

**First Unitarian Church of Portland**  
~ Board of Trustees ~  
A G E N D A  
Thursday, February 28<sup>th</sup>, 2008  
Dinner: 6:00 p.m. • Meeting: 7- 9 p.m.  
Location: B102

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**Convene Meeting** (10 min.)

- Opening words (Dale)
- Quorum
- Appoint process observer & timekeeper
- Approve previous meeting's minutes
- Announcements
- Review agenda
- Review action items

**“Open Mic” for Congregants** (5 min.)

**Board Consent Agenda Items**

- COG Minimum Pledge Proposal – Effective Date July 1, 2008
- ET Quarterly Report - promulgation

**Agenda Items** (20 – 25 min.)

- Board Retreat Date
- Possible April Budget Meeting
- Annual Meeting May 18th– Planning & Key Dates
  - Date of Record
  - Petition candidate deadline
  - Meet the candidates forums
  - Vote by Mail – ballot date
  - Vote by email?

**Break** (10 min.)

**Agenda Item** (60 min.)

- Church Finances (please read attached packet for discussion topics and frame work).

**Process Observation** (5 min.)

**Closing Words ...** (Dale, please provide ☺. Don, you're on for next month.)

**FIRST UNITARIAN CHURCH OF PORTLAND**  
**Meeting of the Board of Trustees**  
**Draft Minutes, January 24, 2008**

**Present:** Randy Russell (Moderator), Marilyn Scott (1<sup>st</sup> Vice Moderator), Cindy Cumfer (2<sup>nd</sup> Vice Moderator), Pat Malone (Secretary), Don Watne (Treasurer), Allison Frost, Helena Lee, Teri Martin, Jim Shorr; Dale Wright, Marilyn Sewell (Senior Minister), Tom Disrud, (Associate Minister)

**Absent:** Dave Patterson, Marilyn K. Scott

**Guests:** Barbara Dow, Bill Michtom

**Process Observer:** Allison Frost

**Time Keeper:** Jim Shorr

**Minutes:** Recorded; transcribed by Jan Larson

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**To-do List:**

1) Email to Helena designating which date, April 13 or 20, works for you for a Board Conversation with the Congregation.

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The meeting was called to order at 7:00 p.m.

There was a quorum of 10 Board members.

Helena Lee read the Opening.

The December minutes were approved, with the following correction: under “Board Agenda” item #3, the Committee reports are to be read before the meeting, not reviewed at the meeting, unless someone has a question.

**Announcements:**

- Jim Shorr brought in a thank you card for board members to sign for Tiff Mumma, board cook.
- Teri passed out the Covenant Committee Update.
- The Covenant Committee Café Conversation is this Sunday at 2 p.m. in Buchan reception room.
- Randy has arranged for flowers to be sent to George Crandall in remembrance of Ann Crandall.
- Randy received a thank you letter from Bill Sinkford expressing thanks for Marilyn Sewell’s participation last year in a 3 day forum for ministers of growing large churches. Marilyn reported to the Board that all the ministers reported loving their congregation – the minister must love their people for growth to occur.
- Darfur event fundraiser with Charlie Clements, UUSC President, and local comedians is Feb. 1<sup>st</sup> at the church.

**Action Items:**

- There were none reviewed.

**Agenda Review:**

- No Consent agenda items.

**Open Mic:** Barbara Dow reminded Board of the PNWD annual meeting in Feb. 29 – March 3 in Tacoma. Bill Michtom asked for board packet to be posted on website before meeting.

