

Second Congregational Meeting House Society, Unitarian Universalist, Nantucket
Statement of Net Assets (unaudited)
As of September 30, 2020

ASSETS:

BofA Checking	\$83,552
BofA Debit Card	9,337
BofA IRC	15,656
Rockland Trust Checking	160,174
Undeposited Funds	<u>0</u>
Cash and cash equivalents	253,063
Accounts receivable	3,500
Pledges receivable (1)	16,725
Prepaid expenses	<u>0</u>
Total current assets	<u>273,288</u>
Vanguard (2)	1,788,342
UU Common Endowment Fund	133,264
TIAA Organ Fund	<u>86,242</u>
Investments	<u>2,007,848</u>
Total assets	<u>\$2,281,135</u>

LIABILITIES:

Accounts payable	\$591
Event deposits	0
Deferred rental revenue	150
Deferred pledge revenue (1)	<u>15,048</u>
Total current liabilities	<u>15,639</u>
PPP loan payable (3)	24,630
Sabbatical provision reserve	<u>9,282</u>
Total long-term liabilities	<u>33,912</u>
Total liabilities	<u>\$49,551</u>
Total net assets	<u>\$2,231,584</u>
Restricted net assets (4)	\$271,630
Unrestricted net assets	\$1,959,954

(1) Pledges receivable from prior years have been written off as of 12/31/19. The remaining receivables are all related to 2020. We will be sent out pledge statements as of 9/30/20 to those people whom we believe have not yet fully funded their pledges. Any remaining adjustments to 2020 pledges receivable will be made in Q4. Deferred pledge revenues represent 2021 pledges received through 9/30/20.

(2) The Vanguard investment balance includes \$86,242, which was transferred from Rockland Trust in February 2020, so it may yield earnings to be used for annual budgetary purposes, i.e., \$2,000 of interest income per 2020 Budget approved by the membership. These monies may be moved back to UU Nantucket's bank accounts and used for general operating purposes at a later date.

(3) A Payroll Protection Program loan in the amount of \$24,630 was approved and received in May 2020, which we anticipate will be entirely forgivable. Before this year ends, we anticipate that the loan will be extinguished and a corresponding gain (i.e., a nonrecurring item) will be recorded in the Statement of Changes in Net Assets for the year ending December 31, 2020.

(4) Restricted net assets represent the 2020 restricted funds in the accompanying detailed schedule, plus the TIAA Organ Fund.

Second Congregational Meeting House Society, Unitarian Universalist, Nantucket
 Restricted Funds (unaudited)
 As of and for the nine months ended September 30, 2020

RESTRICTED FUNDS:		1/1/2020	Contribution s/Transfers	Releases /Transfers	9/30/20
American Tower Overpayment Reserve (1)	RD	\$36,135	\$56,381	\$0	\$92,516
Back Yard and Garden Fund	R	2,764	0	(53)	2,711
Caring Team Fund	R	608	188	(192)	604
Coffee Hour Supplies Fund	RD	445	538	0	983
Food Rescue Fridge Reserve (2)	RD	7,097	252	(6,828)	521
Hanner Memorial Music Fund (3)	RD	4,451	0	(1,032)	3,419
Honoring Rev. Linda Fund	RD	3,967	0	(3,946)	21
IRS Duplicate Refund Reserve (4)	R	4,688	0	(4,688)	0
Immigration Resource Center	RD	17	44,975	(29,146)	15,846
Lay Led Committee Fund	R	550	263	0	813
Make It Stop	RD	45	0	0	45
Membership Committee Fund	R	574	263	0	837
Meeting House Capital Maintenance Reserve	RD	0	100	0	100
Minister's Discretionary Fund	RD	2,886	5,815	(4,027)	4,673
Monday Night Suppers	RD	0	2,820	(2,660)	160
Music Enlivenment Fund (3)	RD	0	4,450	(1,369)	3,082
Noonday Concert Series Fund (3)	RD	1,468	2,220	(3,605)	83
Organ Maintenance Reserve	RD	3,448	0	(871)	2,577
Organ Playing Fund	RD	200	1,000	0	1,200
Parsonage Capital Maintenance Reserve (5)	R	54,297	3,594	(4,987)	52,904
RE Committee Fund	R	528	0	0	528
Sabbatical Provision Reserve (6)	R	9,282	0	0	9,282
Social Action Fund	R	1,016	1,663	(912)	1,767
Total restricted funds		<u>\$134,466</u> *	<u>\$124,520</u>	<u>(\$64,315)</u>	<u>\$194,671</u>

