

## **BUF Board of Trustees Meeting (in person and via Zoom)**

August 25, 2022

Attendees: Murray Bennett, Drew Betz, Daria Haynes (President), Alex Gilman (Vice President), Henry Ohana, Sarah Pearson, Lew Phinney, Jim Reimer, Paul Beckel (Ex-Officio), Sky Hedman (Treasurer), Rory McLeod (Guest)

VZ= Via Zoom

Not Present (Excused): John Stewart (Secretary)

Minutes by Sarah Pearson, Acting Secretary.

Chalice lighting 7:05pm; Paul

Agenda Review/Changes:

- Murray, Rory and Henry will report on the Resolution process.

**Approval of last meeting minutes.** Sarah: Minutes from the 07/28/2022 meeting were approved by email on 8/2/2022.

**Fiscal Sponsorships:** Sky. Draft documents appended.

Sky presented a proposed Fiscal Sponsorship Agreement, Fiscal Sponsorship Process and Fiscal Sponsorship Application for use in instances where BUF agrees to provide its services to another project, including use of its nonprofit status.

- The goals of the project and the mission of the sponsored organization must align with those of BUF.
- The project and application will be reviewed by the Operations Team for, among other things, the ability of BUF resources to take on the project.
- All proposed Fiscal Sponsorship projects will be submitted to the Board for approval.
- If accepted, the contract would be signed by all parties.
- Financial Oversight Committee has been discussing and formulating the policy, application and contract for two months.
- Governance committee can determine where this new policy, if adopted, will belong in our organizational documents
- Example of a current sponsorship arrangement: Humanitas operates under BUF's name as a non-profit. They have their own WECU checking/savings account under the umbrella of BUF accounts. They handle their own money, donations and finances. Have their own treasurer.
  - It is not expected that Humanitas will be asked to follow this procedure or sign a contract since the relationship with them was pre-existing. It consists of primarily BUF members.
- Does contract need to be reviewed by attorney?
  - Drew will ask Wendy Bohlke or Brian Hansen if they could review it for us and final vote to adopt will take place at Sept meeting.
  -
- **Sarah moved and Henry seconded that the draft Fiscal Sponsorship Agreement, Fiscal Sponsorship Process and Fiscal Sponsorship**

**Application be approved for use, pending review and approval of the contract by an attorney.**

- 6 voted yes, 2 voted no, motion carried.

**Vandalism Report-Security Policy Review: Paul**

- Within last year, two significant break-ins
- Prior to keeping building locked, there were instances of people coming in and leaving with BUF property
- Recently, window, car and signboard vandalism
- Has been an issue to rely on members or renters following the rules (such as not propping doors and locking up at end of event)
- Kathy has a list of everyone who was given door entry code, but we don't know how many others these codes have been shared with
- Security system not enabled yet due to a missing part that is on order
- At this point, we have ability to arm building during night, but don't have all procedures worked out such as who sets alarm, who responds to alarms, and who has codes
- Ops team ad hoc committee consisting of Paul, Jim, and Lew is working on developing the procedures.

**Treasurer's Report:** Sky. Summary appended. *Note, final number for net ordinary income listed below was updated Sept 22, 2022.*

Net Ordinary Income for Fiscal Year 2021-2022 was \$31,391. This surplus was a result of the Employee Retention Credit, a pandemic-related government tax break that BUF was eligible for. Treasurer developed proposal for how to distribute funds and explained the rationale (see Treasurer's Report).

