

Unitarian Universalist Church of Arlington

Board of Trustees Meeting Minutes

December 19, 2017

Attendees: Board of Trustees (Warren Wright, Chair; Chad Ohlandt, Paula Bendl Smith, Janice Morris, Andrea Ryon, Al Himes, Emily Goodin, Art Stevens, Hieu Nguyen); Hannah Connolly (Secretary), Peter Vitaliano (Treasurer), Aaron McEmrys (Senior Minister), Tamara Srader (CAO), and Bruce Rieder (Guest).

Open, Call to Order, Chalice Lighting, and Check-in

Board Chair Warren Wright called the meeting to order at 7:31PM. Board members checked in.

Paula Bendl Smith read [“There is no one but us”](#) by Annie Dillard and [“The Seven Promises: A Responsive Reading”](#) by Andrew Millard.

Stewardship

Bruce Reider briefed the Board on the Stewardship Plan, specifically the plans for the marquee event of Celebration Sunday on February 2, which is the first Sunday of the Pledge Campaign. The events are going to be geared toward many difference audiences and will be inclusive. Planned events include the Youth Group Chili Cookoff, a Best of UUCA Music Recital, Church Supper, and a Super Bowl Watch Party and an alternate event as well. Different groups will be sponsors for each of the event.

The Board also reviewed the final total for Giving Tuesday, which was around \$27,000.00. The Auction was good, but did not reach the operating budget amount.

Communication Team Report

The Communications Team (Emily Goodin, Janice Morris, and Heiu Nguyen) reviewed the biweekly Board communications through the Order of Service and Facebook, offering assistance to those Board Members who are writing the board communications over the next few weeks.

January Church Meeting

The Board reviewed a rough draft of an agenda for the Church Meeting on January, 27, 2017. The Board discussed the timing of the meeting in order to ensure as many people can come as possible. The Board also discussed what topics, speakers, and activities should be identified for the meeting.

Consent Agenda

[Minutes of 21 November 2017 Board Meeting](#)

Heiu Nguyen moved to accept the consent agenda. Janice Morris seconded. PASSED.

Treasurer's Report (ATTACHMENT 1)

Treasurer Peter Vitaliano reviewed the operating budget first. The Year to Date (YTD) Net Revenues was over expenses by about \$50,000 in November, which is up compared to last year. Peter also reviewed that November and December are often the highest point for revenue over expenses. Cumulative net revenue is often a good predictor of where the budget will be at the end of the Fiscal Year (FY).

Peter then reviewed the operating reserves and designated accounts. The operating reserves includes money invested in Mutual Funds. Some of the funds are also in restricted reserves, which are protected except in the case of a major issue. Peter then reviewed the designated accounts, which includes \$165,000, which could be called by the groups with designated accounts at any time. Ideally, unrestricted funds cover that amount. This is accounted for in the balance sheet. The operating reserves need to be at two months of operations and we are currently at about 1.4 months, which mean UUCA would need to produce a balanced budget for next year.

UUCA is currently in compliance regarding the endowment, but the policy may need to be updated if there is an endowment draw this year. Additionally, the Board briefly reviewed that the Share the Plate amount has less revenue than in previous years. This topic will be reviewed in more depth in future quarterly reviews.

Proposed Policy Manual Change: Financial and Strategic Planning 4.6 (ATTACHMENT 2)

The Policy Committee proposed a change to the budget development process to get a draft of the budget closer to the time of the stewardship campaign process and earlier in the church year. Some of the Board Members discussed whether this was a necessary change considering that a draft of the budget already is presented in January and February. The Board Members also discussed the pros and cons of the draft policy, including how to make it a more meaningful participation and discussion. The Board also discussed whether it more of a communication priority to inform the congregation about the early drafts of the budget rather than changing the policy. The Board was not able to come to a consensus on the issue and the Policy Manual change was tabled.

Second Minister Initiative and Other Staffing Topics

This was the first Board Meeting after the congregational meeting about the ministerial search process for a second minister. The Board agreed that the discernment process and search committee will take time to be done correctly. The Board agreed that the best course of action would be to pursue a Contract Minister who would have a defined contract that begins Summer 2018 and ends in June 2019. This would likely start July 2018 or later due to being in a separate Fiscal Year. The Contract Minister would be temporary while the congregation goes through the

discernment process. For a Contract Minister, a Search Team will be formed and UUCA will reach out to UUA and the regional organization.

The staff is also preparing to hire the Social Justice Coordinator, which will be a part-time, temporary position. LeeAnn has also been interviewing candidates for the Youth Coordinator position as well.

Emerging Opportunities (ATTACHMENT 3)

Rev. Aaron quickly reviewed the Emerging Opportunities report and emphasized Mimi's service on January 14 and the many events happening around the holidays.