**Board Agenda:**

1. Conversations with Congregants - Jim Shorr recommends “stewarding” newcomers around Fuller Hall in order “to dip their fingers” in the many possibilities offered. He also followed up with some of the folks who came to Orientation. Jim reported some folks were referred to church via friends and the website. Teri Martin reported following up with a couple she met at the New Orleans event night. This young couple stated they are finding the sense of community at the church they’ve been hoping for. She has also heard from younger adults good feedback on events and activities at the church. Pat Malone said he’d received feedback from several people that came to church after something had happened in their personal lives – some form of trigger occurred. Reminder: invite people to come. Ron advocates asking people directly why they come to church – he finds they are more than willing to share.
2. Nominating Committee has nominated 2 people, Camille Wright and Shirlee Geiger, as Board Candidates.  
Randy Russell and Helena Lee will be on the ballot again.
3. Healthy Congregation workshop was well attended for Appreciative Inquiry portion. Another good sized group in the afternoon (about 40 people) – this afternoon session was geared more towards the congregation. Thanks to Helena and all in the planning, and for including people from outside our church.
4. Annual Fund Drive – Tom Disrud reports we are at 85 percent of goal, we are at 1,102,000 dollars, with 848 gifts, and an average gift of about 1300\$.
5. Board Goals for 2008: a) engage the congregation in developing a congregational covenant, 2) continue to cultivate a culture of generosity, 3) explore the possibilities for promoting radical hospitality. There was no need expressed for further in-depth discussion. Teri said they will be working on the Covenanting process throughout this church year and perhaps into the next. The congregation will be steadily engaged in the work.
6. Policy Evaluation Committee met and reviewed the Executive Team report. Immediate impression is that there is much going on and it is wonderful: pleased with plate give away portion; glad about the intern minister for next year; impressed with Young Adult work that is happening; children programming is growing; no cancellation of Adult RE classes. This is a dynamic church. Facilities LEED certification is near; it’s great to have Gardner Grice on staff as Facilities Manager. We continue with high visibility in the UUA, local news, and Marilyn’s sermons are on local community access channel. New building is bringing in new people – many are not joining, but coming and participating, and church will have to shoulder the additional cost until these folks decide to join and give financially as well. We are stretched for awhile during this next stage of growth. The ILHAEE institute is doing a series on “Why Do We Believe” and they are telling people about our church – a new partnership forming here. Board thanked Tom for a full and exciting report, and asked for places to post in the church/website separately from the board packet so the congregation is more informed about what is going on at church.
7. Randy briefly reviewed PEC’s report and proposals: (follows)

**Board of Trustees Policy Evaluation Committee: Proposal – January 2008**

**Charter:** To review the Governing Policies to ensure compliance, especially with respect to the provisions on review of the Ends Policies.

**History of PEC:** In 2006 the PEC did an extensive review of available resources (documents, two consultant reports, etc.). That report is on file dated June 13, 2006. In 2007, the PEC produced a less extensive report. That report is on file dated June 28, 2007. Both of these reports also encompassed findings of the Board Self-Evaluation, conducted at year's end.

**Discussion:** At recent Board meetings, a consensus has built that the PEC should be active throughout the year, rather than evaluating the past church year at its end (April-May). Evaluation should be an ongoing process, not a one-time event, and should potentially bring concerns that surface to the Board, similar to how the Finance committee functions. Through its careful analysis and discussion, the PEC may be in a position to ask questions or highlight trends.

Balanced with this perspective is the desire to avoid creating additional time-consuming tasks for church staff, or creating another group of Board members who essentially duplicate the functions and responsibilities of the Board and/or the Board Officers Committee. The task of the PEC is implicitly described in Board Policies (above) and the PEC should respect those boundaries.

**Proposal:**

- The PEC will meet quarterly, in sync with the Quarterly Executive Report. At that time, the committee is tasked with reviewing in-depth: the Executive Report for that quarter, the Board's policies, especially compliance with timetables for review of documents (Governing Policies - Appendices), any other events in the life of the church that provide information regarding how the church is working to achieve the Ends Policies: café conversations, congregational surveys, web hits, attendance, etc., and Year-to-date progress on the Board's goals for the year.
  - Before the end of the church year, the PEC will arrange for a Board Self-evaluation, analyze results and report to the Board on findings.
  - If issues or questions arise regarding the resources that are discussed at the quarterly PEC meetings, they will be brought to the BOC, if appropriate, or to the Board. The BOC or Board will decide appropriate next steps.
  - The PEC will report to the Board at the meeting following its committee meeting.
  - Quarterly PEC meetings will be open to congregants.
  - PEC recommends that a professional consultant, such as someone from the Alban Institute, be brought in for an independent report on how well the church is fulfilling its Ends Policies. Depending on events in the life of the church, a two to three year interval is reasonable. The consultant will be chosen by a collaborative effort of the ET, BOC and PEC.
8. Cindy Cumfer reminded the Board that the committee chairs have the right to limit comments or have no comments at any committee meeting, including the quarterly PEC meetings. The above proposal (underlined statement) was changed to reflect that clarification.
9. Radical Hospitality draft proposal - this is a broader proposal than presented before in order to give Board more time for reflection. Next steps will be presented by June 2008. The exploratory team is Pat, Teri, Allison, Helena, Ron, Cindy, and Tom.

**PROPOSAL FOR BOARD GOAL ON RADICAL HOSPITALITY**

Cindy Cumfer

**GOAL:** To appoint an exploratory team begin process to determine what work the Board wants to undertake to deepen the hospitality we extend to each other and to visitors in our congregation.