- Replenish Sabbatical Reserves with a contribution of \$4500
- Enlarge the Building & Maintenance Reserves with a contribution of \$23,454.
- Buffer Cash on Hand with the remainder: \$3,437

**Motion made by Alex and seconded by Lew to support treasurer's proposal for the distribution of the 31,391K surplus (\$4500 to Sabbatical Reserves, \$23,454 to Building Reserves and \$3,437 to cash on hand). Passed unanimously.**

**Audit Plan:** Sky

- Rick Krouskop, Jeff Copeland, and Haven Silver make up the audit committee and are currently conducting an internal review of BUF financial records for tax year 2020

### **Resolutions Process:** Murray, Henry, Rory

Snag with new resolution process has to do with counting votes in case of alternate resolutions:

- Regardless of method for voting, a tie is always going to be a possibility. No system is perfect
- Another challenge is that our threshold for passing is 75% (not a simple majority)
- Resolution committee is looking at three approaches to voting and measuring the results 1) ranked choice voting, 2) approval voting and 3) Bucklin voting
- Congregational Meeting date will be set once the full proposal and process have been determined. Resolutions committee feels it is best if only this one topic is covered at that meeting.

### **COVID Policy Review:** Henry

New questions to consider such as “Will we always require vaccination?” “What about those who can’t safely be vaccinated?”

- COVID task force is encouraged to make recommendation to board
- COVID task force will also review website for Covid messaging updates
- Suggestion to consult new CDC guidelines

### **Minister’s Report:** Paul

- Paul is planning 2 memorials, doing 2 services in August, preaching indefinitely after Sept 1<sup>st</sup>, water communion is second Sunday of Sept.
- Some question as to what the choir COVID rules will be. Kevin recently sent out note to choir re this.

### **Determine One Day Per Week for Minister:** Paul

- Paul is Off on Mondays and Paul feels members are respectful of this

### **Door Code Assignments:**

- Alex asked if Board members can have entry codes and how to get them
- Kathy is in charge of distributing these
- Re-visiting the codes and who gets them will likely be in conjunction with assigning alarm code.

### **Calendaring:**

- Congregational Retreat (Workshop) Rescheduled
  - Saturday, Jan 21<sup>st</sup>-all day---Re-visioning BUF
- Congregational Meeting---set as Sunday, May 21<sup>st</sup>
- Fundraising Auction---Saturday, Feb 11
  - Please think about what would be a great “Paddle Call” item....should be something BUF really needs, that is exciting, and that would benefit everyone.

**Next Meeting Date: Thursday, September 22 2022 at 7pm**

**Meeting adjourned at 8:40pm.**

### **Summary of Action Items:**

- Motions:
  - That the draft Fiscal Sponsorship Agreement, Fiscal Sponsorship Process and Fiscal Sponsorship Application be approved for use, pending review and approval of the contract by an attorney.
  - Support the treasurer’s proposal for the distribution of the 31,391K surplus (\$4500 to Sabbatical Reserves, \$24,454 to Building Reserves and \$3437 to cash on hand).

### **Attachments: (below)**

- **Fiscal Sponsorship Agreement**
- **Fiscal Sponsorship Process**
- **Fiscal Sponsorship Application**
- **Treasurer’s Summary Report**

## Contract For Fiscal Sponsorship Services

This is an agreement for fiscal sponsorship services, entered into between the Bellingham Unitarian Fellowship (BUF) and the \_\_\_\_\_ (“Project”).

### Recitals

The Bellingham Unitarian Fellowship (BUF) is a religious nonprofit corporation, exempt from federal tax under section 501(c)(3) of the Internal Revenue Code, as most recently amended. The Bellingham Unitarian Fellowship is a liberal religious community that values the diversity of individuals and affirms Unitarian Universalist principles. Our congregation welcomes persons of every age, physical ability, race, ethnicity, national origin, citizenship, religion, gender identity, and sexual and affectional orientation. As a community, we aspire to provide a creative, and nurturing environment where social, spiritual, and personal development are encouraged and acknowledged. Therefore, we celebrate in ritual, music, art, literature and humor. We endeavor to teach, to learn, and to serve both our community and the world.

The \_\_\_\_\_ (“Project”) is an [unincorporated association; or a coalition of organizations; or an independent nonprofit organization] with the mission of

\_\_\_\_\_.

BUF is willing to receive tax-deductible charitable contributions for the benefit and use of the Project. The Project, with the administrative assistance of BUF, desires to use these funds in order to implement the Project’s purposes.