Regular Meeting adjourned at 9:11PM.

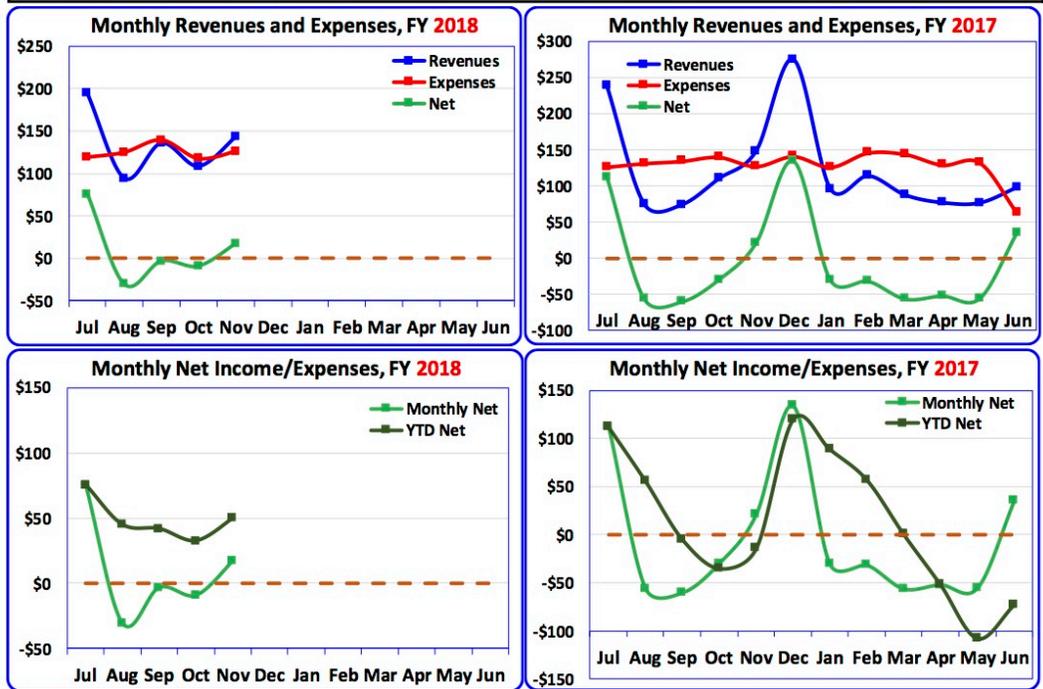
Executive Session began at 9:20PM.

**Report of the Treasurer
 UUCA Board of Trustees
 December 19, 2017**

Fiscal Year 2018 to-Date Operating Results – Highlights for July-November

- YTD revenues were \$25 K below budget, \$33 K ahead of last year
- YTD expenditures were \$76 K below budget, \$31 K below last year
- YTD net revenues over expenses were \$50 K ahead of budget, \$64 K ahead of last year

UUCA Operating Revenues, Expenses and Net Revenues									
Fiscal Year 2018, with Comparisons									
<i>Thousand Dollars</i>									
	Fiscal Year 2018, Actual			Fiscal Year 2018, Budget			Fiscal Year 2017, Actual		
	Revenues	Expenses	Net	Revenues	Expenses	Net	Revenues	Expenses	Net
Jul	\$195	\$119	\$76	\$142	\$142	\$0	\$238	\$126	\$112
Aug	\$95	\$125	-\$30	\$142	\$142	\$0	\$75	\$131	-\$56
Sep	\$136	\$139	-\$3	\$138	\$138	\$0	\$74	\$134	-\$61
Oct	\$109	\$118	-\$9	\$142	\$142	\$0	\$110	\$140	-\$30
Nov	\$143	\$126	\$17	\$138	\$138	\$0	\$148	\$127	\$21
YTD	\$678	\$627	\$50	\$703	\$703	\$0	\$645	\$659	-\$14



Operating Reserves

The **operating reserves** of the Church consist of:

- A reserve of funds to cover the current assets of all designated accounts, except for Memorial Gifts and Bequests,
- A general operations reserve, and
- A replacement reserve, which is restricted.

These funds are all invested in six Fidelity mutual funds, which are managed by the Executive in consultation with the Investment Committee.

At the end of November, balances of these funds were as follows:

UUCA Operating Reserves - November 30						
<i>Thousand Dollars</i>						
Designated Accounts	General Operations	Restricted Replacement Reserves	Total Operating Reserves	FY 2018 Expenditure Budget		Months of Reserves
				Annual	Bimonthly	
\$165	-\$12	\$49	\$202	\$1,677	\$280	1.4

Executive Limitation 4.6.2 under Board policy requires the Executive to operate with at least two months (1/6 of the annual budget) of liquid operating reserves, unless otherwise approved by the Board. Executive Limitation 4.6.3.a) further specifies that, if the operating reserve at the end of the current fiscal year is projected to be less than 2 months of operating expenses, the following year’s budget must be balanced. At the end of November, the operating reserves totaled 1.4 months of the annual budget. The budget for the current fiscal year, approved by the Congregation on June 4, 2017, is balanced.