**OBJECTIVES:**

1. To report to the Board with a recommendation on what next steps the Board should consider by June.

**ACTIONS:**

1. Conduct interviews with ministers and church leaders to determine what successes First Church has had in welcoming diverse congregants, to solicit ideas for how we might build on this, and to encourage thinking about these issues.

2. Examine materials and approaches to diversity that are consonant with our values.

**Process Observation:**

Allison reported the board meeting moved along well; got a bit bogged down with Congregant Conversations. Nice to have a bit of extra time at the end to bring up any other announcements at the end of the meeting.

**Closing:**

Jim read the Closing.

The meeting was adjourned at 9:00 p.m.

**First Unitarian Church Board Officers Committee (BOC)  
Minutes February 17, 2008**

**Present:** Randy Russell (Moderator), Marilyn Scott (First Vice Moderator), Cindy Cumfer (Past Moderator) Pat Malone (Secretary), Don Watne (Treasurer), Tom Disrud (Associate Minister).

**Guest:** Jerry Regan, Director PNWD

**Absent:** Marilyn Sewell (Senior Minister),

**Recorder:** Pat Malone

The meeting was called to order at 2:30 pm.

Quorum was present.

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**To-do list:**

1. Cindy will redraft Don's discussion paper to frame questions for Board discussion.
2. Cindy will draft a sample ballot for the May vote-by-mail.

**Opening words:** Randy Russell

**Announcements:** None.

**Previous meeting minutes:** Minutes were approved.

**Review of Action Items:** None.

**Board Officers Committee Decision Items:**

- 1) **PNWD Linkage:** Jerry Regan met with the BOC to discuss governance issues and how to improve linkages with First Church. Jerry shared that he had reviewed the Ends policies for both organizations and found them to be very similar. Jerry also shared that overall for the District growth in membership has been flat for several years and this was also true for First Church. He was interested in exploring how the PNWD could help with this issue. Jerry indicated he was interested in trying to develop programs that would be targeted to the needs of small, medium and large congregations in the district respectively. Jerry asked if first church could share with the district the strategies we are employing to grow our membership. Randy mentioned our recent workshop on communication, which was attended by several members of other congregations. He asked whether the PNWD would be interested in sharing costs of this kind of program that could be of value to other congregations. BOC members may review the PNWD Ends policies and contact Jerry with comments.
- 2) **COG Minimum Pledge Proposal:** The BOC reviewed the revised draft of the new minimum pledge policy and approved it for recommendation to the Board. The recommendation is for the new policy to be effective July 1, 2008. Tom will work with staff to develop the appropriate communication piece to send to current non-voting members that will become voting members as a result of this policy change. Tom also mentioned that a meeting with Martha Richards was scheduled for Wednesday, February 20 to discuss the fundraising issues of the church.

- 3) **ET Quarterly report:** It was recommended that the ET quarterly report be posted on the web and on the Board bulletin board and mention made during the announcement for the pulpit. The BOC agreed unanimously that this was a good idea. Tom will let us know when this is done, so that Randy can send an appropriate announcement to the Board greeters.
- 4) **Board retreat Date:** It was agreed to add this topic to the Board meeting agenda. Don also suggested we identify a date for a special Board meeting in April to address the budget, in case it is needed.
- 5) **Planning for the Annual Meeting:** The annual meeting is scheduled for May 18, 2008. The BOC will recommend to the Board that we vote by mail again. There was discussion about the deadline for establishing the official date of record for membership. The BOC will recommend that the Board adopt a record date of April 11 so that the office staff can get the mailing out by April 21. As Secretary, Pat will review the mechanics of the election and work with staff and volunteers to ensure the process flows well.
- 6) **PEC as Standing Committee:** It was discussed whether we needed to amend the bylaws to establish the PEC as a standing committee. Cindy clarified that under our bylaws the Board can establish a standing committee without amending the bylaws.
- 7) **Governing Policies:** The question was asked whether we have the latest version of our governing policies on the web. Pat reported that he had recently forwarded to Jan Larson the latest version from Kathryn Estey. The question was also raised whether we should continue to list committee membership on the web, since it is difficult to keep it up to date. Pat will review this with Jan.
- 8) **Reports on Conversations with Congregants.** The BOC discussed the need to focus agenda time on policy-based governance and decided to remove the reports on congregant conversations from the agenda.
- 9) **Buchan Rentals.** The BOC discussed whether the Board, in deciding in November of 2006 to build the 3<sup>rd</sup> floor and basement, intended that the Buchan rentals after expenses be applied to retirement of the capital campaign debt. The BOC postponed discussion of this while we focus on the financial situation of the church.

