTD. It was a bad quarter for both stocks and bonds.
- SUSA underperformed this quarter; it was down 8.6 percent. SUSA is underweighted in energy and overweighted in tech, and energy was the only sector that performed well this quarter.
- Stock market this quarter has been affected by interest rates and inflation. Stocks are declining because of concern of a potential recession.
- We are still close to our targets on our portfolio. There is no need for rebalancing.

Connie notes that we need to raise about \$35,000 for the next quarter to be able to make distributions, and then will need another \$45,000 for the following quarter.

David suggests raising this money on a quarter by quarter basis and advocates taking the money from short-term bonds. Peter agrees.

**MOTION:** David moves to sell \$35,000 of BSV. Annette seconds. **Motion passes.**

Dennis says he looks at this report in light of what it might look like if we had an actively-managed portfolio. Would we be doing better with an actively-managed approach? We moved to a passive approach about 4 years ago. The board recognizes that it needs to periodically evaluate whether its approach is working as intended.

### **Friends of Meeting House Fund Management Agreement**

We have managed the funds of the Friends of Meeting House and the UU Alliance (now disbanded) for a number of years. But we have no formal agreement on how this is to be done.

Pete prepared a draft agreement and provided it to Friends Vice President Mike May. Mike made some additional changes and the agreement was presented to the Foundation Board for approval.

Connie explained that if we endorse it, then the Friends of the Meeting House will vote on whether to approve it at their next meeting.

**MOTION:** Pete moves to endorse the draft agreement as presented. Kathy seconds. **Motion passes.**

There is an idea on the table of how to use the remaining UU Alliance funds (\$26,000). Connie suggests we should figure out a process for approval of the disbursement of funds.

### **Staff Update (Monica)**

There is a parish meeting this Sunday, April 24th at 12:30 p.m.

The Wartmann Fund sponsored an in-person presentation about two weeks ago.

FUS is hosting a thank-you event for volunteers in May.

FUS is working to fill the Social Justice coordinator role.

### **Nominations for Next Fiscal Year**

Dean will be nominated for a three-year term at the next parish meeting.

Kathy has agreed to another three-year term, and Pete will also stay on for another term to support Dean.

Dennis Birke will not be renewing as a board member. Connie expressed her appreciation for Dennis over all his years of service. Dennis expresses the same sentiments towards the Board. Kurt and Pete thank Dennis for his hard work and thoughtfulness, reasonableness and kindness.

Meeting ends at 8:25 p.m. Next meeting is on July 11, 2022.