Endowment Fund

The assets of the **Endowment Fund** at the end of November totaled \$893 thousand in liquid assets invested in ten different Vanguard mutual funds, which are managed by the Executive in consultation with the Investment Committee. The assets of the Endowment Fund at the end of November represented 53 percent of the Fiscal Year 2017-18 expense budget of \$1,677 thousand. Executive Limitation 4.8.4 under Board policy specifies that the Executive shall not “allow the endowment balance to be less than 100% of the annual operating budget. As an exception, the Executive may plan a balance of not less than 50% to refinance the mortgage in the year 2017.” Accordingly, the Fund was in compliance with Executive Limitation 4.8.4, under the exception clause, as of the end of November.

Long-term Liabilities

The balance of the refinanced, single **mortgage** was \$3.176 million at the end of November. At the end of November, the Church’s ratio of total liabilities to total assets was 0.42.

Peter Vitaliano, Treasurer, UUCA

Policy Manual

4.6 Financial and Strategic Planning

In preparing financial and strategic plans to best accomplish the Board's Ends (Policy 1), the Executive shall not risk financial jeopardy or organizational integrity.

Accordingly, the Executive shall not:

1. Allow the Church to operate without the guidance of an annual operating budget that conforms to the Board's Ends and has been reviewed and approved in accordance with the Bylaws:
 - a) *Fail to provide a budget development process to the congregation with adequate time for meaningful input, and*
 - b) *Fail to provide vision and guidance to the annual stewardship process including realistic estimates on expected financial position for the upcoming fiscal year;*
 2. Operate without a liquid operating reserve of two months of operating expenses to cover unanticipated expenses unless otherwise approved by the Board;
 3. Deviate from the following strictures on operating reserve when preparing the annual budget:
 - a) If the operating reserve at the end of the current fiscal year is projected to be less than 2 months of operating expenses (1/6 annual budget), the following year's budget must be balanced;
 - b) If the operating reserve at the end of the current fiscal year is projected to be less than 1 month of operating expenses (1/12 annual budget), the following year's budget must provide for a replenishment of operating reserves by at least 1 week of operating expenses (1/52 annual budget);
 4. Operate without a 20-year facilities maintenance/replacement plan and restricted replacement reserve fund;
 5. Operate without a long-term fiscal plan;
 6. Fail to budget for an audit by an outside accounting firm every other year;
 7. Fail to provide the Church's fair share of financial support to the Unitarian Universalist Association and the local District/region; or
 8. Operate without a long-term strategic plan.
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Emerging Opportunities Report December, 2017

Note: this will be the shortest EOR *ever*, as it falls right in the middle of our 8-service holy week - and because making it through this week is pretty much the only thing anyone on our staff team has the bandwidth to focus on right now.

Worship and Music

- Mimi - Will be leading worship at UUCA for the first time on January 7. This is a great time to get a deeper sense of her spirituality and philosophy of music in ministry. I hope you will attend, both to support her and to learn more about her approach to ministry.
- Christin - Will be leading worship on New Year's Eve. She is making wonderful progress in her internship and I hope you can show her your love and support.

Religious Education

- **Behavioral Support** - We will include funding for specialized Sunday morning support for our higher-need children and their classrooms in the upcoming budget. We will need to think carefully about how to articulate this need in a way that will satisfy some while not hurting or excluding others. I ask for your help in this in advance, as members frequently bring their budget questions and concerns to you.
- **Shifting Focus** - LeeAnn feels good about how the elementary-aged children program is doing right now, and will be shifting some of her energy to our Youth programs (6th grade and up) for the next few months.
- **New Christmas Pageant** - as you know, collaborating more meaningfully w/Chalice Theater has been a goal for some time. And now we are! Chalice has developed (and is directing) a new Pageant for our Christmas Eve services! It looks great - fun, beautiful and dynamic - but what is really great is working with them on in-house ministry.

Faith in Action

- **Social Justice Coordinator** - we have found our new Coordinator!!! She is a perfect fit for us both in personality and professional experience, and will begin work in the new year! I will send you more info once we have made a public announcement to the congregation. Right now we are just getting her paperwork in order.

Budget

- **Wondering Question:** As you know we are planning to release a draft budget much earlier this year. And as always we struggle to develop a process/timeline that gives members meaningful opportunities to comment and offer input, while not getting too granular. I would appreciate a wondering conversation with the Board about ways we might optimize our process.

Aaron Away - Rev. Aaron will be away from December 30 to January 6.