**Board Consent Agenda Items/Reports:** None

**Board Agenda Items:**

- 1) Minimum Pledge Proposal: See above under BOC Items.
- 2) Financial Situation of the Church: The BOC reviewed a memorandum prepared by Don Watne. Don's memo provided some valuable history and outlined the key financial challenges the Church faces. The BOC identified some questions it felt were appropriate for the Board to discuss in relation to these issues and this will be added to the Board agenda. Cindy will draft some questions that will be attached to a revised version of Don's paper.

Closing words: Randy Russell

Meeting was adjourned at 5:00 pm.

**First Unitarian Church  
Finance Committee Minutes  
Tuesday, January 22, 2008**

**Attending:** Don Watne (Chair, Board Member), Ron Yoder (Board Member), Camille Wright (Member), Zaida Cooper (Controller) and Tom Disrud (Associate Minister)

**Absent:** Candace Clarke (Ill)

**Leave of Absence:** Lee Fawcett

**Guest:** Bill Michtom

**Call to Order:** 4:05 PM, Room B310, Buchan Building Conference Room

**Check-in**

**December Minutes:** Approved as distributed

**Review Date and Time for Next Regular Meeting:** Tuesday, February 26, 4:00 – 6:00 PM, Room B310

**BOARD ACTION:** None required

**BOARD ALERT:** None

**COMMITTEE ACTION:**

- Candace will prepare the 2<sup>nd</sup> quarter comprehensive financial report for the three-months ended 12/31/2007.
- Candace, Zaida, and Tom will continue to improve the Dashboard Report based on the discussion of the last iteration at the December committee meeting.
- Committee members are to review the Five-Year Maintenance Management Plan distributed via Email prior to the January meeting. This report will be the basis for the update that Gardner Grice will be presenting at the February meeting.

**Announcements and Reports:**

**Review and Discussion of December Financial Statements and Status of Annual Fund Drive—**

Although there is a cash deficit in the amount of \$85,731 as of December 31<sup>st</sup>, this is better than the budget deficit that was projected in the amount of \$120,295 as of December 31<sup>st</sup>. The cash deficit, however, is significantly greater than the deficit of \$16,109 as of the same date last year. The primary reason for the shortfall is because pledge income is \$69,090 less than budgeted and \$32,120 less than receipts as of the same date last year. The shortfall in pledge income is being addressed through phonathons, letters and other means to obtain additional pledges.

Another problem is that rent and event income is \$14,034 less than budgeted. The reason for the latter is that the Buchan Building was not completed on time and we lost significant event rental and lease income. There is not much that can be done, however, regarding the lost rental and event income. Even though this source of income is less than budgeted, it is still \$17,063 higher than the previous year.

The reduced income is offset to some extent by a reduction in budgeted payroll expenses. The primary reason why this expense is \$44,287 less than budgeted is because of the savings from not hiring a third minister as originally planned.

As shown in the Operating Summary report, pledges received and cash payments to date are higher than for the same period last year. The latest projection is that \$1,221,000 will be received in pledges for the 2008 Annual Fund Drive by the end of the fiscal year. If we reach our projection, we will be short of our goal by \$79,000. This will still be \$77,000 *more than* we received in pledges for the 2007 campaign.

It is significant that, as shown in the Operating Summary, our median pledge (half are below and half are above that amount) has increased by 50% since the 2005 campaign, and our modal pledge (the pledge amount that appears most often) has doubled. It is also significant that the mean and mode for new member pledges are the same as for all church members.