### Agreement

By entering into this Agreement, the parties agree to the following terms and conditions:

1. **Receipt of funds:** BUF agrees to receive grants, contributions and gifts to be used for the Project, and to make those funds available to the Project, minus assessed administrative fees, as specified in this agreement.
2. **Administrative Fees:** To defray the expenses associated with administering the Project, the Project agrees to pay BUF an administrative fee of (0-5% for small groups 7% for larger – specific amount to be entered on individual agreement) on all income received including, but not limited to, grant income and contributions.
3. **Acknowledgments:** BUF and Project agree that all grants, charitable contributions, and gifts that BUF receives for the Project will be reported as contributions to BUF, as required by law. BUF further agrees to acknowledge the receipt of any such grant, charitable contribution, or gift in writing, and to furnish evidence of its status as a tax-exempt organization under Section 501(c)(3) as requested, or as required by law. In its acknowledgement of gifts made on behalf of the Project, BUF will inform the donor that the contribution made will benefit the Project.
4. **Protection of tax-exempt status:** The Project agrees not to use funds received from BUF in any way that would jeopardize the tax-exempt status of BUF. The Project agrees to comply with any written request by BUF that it cease activities which might jeopardize BUF’s tax status, and

further agrees that BUF's obligation to make funds available to it is suspended in the event that it fails to comply with any such request. Any changes in the purpose for which grant funds are spent must be approved in writing by BUF before implementation. BUF retains the right, if the Project breaches this Agreement, or if the Project jeopardizes BUF's legal or tax status, to withhold, withdraw, or demand immediate return of grant funds.

5. **Notice to Project By BUF:** BUF agrees to notify the Project of any change in its tax- exempt status.
6. **Use of funds:** BUF will allow the Project to make expenditures from funds collected by BUF to achieve the purposes of the Project. In no case will any such expenditure exceed total contributions for the Project received by BUF, and BUF will not advance funds to the Project beyond those received by BUF. The Project agrees to use any and all funds received from BUF solely for legitimate expenses of the Project and fully to account to BUF for the disbursement of these funds. Prior to any such expenditure, BUF will obtain authorization from the Project to pay these expenses using the Project's funds.
7. **Financial accounting and reporting:** The Project will in all cases follow BUF's financial policies and accounting procedures as established by BUF. Specifically, the Project will adopt BUF's fiscal year, which extends from July 1<sup>st</sup> through June 30<sup>th</sup>. BUF will maintain books and financial records for the Project in accordance with generally accepted accounting principles, and the Project's revenue and expenses shall be separately classed in the books of BUF. BUF will provide reports reflecting revenue and expenses to the Project on a monthly basis, within 30 days after the end of each month.
8. **Budgeting:** The Project will provide BUF with its annual budget at the beginning of each fiscal year.
9. **Governance:** Authority to manage the programmatic activities of the Project is delegated to the Project. Normally, the Project's Board will exercise that authority. Notwithstanding the forgoing, both BUF and Project agree that the relationship established by this agreement is premised upon the mutual understanding of BUF and Project that the goals and activities of both organizations will be compatible. In order to maintain such compatibility of goals and activities over time, Project agrees to inform BUF of any new or changed activities contemplated by Project, and if BUF determines that the programmatic activities of the Project are in fact inconsistent with the goals and activities of BUF, BUF shall draw this immediately to the attention of Project, and shall retain the right to terminate this agreement, pursuant to the provisions of Paragraph 14.
10. **Fundraising:** The Project may solicit gifts, contributions, and grants on behalf of BUF, and such gifts, contributions, and grants, if and when received, will be earmarked for the activities of the Project. The Project's choice of funding sources to be approached and the text of the Project's letters of inquiry, grant applications, and other fundraising materials are subject to approval by BUF. The President of BUF's Board of Trustees must co-sign all original letters of inquiry, grant proposals, and grant agreements. All grant agreements, pledges, or other commitments with funding sources to support the Project shall be executed by BUF. The cost of any reports or other compliance measures required by such funding sources shall be borne by the Project. The President of BUF's Board of Trustees must be copied at least one week in advance on all progress and final report submissions. BUF shall be responsible for the processing and acknowledgment of all monies received for the project, which shall be reported as the income of BUF for both tax purposes and for purposes of BUF's financial statements. Grants involving

government or public agency monies have substantial reporting and auditing requirements; therefore, if the Project desires to apply for government or public agency grants, the Project must get advance approval to do so from the President of BUF's Board of Trustees. Nothing in this agreement obligates BUF to fundraise for the organization or to provide other resources.

