



To: Tubman Key Investors

From: Jennifer J. Polzin, Chief Executive Officer

CC: Tubman Board of Directors

Date: November 2017

Re: Update—Fiscal Year 2017

Financial Position

Our fiscal year ended on September 30, and the audit is expected to show a positive financial position at the end of FY17. This year in particular, that was no small feat.

Funding cuts. In our summer newsletter, I wrote about the unanticipated loss of \$375,000 in Tubman's annual funding from the Greater Twin Cities United Way, when they eliminated all funding in the domestic violence impact area due to a shortfall in unrestricted funds they raised. That grant—26% of our contributed income—was flexible funding to help fill gaps in virtually all of our prevention and intervention services for victims of domestic violence: our violence prevention program in schools; safety planning, support, and resources for people transitioning out of crisis; mental health therapy and substance abuse treatment; jobs, education, and finance support; help finding safe and stable housing; our relationship violence intervention program that helps people who have used violence take responsibility for their behavior and gain skills to engage in healthy relationships, and much more.

A reduction in the total number of people served was inevitable, and is currently projected at a minimum of 5,000 fewer people served each year, many of whom are youth. We prioritized core services and services with the greatest impact on clients to the extent we could, while continuing to seek new funding opportunities for reduced or eliminated services. The work we did as part of last year's strategic planning work served to guide our decision-making. Cuts made included the elimination of 7 full-time staff positions: 4 In-Home Advocates to provide follow up support as shelter residents move out, 1 Housing Specialist, 1 Community Outreach Advocate, and 1 of 3 Youth Educator positions—and we paused before replacing some other positions that became open, including on a second Youth Educator position.

Later in the summer, we were notified of a steep reduction in our FY18 and FY19 Minnesota Safe Harbor funding to provide shelter, housing, and support for young victims of violence and exploitation, including sex trafficking. We ran several financial scenarios, factoring in the flow of service, average lengths of stay, and the staffing ratios required by our Department of Human Services license to determine the extent of the program cuts.

Client Impact: Phased reduction in the number of beds for sexually exploited youth.

- Reduced to 16 beds (from 20) for the six months of October 1, 2017 – March 31, 2018
- Further reduce to 8 beds from April 1 – September 30, 2018

Staff Impact: Reduced the number of staff by 4.6 FTE effective October 1. There will need to be a slight reduction again in April, which will likely be managed by attrition in the upcoming months. I am happy to report that several staff moved into other positions at Tubman that are fully funded.

The good news? Response from the community—individuals, foundations, corporations, communities of faith, civic groups—has been remarkable. Not only did donors like you respond generously at our gala, and to our fundraising appeal to restore the Voices in Prevention school-based program (so far, we're

back up to 2 of 3 Youth Educator positions!), but other grantors also stepped up immediately with a swift and generous response. Special thanks to the Minnesota Office of Justice Programs for its willingness to accept budget revisions to our grant agreement, to the Pohlad Family Foundation for a substantial one-time transition grant, to the Sundance Foundation for their gift to the Safe Journeys program for sexually exploited youth, and to every one of our funders who increased or renewed their support this year. All of that, combined with 6 months of bridge funding from United Way, gave us a longer runway to develop and execute thoughtful plans to transition into reduced budgets and services for FY18.

The FY18 budget, wish list, and capital improvements budgets were prepared based on conservative revenue projections and expenses that reflect our “new normal” and continuing uncertainties at the federal—and therefore, the state—level. Even as I write this, we are monitoring the federal tax reform bill and continue to advocate for a universal charitable deduction and not to expand Unrelated Business Income Tax for nonprofits, which would tax things like event sponsorships used to support critical services.

Despite significant setbacks, we still managed to close FY17 with a modest surplus, the majority of which the Board has dedicated to reserves for debt repayment of facilities financing due in April of 2020. We will continue to address current client and community needs as best we can while building momentum to restore some of the services lost during FY17, and position the organization for the future. I remain cautiously optimistic, even knowing that FY18 will be a very lean year. We will continue to deliver within our budget, but do not anticipate a similar surplus on September 30, 2018.

Strategic Results

In addition to successfully completing most program-specific objectives, we made significant progress on three agency-wide major strategic goals. Here are some key milestones achieved for each during FY17.

Develop a long-term funding plan to address structural issues at Harriet Tubman Center West. Last year I shared that while the building is just over 20 years old, there’s been major structural shifting that has caused damage. The forensic engineering report indicates no immediate risk to life safety—and we continue to monitor future changes before they pose additional risk—but we need to make major investments in the next 2-5 years to prevent continued impact on mechanical systems. During FY17, we convened a Facilities Task Force comprised of board and community members with specific professional expertise to recommend options to the full Board for further due diligence. Cermak Rhodes Architects conducted an in-depth Physical Needs Assessment to determine the scope of needed repairs and outlined the program assessment process; Certified Moisture Testing conducted an assessment of the external envelope; and Watson-Forsberg provided an additional estimate on necessary structural repairs. We also secured bipartisan sponsorship in both the House and Senate for a cash bonding request in the amount of \$383,000 to pre-design and design renovation of spaces for program services currently offered at Harriet Tubman Center West. Special thanks to Representatives Allen, Franke, Hausman, Dehn, Cornish, Clark, Lillie, Loeffler, and Dean, and to Senators Hayden, Senjem, Pappas, Nelson, and Schoen for their leadership. If passed in the upcoming legislative session, these funds would be available in spring of 2018. I will keep you updated in the new year as we continue down the path of stabilizing physical structure, protecting critical services, and preserving our fiscal and organizational sustainability well into the future.