**First Unitarian Church  
Operating Summary  
12/31/2007**

	ACTUAL OPERATIONS YEAR TO DATE 12/31/2007	ACTUAL OPERATIONS YEAR TO DATE 12/31/2006	ACTUAL VARIANCE FY 2008 TO 2007	BUDGET YEAR TO DATE 12/31/2007	BUDGET VARIANCE 12/31/2007
<b>Church Operations</b>					
<b>Operating Income</b>					
Pledge Income	575,468	607,588	(32,120)	644,558	(69,090)
Contributions	100,463	71,708	28,755	79,226	21,237
Program Income	117,128	124,594	(7,466)	112,626	4,502
Other Income	7,408	4,649	2,759	5,343	2,065
Transfer from Capital Fund	-	34,561	(34,561)	-	-
Transfer from Operating Funds	48,000	-	48,000	-	48,000
<b>Total Operating Income</b>	<b>848,467</b>	<b>843,100</b>	<b>5,367</b>	<b>841,754</b>	<b>6,713</b>
<b>Operating Costs</b>					
Payroll Expenses	649,303	578,233	(71,070)	693,591	44,287
Occupancy Costs	106,101	103,353	(2,747)	101,772	(4,329)
Program Expense Cost	236,050	217,685	(18,364)	237,255	1,205
Other Costs	2,685	3,106	420	1,425	(1,260)
<b>Total Operating Costs</b>	<b>994,139</b>	<b>902,377</b>	<b>(91,762)</b>	<b>1,034,042</b>	<b>39,903</b>
<b>Net Church Operations</b>	<b>(145,672)</b>	<b>(59,278)</b>	<b>(86,394)</b>	<b>(192,288)</b>	<b>46,616</b>
<b>Investment Income</b>					
Buchan, Main & Eliot Rent	54,059	36,996	17,063	68,093	(14,034)
Net Property Income (Expense)	4,550	1,679	2,871	3,900	650
Dividend & Interest Income	1,430	14	1,415	-	1,430
Realized Stock Gain (Loss)	(97)	-	(97)	-	(97)
Unrealized Stock Gain (Loss)	-	4,479	(4,479)	-	-
<b>Net Investment Income (Loss)</b>	<b>59,941</b>	<b>43,169</b>	<b>16,773</b>	<b>71,993</b>	<b>(12,052)</b>
<b>Cash Surplus (Deficit)</b>	<b>(85,731)</b>	<b>(16,109)</b>	<b>(69,622)</b>	<b>(120,295)</b>	<b>34,565</b>

Pledge Drive Statistics As Of	2008 Campaign 12/30/07	2007 Campaign 12/30/06		2006 Campaign 12/30/05	2005 Campaign 12/30/04
<b>All Members--</b>					
Pledge Goal	1,300,000	1,250,000	4.00%	1,130,000	1,130,000
Pledges Received	1,097,247	1,030,739	6.45%	1,102,484	990,249
Percent of Goal	84.40%	82.46%	2.36%	97.56%	87.63%
Pledging Households	827	750	10.27%	809	859
Average Pledge Received	1,331	1,374	-3.13%	1,362	1,152
Median Pledge Received	900	900	0.00%	750	600
Modal Pledge Received	1,200	1,200	0.00%	1,200	600
Payments Received	123,723	116,518	6.18%	139,662	118,275
Percent of Pledge	11.3%	11.3%	-0.25%	12.7%	11.9%

New Members (July - Dec)	7/1/07 - 12/30/07	7/1/06 - 12/30/06	
Enrolled	55	43	27.91%
Number of Pledges Received	39	25	56.00%
Total Amount of Pledges Received	33,916	23,440	44.69%
Average Pledge Received	870	938	-7.25%
Median Pledge Received	900	840	7.14%
Modal Pledge Received	1,200	600	100.00%

Attendance	Dec-07	Dec-06		Dec-05	Dec-04
For the month* (includes Christmas Eve)	5,907	5,426	8.86%	4,838	5,754
Total for the Year (fiscal)	20,895	20,420	2.33%	20,811	21,601
Average per Sunday per month	985	1,085	-9.22%	967	1,150



**Review Status of Eliot Center Project**—Negotiations are still underway as to the final amount due the architect and the contractor.

#### **Old Business:**

**Dashboard Report**—No update of this report was presented with the explanation that Candace was still working on it.

**Executive Team’s Action Plan Regarding the Potential Deficit for the FYE June 30, 2007**—Tom reported that the focus for reducing the deficit will be on increasing revenues. Heavy emphasis is being placed on congregants who pledged last year but who have not yet pledged this year. There are also congregants who participate in church activities who do not pledge and they will be approached.

**Church’s Liability Under UBIT—Unrelated Business Income Tax**—Zaida and Tom reported that Candace was still researching this issue.

**Allocation of Rental Income from the Buchan Building to Debt Retirement**—Tom reminded us that Cindy was researching the Board minutes to find out what was decided about the allocation of rental income when the Board discussed completing the third floor and the basement.

**Internal Control Evaluation Worksheets**—The completed worksheets were discussed by the Committee. Don reported that based on the worksheets and the evaluation of our internal controls by our external auditors in conjunction with our annual audit, we have very good controls. The worksheets indicate only minor problems and the auditors have never found a major problem with our controls during the several years that we have been having an audit. Don is going to complete a summary for the Committee to be forwarded to the Board that will explain our internal controls in layman’s language.

#### **New Business:**

**Five-Year Maintenance Plan**—Don reminded the members that he had sent them via Email a copy of the plan produced by Gardner Grice and distributed to the Committee in February 2006. This plan is to be updated annually and Gardner will do so at the February meeting.