11. **Renewal of this agreement:** If both BUF and Project desire to do so, this agreement may be renewed annually, and the annual term of any such renewal shall be coincident with BUF's fiscal year.
12. **Termination:** Either party may terminate this Agreement by giving 90 days' written notice to the other party.
13. **Disposition of Assets and Liabilities:** If either party terminates this agreement, any funds collected on behalf of the Project, and remaining in the possession of BUF at the time of termination, shall be disposed of according to existing written agreements with funding sources. If the Project continues beyond the term of this agreement, funds and assets not covered by existing written agreements with funding sources may be transferred to another nonprofit corporation (the Successor) that is tax-exempt under IRC Section 501(c)(3) and that is not classified as a private foundation under Section 509(a). The Successor must be willing and able to sponsor the Project. The Successor must be approved in writing by BUF and the Project by the end of the 90-day period for written notice of termination. If a Successor is found, the balance of assets not covered by existing agreements with funding sources held by BUF for the Project, together with any other assets held or liabilities incurred by BUF in connection with the Project, shall be transferred to the Successor at the end of the 90-day period of written notice of termination or any extension thereof, subject to the approval of any third parties (including funding sources) that may be required. If the Project has formed a new organization qualified to be a Successor as set forth in this Paragraph, such organization shall be eligible to receive all such assets and liabilities so long as such organization has received a determination letter from the Internal Revenue Service which states the new organization is exempt from federal tax under section 501(c)(3) of the Internal Revenue Code no later than the end of the 90-day period of written notice of termination or any extension thereof. If no Successor is found by the end of the 90-day period of written notice of termination, BUF may allocate the Project's assets and liabilities in any manner consistent with applicable tax and charitable trust laws and other obligations.
14. **Term and Expiration of Agreement.** The time period covered by this agreement is from \_\_\_\_\_ to \_\_\_\_\_, and the agreement will terminate on the date last specified, unless it is either renewed as specified in Paragraph 13, or is terminated with 90 days written notice by either BUF or the Project, as provided in Paragraph 14.

By signing below, both parties hereby execute this Agreement according to its terms, and the individuals signing on behalf of BUF and the Project, by signing this Agreement, certify that they are legally empowered and authorized to do so on behalf of BUF and the Project, respectively.

BUF:

Project:

Signed \_\_\_\_\_,

Signed \_\_\_\_\_

BOT President

Date: \_\_\_\_\_

Title / Organization:  
Date: \_\_\_\_\_



**PROPOSED  
Bellingham Unitarian Fellowship  
Fiscal Sponsorship Application**

**Name of applicant:**

\_\_\_\_\_ Tax ID: \_\_\_\_\_

Organization or project in need of fiscal sponsorship:

\_\_\_\_\_

Structure of organization (LLC, Corporation, Sole Proprietorship?)

\_\_\_\_\_

Is the organization registered as a non-profit with the state of Washington?

\_\_\_\_\_

Has the organization received the 501(c)(3) determination letter?

\_\_\_\_\_

Purpose of this organization or project:

\_\_\_\_\_

Purpose of request for Fiscal Sponsorship:

\_\_\_\_\_

Time frame for sponsored project (projected start and stop date)

\_\_\_\_\_

Resources requested. (Administrative duties?)

\_\_\_\_\_

**Please attach this information:**

**Board of directors**

**Bylaws**

\_\_\_\_\_

**BUF:**

\_\_\_\_\_

BUF point of contact to serve as point of communication and who will support applicant through this process:

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## Fiscal Sponsorship (proposed)

1. Overview
  - a. Opportunity to fulfill BUF's mission by combining or uniting BUF's resources with (another) for mutual benefit (allyship).
  - b. Use of BUF's 501(c)(3) status.
  