(1) This fund represents what was believed to be an overpayment by American Tower for UU Nantucket's share of rents and revenues in connection with AT's tenants' (e.g., Verizon, etc.) use of the steeple to facilitate cellular services. The volunteer treasurer received written confirmation/statements from AT relative to four months of recent payments for UU Nantucket's 50% revenue share on AT's sublets to telecom companies during 2020, and subsequent payments received from AT have remained consistent for the past three months. The matter was discussed at the October 13, 2020 Finance Committee and October 22, 2020 Board of Trustees' meetings, and both bodies recommended that this reserve be reversed in the fourth quarter of 2020, with the monies paid over and above 2020 budgeted AT income being held in a separate account for at least a period of one year. Further discussion of this matter will take place at the 2020 Annual Meeting on January 31, 2021.

(2) In analyzing this account, the volunteer treasurer noted that, while the 2019 Annual Report stated that the ending 2019 balance was \$269, it appears that the Food Rescue team held a check in the amount of \$6,828 at year-end because all the work on the solar installation at the Food Rescue Fridge site had not yet been completed. Subsequently, that check was voided in 2020, and new one was issued in May 2020, once ACK Energy completed installation of said solar panels. The remaining balance, a share of the proceeds from the Qureshi's olive oil sales that they have donated to this fund, and future energy rebates received are/will be reserved for future fridge maintenance.

(3) The Music Enlivenment Fund (MEF) was established by the Board of Trustees in 2019, to support and expand music programming. The Board voted to transfer a total of \$2,500 from two sources: the Hanner Memorial Fund (\$1,032) and the summer 2019 gate from the Noonday Concert Series Fund (\$1,468). Additionally, the June 30 balance reflects 2020 donations of \$1,950 to the MEF. Separately, the MEF Committee also raised \$2,200 in funding for this past summer's virtual Noonday concerts. At their June 25, 2020 meeting, the Trustees approved a rate increase for the second half of 2020 for the Music Director to bring his wages more in line with UUA guidelines, agreeing that the funding for this increase would come from the MEF. Half of said increase is reflected in the Releases/Transfers column in this account for the Q3 portion, i.e., the increase during the three months ending September 30. The other half will be reflected at year end for the Q4 portion.

* Reconciliation to 2019 annual report:
 = \$109,588 + \$6,828 (fridge) + \$3,000 (MDF) +
 \$1,222 (ARReno) + \$3,322 (Sab.Prov.) + \$10,
 547 - \$41 (PCM) = \$134,466

(4) This fund was established in 2018, because it was believed that UU Nantucket had received an overpayment by the IRS for a duplicate payroll tax refund. In May 2020, the I.R.S. confirmed to the volunteer treasurer that it has no record of having made any such overpayment. Furthermore, the volunteer treasurer was unable to obtain any proof that such an overpayment was made. Rather, he believes that the two payments from the I.R.S. in question relate to (a) the return of employee payroll taxes to the Minister, and (b) the return of employer payroll taxes to UU Nantucket. This matter was discussed at the July 30, 2020 FinCom meeting, at which the FinCom voted to recommend to the Board of Trustees that this fund be reversed to "other income" since it apparently was not required. At their August 20, 2020, the Trustees voted to reverse this fund to "other income". Thus, the ending balance at 9/30/20 is \$0. This reversal is shown as a nonrecurring item in the accompanying Statement of Changes in Net Assets.

(5) The Parsonage Capital Maintenance Reserve (5) was established in 2019, to cover the cost of repairs and maintenance that in the 2019 annual report by \$1,178. Upon further investigation, it appears that the prior office manager failed to record the Q4 2019 provision of \$1,138, however, the annual report reflected the Q4 2019 provision plus an additional unexplained \$40. Additionally, at the January 2020 Annual Meeting, the membership voted to allocate \$10,547 of the 2019 surplus to this account, which was recorded as of 12/31/19 in QuickBooks. Thus, the correct 1/1/20 opening balance is \$43,750 plus \$10,547, or \$54,297.

(6) The Sabbatical Provision Reserve represents the contractual obligation incurred by UU Nantucket through December 31, 2019, with respect to sabbatical time that the Reverend has earned through the end of 2019. During the 2020 budgeting process, the Reverend renegotiated with the 2019 Board to forego her further sabbatical rights in exchange for a professional development budget line of \$2,100 in the 2020 budget to cover professional development expenses she expected to incur in connection with her pursuit of a masters degree in public/mental health from UMass. The related reimbursements under both the Reverend's 2020 professional development and professional expense budgets, along with the related accounting for such, are currently subjects of further discussion by the 2020 FinCom and Board.

