



To: Tubman Key Investors
From: Jennifer J. Polzin, Chief Executive Officer
CC: Board Members
Date: January 2022
REVISED: February 2022
Re: Update—Fiscal Year 2021

Happy New Year! I am pleased to share this year’s investor letter to bring you up to speed about the business side of things here at Tubman. 2021 was another unusual year for the organization, as it was for nearly all of us. The pandemic continues to take a severe toll on the people we serve—physically, emotionally, and tangibly as their barriers to freedom continue to multiply. I know you’re feeling the impact in ways both large and small too, as are our staff, volunteers, and interns. And yet with your generous investment, commitment, and partnership, we continue to live into the motto of our inspiration and namesake Harriet Tubman, to “Keep going.”

Financial Position

Audit: The audit of the fiscal year ending September 30 is nearly complete. While we closed the year with a modest surplus in the operating budget, we expect the audited financial statements to show a much larger surplus due to the federal Paycheck Protection Program loan of just over \$1 million dollars that was received in the previous fiscal year. All Tubman’s PPP funds were spent in 2020 to preserve the jobs necessary to provide essential services to meet the increased demand, and the loan was forgiven in its entirety in March of 2021. However, federal accounting rules require that this revenue is reflected in the year the loan is forgiven rather than when the expenses are incurred.

Impact of the pandemic: The PPP loan and additional COVID-specific funds from the philanthropic community, government entities, and individual donors set the stage for us to navigate the ongoing challenges of year two of the pandemic. In fiscal 2021 we continued to deliver services differently, investing further in the technology necessary to support remote work and virtual services including remote court hearings and telehealth. While the need for mental and chemical health support has been exacerbated by the pandemic, participation—particularly in group services—and the resulting revenues continue to be down because many people we serve are not able to safely or confidentially participate virtually because of what is going on at home or because they lack dependable access to technology.

We also continued to invest in additional health and safety measures to provide some services in person, such as necessary personal protective equipment, additional cleaning and air filtration, and maintaining physical distancing by keeping group services smaller and serving meals differently. We provided pandemic pay for staff serving in our congregate housing and shelter programs, and continue to manage staffing challenges when employees are sick or need to quarantine. However, COVID-relief funding for pandemic pay is now only available when there is an active outbreak onsite.

Last but certainly not least, thanks to the generous support of individuals and organizations like you, we provided even more critical direct financial assistance through the Freedom Fund to help our clients maintain their housing and meet their basic needs. More specifics about service adaptations and the



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impact of the pandemic on the people we serve can be found in our program guide and fall newsletter, both of which are available on our website Tubman.org.

Fiscal 2022 budget: The fiscal 2022 budget, wish list, and capital improvements budgets were approved in September, with the annual operating budget revenues and expenses balanced at just over \$11.1 million, up from \$10.5 the previous year. This year's budget growth includes additional funds received from the City of Minneapolis to expand our Inspiring Youth program, as well as some multi-year funds that were budgeted to carry over from the previous year. We will continue to assess the ongoing impact of the pandemic on our clients, our agency, our community, and the economy, preparing multiple scenarios for decision-making as things continue to evolve.

Staffing: Comprising 67% of the annual operating budget, Tubman's staff is our best asset—and at the risk of sounding obvious, we simply couldn't deliver our mission without them. Fortunately, to date we have not experienced "The Great Resignation" to the extent that other organizations in most sectors have. In fact, in 2021 our employee retention rates were higher than usual. We are just now starting to see some movement, but thus far it is within the typical range for certain roles. In light of the coronavirus variants and the changes in pandemic pay availability mentioned earlier, we hope this stability continues.

Tubman's third biannual Employee Engagement Survey was completed this fall, and results across all three major indices (overall engagement, having the resources and tools to do their jobs well, and stress level and overall wellbeing of employees) remain high.

An in-depth compensation study to benchmark every position was completed in 2021, with market rate adjustments made in May to ensure that every position is at (or in a few cases, above) the current market rate. That said, the employment market remains highly competitive and organizations are all scrambling to attract and retain talent, adjusting upward as well. For these reasons, we are benchmarking again in the first quarter of calendar 2022 and anticipate making incremental adjustments in real time to keep pace, particularly for those roles most at risk of falling behind.

Strategic Priorities

Even amidst so much focus on preserving core services while managing the pandemic, I am proud to report that we achieved 100% of our 2021 racial equity goals and 77% of the annual goals in the concurrent strategic plan, with significant progress made on the remaining 23%. You can find more information about our integrated 2020-2022 Racial Equity and Strategic Plans on the website, and our annual report card to the community is part of Tubman's Annual Report, which will be released in March. The Board's Strategic Planning Committee has begun developing the success indicators for the 2023-2025 strategic plan, with input from the staff.

I credit the collective, intentional, renewed focus on organizational culture, employee wellbeing, equity work, and improved infrastructure over the past five+ years for building the foundation that is helping us weather the extraordinary challenges of the past year, and thank the Board for their leadership and support.

Our Gratitude and an Open Invitation

Please know you have a standing invitation 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, explore the ways you can get further involved in Tubman's mission, or give you a socially distanced, masked,

private tour. On behalf of the Tubman board, staff, and every one of the thousands of people we served this past year, *thank you* for your interest, involvement, and investment in our work!