2. Process
  - a. Sponsored Organization submits application
    - i. Name of applicant
    - ii. Organization or project in need of fiscal sponsorship
    - iii. Purpose of said organization or project
    - iv. Structure of organization or project (LLC, Corporation, Sole Proprietorship?)
    - v. Non-profit status of organization
      1. Registered as non-profit with state?
      2. Registered as non-profit with IRS?
    - b. Purpose of fiscal sponsorship request
      - i. Time frame for fiscal sponsorship
      - ii. Example, processing of donations and expenses.
        - c. BUF identifies member who will serve as contact and point of communication
      - i. Point of contact "shepherds" this request through the process.
        - d. OPS team reviews application
      - i. How do the values/objectives of the applicant/project align with BUF's mission and values?
      - ii. Does BUF have the administrative resources available to carry out the additional work that will be required?
        1. Approval is subject to the availability of BUF's administrative resources
        - e. Board of Trustees reviews application and contract and modifies or approves it.

**Monthly Treasurer's Summary Report to the BUF Board of Trustees**  
**July 2022 Financials (8% of the fiscal year)**  
**Prepared for the August 25, 2022 Board Meeting**

**Overview of current and projected status:**

- **Final financial reports for 2021-2022** are attached to this report.
- **Month of July, 2022:**
  - Pledge income was \$41,441.
  - BUF received \$660 in rent for July, 2022.
  - Net Ordinary Income is \$12,075 for the month of July.
- **Year to date (July, 2022– July, 2022)**
  - Pledge income is 85% of budget.
  - Net Operating Income is \$12,075 year to date (July), which is less than the budgeted amount of \$20,367.
- **Cash on Hand for July, 2022:**
  - As of July 31, 2022, BUF has Cash On Hand of \$36,636.
  - BUF's Emergency Operating Reserve is \$73,135.
  - BUF's goal is to have reserves to cover three months operating expense, or \$99,722.
- **Reserves**
  - Building Repair & Maintenance Reserve: \$38,325
  - Emergency Operating Reserve: \$73,135
  - Sabbatical Reserve: \$3,075
- **Board is asked to contribute to reserves for 2021-2022.**
  - Overview:
    - Regular funding of the “Building & Maintenance” and “Emergency Operating” Reserves was suspended in April 2020 due to COVID pandemic.
    - Net Ordinary Income for 2021-2022 was \$31,391.
    - The contribution to BUF's budget from the federal employee retention Credit was \$29,211.
    - The following recommendations come from the Financial Oversight Committee.
  - Replenish Sabbatical Reserves with a contribution of \$4500.
    - Prior to June 2021, the contribution to the Sabbatical Reserve was \$1500 yearly.

- BUF expended \$7300 during the 2021-2022 fiscal year.
    - No contribution is budgeted for 2022-2023.
    - A contribution of \$4500 would cover two years that BUF did not contribute to the Sabbatical Reserve, plus one additional year.
    - Before Rev. Paul Beckel’s sabbatical, the balance was \$10,375.
    - The current balance is \$3,075.
    - The new balance would be \$7,575.
  - Enlarge the Building & Maintenance Reserves with a contribution of \$23,454.
    - Prior to the COVID pandemic, 15% of rental income was allocated for Building & Maintenance Reserves.
    - Current balance is \$38,325.
    - New balance would be \$ 61,779.
  - Buffer Cash on Hand with the remainder: \$2180.
- **Board is asked to approve the Fiscal Sponsorship proposal**
  - BUF has received a request for fiscal sponsorship from a local non-profit organization. The Financial Oversight Committee was asked to create a process to be followed in regard to Fiscal Sponsorship.
  - Fiscal sponsorship is an opportunity to fulfill BUF’s mission by combining or uniting BUF’s resources with another non-profit for mutual benefit (allyship).
  - “Fiscal sponsorship is when a nonprofit organization extends its tax-exempt status to select groups engaged in activities related to the organization’s mission. Most often, fiscal sponsorship is used by organizations, individuals, or collaborations who are doing charitable work but who want an alternative to becoming a 501(c)(3) organization with the IRS. In a fiscal sponsorship arrangement, the sponsor accepts tax deductible donations and grants on behalf of the sponsored project/ organization. The sponsor accepts responsibility for the use of those funds and ensures their application toward charitable purposes, along with any additional donor restrictions.”
  - The Financial Oversight Committee has formulated a proposal for BUF to follow, including the process, the application and the contract. All three are attached to this report.
- **Issues requesting Board involvement:**
  - Board is asked to review and approve the Fiscal Sponsorship proposal.
  - Board is asked to approve transfer of funds to the Building& Maintenance Reserve and the Sabbatical Reserve.