R=Restricted as to purpose.

RD=Restricted as to purpose by a donor.

Second Congregational Meeting House Society, Unitarian Universalist, Nantucket
Reserves (unaudited)

As of and for the nine months ended September 30, 2020

	<u>Vanguard</u> (1)	<u>UUCEF</u>	<u>TIAA Organ</u> (2)	<u>Total</u>
Beginning balance, January 1, 2020	\$1,590,170	\$130,305	\$82,863	\$1,803,338
Investments	100,000	0	0	100,000
Distributions	(35,933)	0	0	(35,933)
Investment income	19,651	816	772	21,239
Net gains (losses)	114,454	3,157	2,607	120,218
Investment fees and expenses	0	(1,014)	0	(1,014)
Ending balance, September 30, 2020	<u>\$1,788,342</u>	<u>\$133,264</u>	<u>\$86,242</u>	<u>\$2,007,848</u>

(1) The Vanguard investment balance includes \$100,000 that was transferred from Rockland Trust in February 2020, so it may yield earnings to be used for annual budgetary purposes, i.e., \$2,000 of interest income per 2020 Budget approved by the membership. These monies may be moved back to UU Nantucket's bank accounts and used for general operating purposes at a later date.

(2) The TIAA Organ Fund is a restricted fund by a donor for maintenance on the Goodrich organ.

Second Congregational Meeting House Society, Unitarian Universalist, Nantucket
Statement of Changes in Net Assets (unaudited)
for the nine months ended September 30, 2020

	FULL YEAR	9 MONTHS	9 MONTHS Restricted Funds	9 MONTHS Reserves	6 MONTHS Total	COMMENTS
	2020 Budget	Actual				
INCOME:						
Pledges (1)	\$87,600	\$97,030			\$97,030	See Note 1.
Contributions	12,679	73,086	\$117,451		190,537	\$6.6K Sunday Plate; \$16.5 gifts; \$50K special memorial gift
Rental income	85,253	59,314			59,314	Represents \$40.6K of outside rental income and \$18.7K virtual parsonage rent. See Note 2.
FUNDraising	16,848	13,035			13,035	Represents craft sale, 4th of July and Auction net proceeds. See Note 3.
Other income:						
Sanford fund income	9,000	6,750			6,750	The Sanford Fund income has been recorded on an as-received basis.
Endowment transfers	47,915	35,933		(35,933)	0	Q1, Q2 and Q3 planned distributions.
Investment income	2,000	290		20,958	21,248	\$9 bank interest plus \$281 money market interest (estimated annual income \$1,700?)
						Stock market has fluctuated dramatically throughout 2020 due to pandemic, election year and other global uncertainties. Expect continuing market volatility for foreseeable future.
Net gains (losses)				120,218	120,218	
Investment fees and expenses				(1,014)	(1,014)	UUCEF fee allocation.
Total income (loss)	<u>261,295</u>	<u>285,438</u>	<u>117,451</u>	<u>104,229</u>	<u>507,117</u>	
EXPENSES (4):						
Ministry	111,046	86,152			86,152	79.7% of budget
Building and Grounds	68,910	56,596			56,596	82.1% of budget
General and Administrative	37,379	27,416			27,416	73.3% of budget
Music Program	24,451	17,813			17,813	72.9% of budget
RE Program	8,408	4,790			4,790	57.0% of budget
Denominational Affairs	5,439	5,514			5,514	UUA contribution for its year ended June 30, plus one registration fee for UUA GA.
Committee Budgets	1,300	975			975	
Contingency	4,362	0			0	
Total expenses	<u>261,295</u>	<u>199,256</u>	<u>54,884</u>	<u>0</u>	<u>254,141</u>	
NONRECURRING ITEMS:						
Nonrecurring item		4,688			4,688	Reversal of IRS-related restricted fund.
Change in net assets	<u>\$0</u>	<u>\$90,869</u>	<u>\$62,567</u>	<u>\$104,229</u>	<u>\$257,665</u>	Represents net investment results.
BEGINNING NET ASSETS					<u>1,973,920</u>	
ENDING NET ASSETS					<u>\$2,231,584</u>	

