

Unitarian Universalist Church of Arlington

Board of Trustees Meeting Minutes

February 20, 2018

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), Tamara Srader (CAO), Elizabeth Geschiere (Youth and Young Adult Coordinator), Sarah Masters (Director of Congregational Life), Bruce Rieder (guest), Allen Kieswetter (guest).

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

Board Chair Warren Wright called the meeting to order at 7:31PM. Board Members and guests checked in. Warren read a selection from *Turning to One Another* by Margaret Wheatley on the key principles of a good conversation:

- We acknowledge one another as equals.
- We try to stay curious about each other.
- We recognize that we need each other's help to become better listeners.
- We slow down so we have time to think and reflect.
- We remember that conversation is the natural way humans think together.
- We expect it to be messy at times.

Consent Agenda

[Minutes of January 16th meeting](#)

Treasurer's Report (ATTACHMENT 1)

Al Himes moved to accept the consent agenda. Paula Bendl Smith seconded. PASSED.

Growth Committee Report

Allen Kieswetter reviewed the calendar year 2017 statistics and growth report (ATTACHMENTS 2 and 3) with the Board. Allen noted that our membership dropped slightly from 806 to 800, average attendance dropped from 491 to 464, and the overall attendance/membership ratio dropped from 61% to 58%. Allen noted that a 60% ratio is considered a good benchmark for congregations. Allen then reviewed the highlights of the growth report, and he and Sarah Masters noted the post-election surge did not result in growth. Sarah offered the numbers of first time visitors from 11/1/2016 – 3/1/2017 (225) to the same time period a year before (113). Allen and Sarah noted that many people who came after the election were looking for a temporary sanctuary, which also reflects the overall UUA trends as well.

For 2018, the Growth Committee set a goal to maintain UUCA's current membership level and to emphasize retention by using the Good Shepherds program, revamped welcoming practices, and newcomer Covenant Groups. The Good Shepherds program is focused on reaching out to those who might be at risk from falling away from the church. In terms of demographics and geography, most of the congregants come from Arlington or Alexandria. While some might also think that UUCA membership is more transient due to being in the Washington, DC area, the group noted that the average attrition and replacement rates across the denomination and other churches are similar. Allen thanked the members of the growth committee who were able to join the board meeting (Bob Blinn, Sally Recinos, and Linda Battaglini) and Sarah Masters for their work on the Growth Committee.

Annual Pledge Drive Update

Bruce Rieder provided an update on the annual pledge drive (ATTACHMENT 4), emphasizing it is too early to know what the overall pledges will look like and all of the activity currently happening. Bruce highlighted that 85% of the renewed pledges are at the same level or have increased, that 25 new pledges have come in so far, and that 6 pledges have moved into the "sustainer" category, denoting pledges at \$4,800 or more. The total is still a moving target, but that the pledges are ahead of historical figures, which is probably in large part to the UUCA Celebration on February 4. The full picture of the

Budget Calendar

Tamara Srader briefed the Board on the status of the budget meetings. 3 meetings are tentatively planned for March and 3 are tentatively planned for April. The meetings will be scheduled at different days and times to try to reach as many people as possible. The meetings will be an opportunity for Tamara, Peter Vitaliano (Treasurer), Board Members, and the Finance team to share aspects of the budget process and to hear from the congregation. There will not be a budget presented at these meetings and the meetings will not cover the same thing every time. Some Board Members recommended drafting a read-ahead packet for congregants to be able to review before the meetings that would include last year's budget, policy on finance and the budget, and the strategic plan.

Regular Meeting adjourned at 8:17PM.