**FYE 2009 Operating Budget**—The Committee had its first look at the Operating Budget for the Fiscal Year July 1, 2008 to June 30, 2009. As is typical with this first draft, the projected expenses exceed the projected revenues. The Committee noted that the Contingency Fund was shown as “returned to ops,” which means in effect that this first draft doesn’t have a contingency fund. The Committee was in agreement that this was not acceptable and that the Contingency Fund needed to be included as an expense item and not recycled around as a revenue amount. In addition, it was not clear to the Committee that the projected costs included amounts for both the Contingency Fund and the Safety Reserve.

Other than the issue of the Contingency Fund, the Committee felt that the projected operating revenues seemed reasonable. Under the category of Investment Income, Camille pointed out that the amount shown for Eliot Chapel event rental income was understated based on the assumptions stated in the report. The amount should be \$11,700, not \$5,212.

**Adjourned:** 5:45 PM

**Don Watne, Chair**

## **Board Committee Reports**

### **Policy Evaluation Committee**

The Policy Evaluation Committee has not met since submitting its report to the Board last month, so there are no new developments.

Marilyn K. Scott, Chair

### **Committee on Generosity**

The Committee on Generosity continues to meet monthly. We have designed a program to recognize volunteers over the next year via Board announcements. In February, children and youth RE volunteers were recognized. We've gotten some feedback that people really liked it. I'll send you the appropriate announcement if you are the Board greeter on recognition day.

Cindy Cumfer, Chair

### **Communications Committee**

The January 6th meeting of the Communications Committee focused on the final preparations for the January 12th Appreciative Inquiry and Healthy Congregations workshops with Kristin Guest and Marilyn Warner from Healthy Congregations NW district. The events were successful with attendance of about 40 church leaders at the Appreciative Inquiry workshop, some of whom were from other Unitarian churches, and similarly about 40 congregants at the afternoon communication workshop. Feedback was generally positive with some groups beginning to use appreciative inquiry principles in their committee planning and work.

Several of the Board met informally with the presenters at a potluck supper the evening before the workshops and discussed relevant Board-related issues.

The February meeting was cancelled; the next meeting will be in early March to begin planning for the spring Board conversation scheduled for April 20th.

Thank you.

## PROPOSED MEMBERSHIP PLEDGE POLICY

By the Committee on Generosity

1. The current Board policy that sets \$120 per year as the minimum pledge required by Article II, Section 2 of the Bylaws is revoked.

The new policy shall be as follows:

### APPENDIX 2.

#### Minimum Pledge Policy

1. A member shall make and fulfill a pledge that is generous within his or her means to the annual operating fund of the church each year.
2. The church shall provide a suggested giving guide to all members that provides descriptive categories of giving based on the member's commitment to the church.

FOR EXAMPLE (but not part of the policy):

SUPPORTER: The Church is an ongoing part of my life and promotes my spiritual growth. [2% level]

SUSTAINER: The Church is central to my identity and I am committed to the present and future growth of the Church. [3 -4% level]

TRANSFORMATIONAL DONOR: The Church has transformed me and I believe that a liberal tithe will allow the Church to transform others. [5% or greater level]  
Additional reports

First Unitarian Church  
**Discussion Paper Regarding Church Finances:**  
The Good, The Bad and The Questions

February 2008

We are a healthy congregation with some financial distress. The purpose of this discussion paper is to present some issues that need to be examined and resolved to reduce or eliminate the distress.

**The Good**

There are many indicators that we are a healthy congregation. Some of them, from the Executive Team's January Report to the Board, include:

- *the number of people joining has gone up—this fall we have had more people joining the church than we have had in a number of years, according to Craig Towers.*
- *our Religious Education program is seeing more visitors than usual and registration may surpass the 600 young people enrolled at the end of last year.*
- *in adult programs, usually we need to cancel a class or two. That has not happened this year and registrations have been very strong.*
- *in our music program, 34 new singers have joined the adult choirs this month, which Mark Slegers describes as unprecedented.*
- *in our social justice program, more people are joining groups and there are more activities. We have launched another recovery group in the lower level of the new building. People are responding to this new program.*
- *our young adult program is drawing more and more people. The young adults are preparing for a service trip to New Orleans in March*

In addition:

*Our 2008 canvass has been moving along well. As of Jan. 7, the Annual Fund Drive was 84% of the way toward the \$1,300,000 goal. There are 834 pledges received thus far, compared to last year's 880 pledges that came in through December of 2007.*

The following is a summary of our pledge drive statistics for the last four years. Comparing the 2008 to the 2005 campaign, the average pledge has increased by 15%, the median pledge has increased by 50% and the modal pledge has increased by 100%.