(1) Pledge revenues are recorded on an accrual basis. They reflect known pledges as of September 30, 2020.
(2) Rents expected during the last three months or 2020 include \$450 HillTown, \$1,210 SHIM (plus Nov and Dec for potential HH-only rental), \$6,250 Virtual Parsonage for a subtotal of \$7,910. However, ATC has consistently been paying far more rent than was budgeted (see Note 1 on 2020 Restricted Funds schedule).
(3) The budget also contemplated a yard sale and December Delight before year end. Should these fundraisers take place and yield less than the remaining budgeted ~\$4K fundraising goal, the Communications Committee plans to submit a grant to the Community Foundation to make up the difference under a special Covid-related program that the CF has put in place for not-for-profit organizations that fail to meet their fundraising goals on Nantucket in 2020.
(4) See attached supporting schedule for a detailed list of operating
SPECIAL COLLECTIONS NOT INCLUDED IN CONTRIBUTIONS:
April 12, 2020 Share the Plate with the Food Pantry \$1,335.00
August 31, 2020 Share the Plate with No More Deaths \$1,095.00

Second Congregational Meeting House Society, Unitarian Universalist, Nantucket
 Operating Expenses
 for the nine months ended September 30, 2020

EXPENSES:	FULL YEAR 2020 Budget	9 MONTHS Actual
Ministry	<u>\$111,046</u>	<u>\$86,152</u>
Minister's Salary	45,860	35,208
Minister's Housing (virtual parsonage)	25,000	18,750
Minister's Pension	7,086	5,309
In Lieu of Employer's FICA = SECA	5,421	3,911
Minister's Benefits	15,076	11,196
Minister's Workers' Comp. Insurance	750	750 (1)
Minister's Professional Development/Expenses	10,603	9,778
Guest Speakers	1,250	1,250
Building and Grounds	<u>67,860</u>	<u>56,596</u>
Sexton's Payroll inc. WC	11,710	5,730 (1)
Fire and Liability Insurance	29,000	29,162
Repairs and maintenance	5,868	4,411
Parsonage Capital Maintenance Provision	4,792	3,594
Utilities	15,190	12,426
Cleaning and building supplies	1,300	1,274
General and Administrative	<u>39,179</u>	<u>27,416</u>
Office Manager, Payroll inc. WC	21,273	18,868 (1)
Advertising & PR	1,300	1,655
Bank/CC Processing Fees	750	1,248 (2)
Dues	150	195
Permits and licenses	0	426
Telephone and internet	2,970	1,480
Office supplies	3,596	745
Postage	300	662
Outside professionals	8,840	2,138
Music Program:	<u>24,451</u>	<u>17,813</u>
Music Director, Payroll inc. WC	20,526	15,893 (1), (3)
Music Director, Vacation Pay (replacements)	500	250
Music Director, Professional Development	1,090	300
Music Director, Sick Pay (replacements)	500	0
Supplemental guest musicians	1,000	525
Instrument maintenance/tuning	535	765
Sheet music and supplies	300	80
RE Program:	<u>8,408</u>	<u>4,790</u>
RE, Payroll inc. WC	7,758	4,790 (1)
RE, Professional Development	150	
RE, Expenses	500	
Denominational Affairs	<u>5,439</u>	<u>5,514</u>
Committee Budgets:	<u>1,300</u>	<u>975</u>
Social Action Committee	350	263
Membership Committee	350	263
Caring Team	250	188
Lay Led Committee	350	263
Contingency	<u>4,362</u>	<u>0</u>
Total expenses	<u>\$262,045</u>	<u>\$199,256</u>

(1)	Total	RE	Music	Office	B&G
Minister's compensation insurance expense incurred during 2020 totaled \$1,103. Of this amount, \$750 was apportioned to the Minister and the rest was divided amongst the other employees based on their budgeted payroll expense.	\$61,267	12.66%	33.50%	34.72%	19.11%

(2) Previously classified as contra-revenue in budget.

(3) The Board of Trustees voted to increase the Music Director's rate of pay by \$8 per hour, or \$96 per week based upon a 12-hour average work week, for the second half of 2020, utilizing a portion of the funds in the Music Enlivenment Fund to cover the increase. The volunteer treasurer calculated the overall increase, using a rate of 9.65% for payroll taxes, to be \$2,737, half of which was released from the MEF in Q3 to cover the related rate increase. The actual payroll amount shown on the actual to budget expense comparison above has been reduced by \$1,369 accordingly.