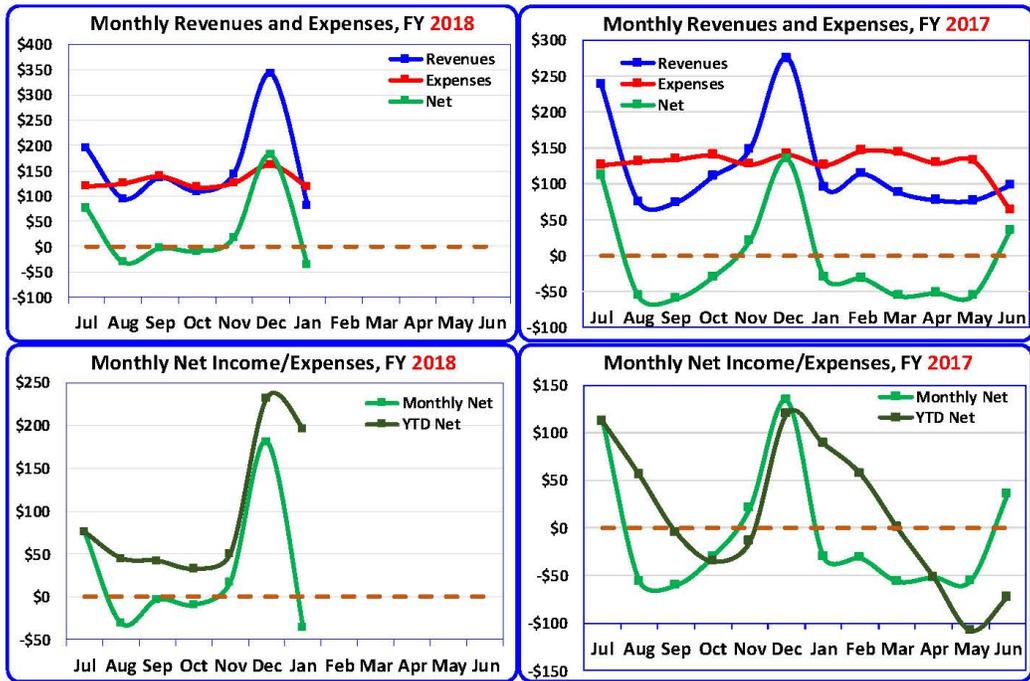
Executive Session began at 8:30PM.

**Report of the Treasurer
UUCA Board of Trustees
February 20, 2018**

Fiscal Year 2018 to-Date Operating Results – Highlights for first 7 months, July-January

- YTD revenues were \$1,103 K: \$125 K above budget and \$88 K above last year.
- YTD expenditures were \$907 K: \$72 K below budget and \$19 K below last year.
- YTD net revenues over expenses were \$196 K: \$196 K above budget and \$107 K above last year.

UUCA Operating Revenues, Expenses and Net Revenues Fiscal Year 2018, with Comparisons Thousand Dollars									
	<u>Fiscal Year 2018, Actual</u>			<u>Fiscal Year 2018, Budget</u>			<u>Fiscal Year 2017, Actual</u>		
	Revenues	Expenses	Net	Revenues	Expenses	Net	Revenues	Expenses	Net
Q1	\$425	\$383	\$42	\$419	\$419	\$0	\$387	\$392	-\$5
Oct	\$109	\$118	-\$9	\$140	\$140	\$0	\$110	\$140	-\$30
Nov	\$143	\$126	\$17	\$140	\$140	\$0	\$148	\$127	\$21
Dec	\$343	\$162	\$181	\$140	\$140	\$0	\$275	\$141	\$134
Jan	\$82	\$117	-\$36	\$140	\$140	\$0	\$95	\$126	-\$31
YTD	\$1,103	\$907	\$196	\$978	\$978	-\$0.4	\$1,015	\$926	\$89



Note: Despite the substantial prepayment of pledges and contributions during December 2017 that was in response to changes in federal tax law enacted at the end of 2017, pledge income during January was only slightly below that of January 2017 and the second highest since January 2013. Net revenues over expenses were -\$36 K during January while cumulative net revenues over expenses for the first 7 months of the current fiscal year were \$196 K.

Operating Reserves

The **operating reserves** of the Church consist 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 January, balances of these funds were as follows:

UUCA Operating Reserves - January 31						
<i>Thousand Dollars</i>						
Designated Accounts	General Operations	Restricted Replacement Reserves	Total Operating Reserves	FY 2018 Expenditure Budget		Months of Reserves
				Annual	Bimonthly	
\$218	-\$57	\$62	\$222	\$1,677	\$280	1.6

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 January, the operating reserves totaled 1.6 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 January totaled \$939 K 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 January represented 56 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 January.