<b>Pledge Drive Statistics As Of</b>	<b>2008 Campaign 12/30/07</b>	<b>2007 Campaign 12/30/06</b>		<b>2006 Campaign 12/30/05</b>	<b>2005 Campaign 12/30/04</b>
<b>All Members--</b>					
<b>Pledge Goal</b>	<b>1,300,000</b>	<b>1,250,000</b>	<b>4.00%</b>	<b>1,130,000</b>	<b>1,130,000</b>
<b>Pledges Received</b>	<b>1,097,247</b>	<b>1,030,739</b>	<b>6.45%</b>	<b>1,102,484</b>	<b>990,249</b>
<b>Percent of Goal</b>	<b>84.40%</b>	<b>82.46%</b>	<b>2.36%</b>	<b>97.56%</b>	<b>87.63%</b>
<b>Pledging Households</b>	<b>827</b>	<b>750</b>	<b>10.27%</b>	<b>809</b>	<b>859</b>
<b>Average Pledge Received</b>	<b>1,331</b>	<b>1,374</b>	<b>-3.13%</b>	<b>1,362</b>	<b>1,152</b>
<b>Median Pledge Received</b>	<b>900</b>	<b>900</b>	<b>0.00%</b>	<b>750</b>	<b>600</b>
<b>Modal Pledge Received</b>	<b>1,200</b>	<b>1,200</b>	<b>0.00%</b>	<b>1,200</b>	<b>600</b>
<b>Payments Received</b>	<b>123,723</b>	<b>116,518</b>	<b>6.18%</b>	<b>139,662</b>	<b>118,275</b>
<b>Percent of Pledge</b>	<b>11.3%</b>	<b>11.3%</b>	<b>-0.25%</b>	<b>12.7%</b>	<b>11.9%</b>

The recent change in our minimum pledge policy may result in an increase in pledge income. Some churches that have made this change have reported a 25% increase in pledges from those that previously pledged the minimum. We are anticipating a similar result.

The change in the minimum pledge policy is also going to impact the membership status of some of our congregants. The Executive Team is exploring this issue and is planning to approach several hundred of our congregants who have signed the membership book, call themselves members, but who pledge nothing or next to nothing. A reaffirmation of membership from some of these congregants may also lead to additional pledge revenue.

Another important indicator of the health of the congregation is the change in pledges from new members. As shown in the following table comparing this fiscal year with the previous fiscal year, the average pledge is down slightly, but the median pledge has increased by 7% and the modal pledge has increased by 100%. This is a huge improvement from the recent past when new members were pledging just over \$400 a year.

<b>New Members (July - Dec)</b>	<b>7/1/07 - 12/30/07</b>	<b>7/1/06 - 12/30/06</b>
<b>Enrolled</b>	<b>55</b>	<b>43</b>
<b>Number of Pledges Received</b>	<b>39</b>	<b>25</b>
<b>Total Amount of Pledges Received</b>	<b>33,916</b>	<b>23,440</b>
<b>Average Pledge Received</b>	<b>870</b>	<b>938</b>
<b>Median Pledge Received</b>	<b>900</b>	<b>840</b>
<b>Modal Pledge Received</b>	<b>1,200</b>	<b>600</b>

### **The Bad**

The church finances have been under distress for the last several years, as shown by the following:

<u>Fiscal Year Ended June 30,</u>	<u>Cash Surplus (Deficit)</u>
2002	\$(7,862)
2003	(21,153)
2004	(11,592)
2005	(102,175)
2006	1,098
2007	(57,390)
2008	Projected (61,016)

These deficits have been financed by the sale of investment securities, spending a cash surplus that had accumulated in our operating fund, and finally by overdrawing our operating fund. The accumulated deficit in our operating fund as of December 31, 2007 was \$180,000. This accumulated deficit is offset by \$68,000 in reserve accounts, \$62,000 in program designated funds, and borrowing \$50,000 from the Buchan Building Fund. It is very likely that we will have to continue to borrow from the Buchan Building Fund or borrow against our line of credit in order to get through this year.

One of the frustrating things about these deficits is that the budgets presented to the Finance Committee by the Executive Team and subsequently approved by the Board and Congregation were well-done and based on very reasonable assumptions. Looking back over the years the budgets still seem reasonable. Why is it then, that we had so many deficits? The answer is that every year something unforeseen occurred. This year the Buchan Building was not finished on time and we lost considerable rental and lease income. The previous year we had \$80,000 in major repairs for a new boiler and elevator doors. In an earlier year the seismic repairs to the Eliot Chapel did not start on time and we lost significant rental income during the extended period of time that it was not available. The year before that, the business of one of our major tenants failed and we lost significant rental income because the property was abandoned. And so it has gone, year after year.