Develop and launch implementation of a robust Diversity, Equity, and Inclusion Plan to assure the organization is reflective of our broader community and aligns with our values in all aspects of our work including staffing, services, policies, decision-making, partnerships, and vendors. There is now a Diversity, Equity, and Inclusion component to every full staff meeting, and we’re trying to create time for conversation about the related impact of world, national, and community events. We revised our hiring

protocols and Employee Handbook through a DEI lens, as well as reviewed our Vendor Selection Policy. There were multiple staff training opportunities, including such topics as Developing Intercultural Competence, Understanding Islam and Women in Muslim Culture, and Equity Mindsets. In addition, we have intentionally ensured that the majority of trainers and presenters on any topic, including administrative, have been from diverse backgrounds. All staff participating in the annual performance review process set a personal goal related to DEI that is meaningful to them as part of their self-review, with periodic progress conversations to occur throughout the year. We also identified gaps and increased staff diversity within clinical services, development and communications, and the senior leadership team. We evaluated three agency-wide assessment tools, and will launch the Charities Review Council's DEI Toolkit with staff and board in January of 2018. The Toolkit focuses on people, power, and processes; assessment results will guide the next set of goals within our Diversity, Equity, and Inclusion Plan.

Benchmark and enhance staff compensation including salary and benefits; provide increased professional development opportunities to retain and promote staff talent; review and revise hiring protocols to ensure we are engaging the best candidates. We updated the performance review process and worked hard to preserve merit-based salary increases averaging 3% for eligible staff. Individual staff salaries were also reviewed, resulting in several market rate adjustments to ensure alignment within functional area. There was no increase to the employee-paid portion of health insurance in 2017. For 2018, we will again offer a choice of four health insurance plans, and premiums will only increase on average by 5%. In fact, the employee-paid portion of two of the plan options actually decrease. Considering current health insurance market conditions, this is an incredible outcome. There will be no changes in coverage and no increased cost of other employee benefits offered including dental, short- and long-term disability insurance, basic life and accidental death insurance, vision insurance, accident and critical illness insurance, identity theft and legal shield protections, supplemental life insurance, health savings accounts, flexible spending accounts, dependent care accounts for qualifying day care costs, 401(k) retirement savings plan with employer match, or paid time-off and paid holidays.

We restructured leadership within both our clinical services and legal programs, and laid the groundwork to develop a series of administrative management and leadership coaching trainings for all agency supervisors in 2018. One cross-agency workgroup focused on Safety and another on Ethics, enhancing processes and protocols that work across professional disciplines, programs, and locations. And with a generous seed grant from the Catalyst Initiative of the George Family Foundation, we launched Tubman's Culture of Wellness project, which aims to integrate traditional healing practices and other mind-body medicine principles into the work staff does with one another and the people we serve, with cultural wellness as the foundation. In the next six months, these principles will become embedded in our organizational culture through multiple experiential learning opportunities, team consultation, program and employee evaluation, as well as direct services to clients.

A third cross-agency workgroup focused on Hiring Protocols, revising the entire process from posting positions to a new employee's first day. They created a new Hiring Manual, and trained Hiring Managers and Search Hosts. Twenty-six (mostly culturally-specific) recruitment sites were added, and staff piloted a new and highly successful strategy of hosting a Tubman Hiring Fair. I am incredibly grateful and proud of the talented staff, volunteers, and interns who serve with grit and grace every day.

Look for more information about client and program outcomes in our annual report to be released in early 2018. Until then, here are just a few highlights. Our work to prevent gun violence continues: I participated in a National Summit in Washington D.C. with other delegates from Minnesota, meeting with members of Congress about gun violence and providing Tubman-specific updates, followed by presenting

at the Northstar Public Health Conference on Gun Violence Prevention in Minneapolis as part of the Nobel Peace Prize Forum. We reinstated in-home follow-up support services for clients moving out of our domestic violence shelters in February, and 31 adults and their 58 children were served before we had to lay off staff in that program in June. In partnership with the Women’s Environmental Institute, we launched the *Freedom Farm*, an urban farm garden at Harriet Tubman Center East, named by Tubman program participants. Youth living at Tubman—along with a few adults—found healing, learning, and enjoyment in choosing, planting, tending, harvesting, and eating the fresh produce.

Our Gratitude and an Open Invitation

I invite you to contact me anytime for a conversation (jpolzin@tubman.org or 612.767.6697). I'd love to listen and learn what inspires you to support Tubman, what we're doing well, and where we can improve. I'm delighted to answer any of your questions, share the Executive Summary of our FY18 Strategic and Program Plans, give you a tour, or talk about how you can get further involved.

The people we serve inspire our work each day. And your investment fuels that work, providing safety today, hope for tomorrow, and transformative healing along the way. On behalf of the Tubman board, staff, and each of the nearly 25,000 people we served this past year, our great thanks for your interest, involvement, and generosity.

Vision

Thriving people, healthy relationships, and peaceful communities.

Mission

Advance opportunities for change so that every person can experience safety, hope, and healing.

Values

INTEGRITY: We model authenticity, and hold ourselves accountable to be good stewards of the agency’s reputation, relationships, resources, and future.

RESPECT: We affirm the strengths and innate worth of all people.

INNOVATION: We commit to excellence and creativity, evolving through reflective learning and improved practice.

PARTNERSHIP: We collaborate to build collective expertise, and welcome diverse perspectives.

SOCIAL JUSTICE: We challenge our own biases, and work with courage and tenacity to build inclusive and equitable communities.