<b>Income and Expense</b>	<i>Year-to-date</i>	<i>% of budget to date</i>
<i>Pledge Income</i>	\$ 41,441	85%
<i>Total Donations</i>	\$ 43,573	85%

<i>Fundraising Income</i>	\$ 2,624	100%
<i>Rental Income</i>	\$ 660	25%
<b>Total Income Year to Date</b>	<b>\$ 48,272</b>	<b>90%</b>
<b>Total Expenses Year to Date</b>	<b>\$ 36,198</b>	<b>109%</b>
<b>YTD Op. Income minus Expense</b>	<b>\$ 12,075</b>	<b>59%</b>

### Cash on Hand

	<b>This month</b>	<b>% Change</b>	<b>Prior month</b>	<b>Prior month</b>
Checking balance	\$ 80,984	-13%	\$ 93,051	\$ 86,479
Cash assets under Board control	\$ 234,386	- 5%	\$ 247,333	\$ 240,339
<b>Cash on Hand</b>	<b>\$ 36,636</b>	<b>34%</b>	<b>\$ 27,365</b>	<b>\$ 28,332</b>

### Funds Activity Report

<b>Funds Activity</b>	<b>This month</b>	<b>Prior month</b>
Total Restricted Investment Funds	\$ 55,228	\$ 55,228
Total Restricted Bank Account Funds	\$ 129,078	\$ 129,999
Total Designated Program Funds	\$ 75,455	\$ 76,310
<b>Total in all funds</b>	<b>\$ 259,761</b>	<b>\$ 261,537</b>

### Fundraising Summary

<b>Fundraising Event</b>	<b>Income YTD</b>	<b>Income Goal for year</b>	<b>% of Goal</b>
Dinner Auction/Gala	\$ 30	\$ 20,000	.15%
Other Fundraising	\$ -	\$ -	-%
Pandemic Grants & Income	\$ 2,624	\$ 0	100%
<b>Total Fundraising</b>	<b>\$ 2,654</b>	<b>\$ 20,000</b>	<b>13%</b>

Members of the Financial Oversight Committee are Sky Hedman (Treasurer), John Stewart, Frank McDonald (Assistant Treasurer), Brian Quick, Pam Ives (Assistant Treasurer), Cathy Campbell, Sue Sayegh and Lew Phinney.

Treasurer's Summary Reports and selected Financial Reports generated by Administrator are placed Administrator in BUF Workroom.

*Cash On Hand reports:*

*Assets that are available to Board under normal operating conditions: Checking, Savings, and Accounts Receivable. (It does not include Endowment, Humanitas, A. Herrmann Social Justice Account.)*

*Equity that is subtracted from Assets are those that are not available under normal operating conditions: Restricted Funds and Designated Program Funds. Liabilities are adjusted to include only one month of the Principal payment for the mortgage.*

Financial Reports attached:

Monthly I&E Comparison  
Cash on Hand Report  
Balance Sheet Prev Year Comparison  
Funds Activity Report  
I&E YTD Annual Budget Comparison

Year End Balance Sheet (June 30, 2022)  
YTD Income and Expense (July 2021 through June 2022.)