The increases that we are experiencing in program registrations and membership come at a cost. We have to ramp up our resources incurring significant expenses before we start to realize the revenue. This lag between incurring the expenses and realizing the revenue puts additional stress on our financial situation.

The first draft of the 2009 budget has a shortfall of almost \$200,000. While the church can find ways to reduce this by about \$50,000, the remainder will require more drastic measures.

Don Watne  
Church Treasurer

## **QUESTIONS FOR BOARD DISCUSSION**

Although the temptation will be strong, the BOC is proposing that we do not try to problem-solve at the February meeting. Rather, we want to pose and discuss “interesting and important” questions, as Gil Rendle described the Board’s job at UU University. We’ve given examples below, not so that we try to make decisions about the examples, but to make more concrete the circumstances underlying the more “philosophical/values-based” questions we are contemplating.

Here are some of the questions raised by our challenges:

1. How do we balance an aspirational budget with our limited means? What values are implicated as we think through this issue?

For example, we have responsibilities as stewards to use the church’s resources wisely. But what does that mean? Does it mean we take a conservative approach and recommend to the congregation a budget based on money we are fairly certain we have or will have [a revenue-driven budget]? Or does it mean that we budget based on the programs and activities we want to support and have faith that congregants will come through with the necessary support [a cost-based budget, which is what we have done for some years]?

2. How do we balance risk and safety? Does playing it too safe stifle the spirit? Does failing to play it safe violate the trust of the congregation? With all this in mind, how do we plan for extraordinary events? What are the spiritual and stewardship dimensions of this question?

For example, one approach to avoiding future deficits would be to set aside larger contingency reserves and to fund a safety reserve, but doing this would come at the cost of items like program development or staff cost-of-living increases and may dampen energy in the church just as we are growing again. On the other hand, it would create more security in the future.

3. How does being a growing church impact our thinking about the budget?

4. Should we be more proactive in informing the congregation about our financial challenges? How do we frame these issues for the congregation? In what forum?

You may have other questions. Please bring them.

# Covenant Committee Progress Notes

February 28, 2008

Members: Ameena Amdahl-Mason, Kathryn Estey, Linda Fitzgerald, Kevin Lawson, Teri Martin and John Thompson.

On January 27, the Covenant Committee sponsored a Café Conversation on covenanting using the following questions:

1. Think back to a time when you were part of a group or community that worked well together. What were the spoken and unspoken agreements that made it work?
2. How would you describe relationships at their best in our church community? What are the key values and behaviors that support us in being in community with each other?
3. What were the central themes or ideas you heard today that were most inspiring or meaningful?

The Café was attended by 30 people, including all Committee members, 4 of whom participated in the table conversations. We are in the process of transcribing the "tablecloth" notes, and will develop a summary of the most promising ideas and phrases for the church covenant (see 2 below).

Committee members have also agreed on several steps we will take to continue our covenant development process.

1. Publicize our work to date via posting documents (see following two bullets) and links to other relevant documents and resources on the church website. Also, make our two documents available in hard copy via the Board bulletin board in Fuller Hall.
2. Document 1: Summarize the key themes, ideas, words and phrases that emerged from the café conversation (this will require sorting the tablecloth notes as well as looking at the large group discussion notes). This would be one of the documents to be posted on the website and made available in hard copy via the Board bulletin board in Fuller Hall.
3. Document 2: FAQs about covenant, and our development process answering the following questions:
  - What is a covenant? (Kevin offered that it is "a promise to see things through together.")
  - Don't we already have a church-wide covenant? (need to differentiate between covenant, mission, vision; also perhaps mention Covenant Groups and others that do have covenants)
  - Why do we need a covenant? (idea that we are being proactive, not reacting to a crisis or conflict, plus other reasons)
  - Whose idea was it to develop a congregational covenant?
  - Do other UU churches have covenants?
  - Will every committee or church group be required to have a covenant of its own?
  - Will the congregational covenant replace existing small group/committee covenants?
  - How are you planning to engage the congregation in developing our covenant? (don't forget our e-mail address)
  - What themes or topics are typically included in a covenant?
  - How long will our covenant statement be?

- What is the timeline for completing our covenant?
  - How will the final covenant statement be adopted by the congregation? (we don't know yet)
4. Develop an article for the May-June Front Steps.
  5. Host one group event (perhaps using a process like the Board's conversations with congregants) on April 27, from 10:30 to noon.
  6. Contact Kate Lore about the possibility of her doing a sermon on covenants and their role in UU churches in the autumn of 2008.