Long-term Liabilities

The balance of the refinanced, single **mortgage** was \$3.167 million at the end of January. At the end of January, the Church’s ratio of total liabilities to total assets was 0.40. This substantially overstates the Church’s effective debt ratio because the asset values on the Church balance sheets are stated on a cost basis, which is considerably lower than the current market value of the Church’s land and buildings.

Peter Vitaliano, Treasurer, UUCA

Statistics for Church Year 2017*

	Members (M)	Attendance (A)	A/M Ratio	RE Enrollm't	Budget**
	(First figure is 2016/Second is 2017)				
UUCA	806/800	491/464	61%/58%	346/328	1.14/1.19
All Souls	1056/1104	861/838	82%/76%	300/241	1.78/1.14
Cedar Lane	708/754	500/419	70%/56%	218/204	1.17/1.26
Fairfax***	691/661	491/542?	71%/82%?	346/396	1.19/ 423K?
River Road	552/541	328/327	59%/ 60%	193/170	1.22/1.10

*Figures are from certification information submitted to UUA. Statistics are due February 1 for the preceding year. Thus, the first figure is for 2016 reported by February 1, 2017; the second is for 2017 reported by February 1, 2018.

**Operating budget is calculated using a UUA formula designed to remove capital costs.

***Figures subject to question.

	Goals for 2017	Results 2017
-	<u>Welcoming 600 newcomers</u> (456 in 2016)	437
-	<u>Increasing the number of households to 1100</u> (983 in 2016)	986
-	<u>Aiming for 830 certified members</u> (up from an 806 for 2016)	800
-	<u>Attaining a "conversion" ratio of 20% new members/newcomers</u> (12% in 2016)	15%
-	<u>Receiving 800 pledges</u> (775 in 2016-17 pledge year)	About 800
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Chart VI - UUCA Losses and Gains in Membership 2012-2017

Year	Members	Loss* (drop/dec'd)	% Loss	New	% New	Net	% Net Change
2012	845	61 (47/14)	6.9	60	7.1	-1	-0.1
2013	828	67 (56/11)	7.9	33	3.9	-34	-4.0
2014	839	39 (28/11)	4.6	55	6.6	16	1.9
2015	827	85 (70/15)	10.3	81	9.8	-4	-0.5
2016	806	74 (60/14)	8.9	57	7.1	-17	-2.1
Averages	830	65 (52/13)	7.7	57	7	-8	-1

*Loss Includes both dropped and deceased members.

2017	800	65 (59/6)	8.1	64	8	-6	.75
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**Points for the Board
on Growth and Attendance in 2017 and Goals for 2018**

Results

Despite the post-election surge in attendance, we met none of the growth goals for the calendar year 2017 except for the number of pledges. Specifics are given in attached charts. Comparisons with other UU churches in our region may or may not be valid because of likely inconsistencies in tracking of numbers. Preliminary statistics for 2017 for UUA show a slight loss in membership comparable to that of UUCA: 153,000 members in 2017 vs 155,000 members in 2016.

Explanations

- Nature of the surge: Many who attended in the aftermath of the election were less interested in finding a permanent church home than in seeking temporary community.
- Intentional variables: Ministerial attention and congregational involvement are key to growth. Churches frequently shrink or at least do not grow at times of ministerial disruption as both ministerial and congregational attention is focused elsewhere.
- Implementation: Much of the growth plan has yet to be implemented.
- Please keep in mind that “fail” in this case means: First Attempt In Learning.

Goals for 2018

In view of ministerial uncertainties, we recommend the goal for 2018 should be striving to maintain our membership and attendance numbers at about the level of 2017 results (800 members, average attendance of about 440).

This will mean focusing attention on

- retaining current members through implementing the Good Shepherds program and other retention ideas as well as sustaining quality worship and pastoral care; and
- adding at least 70 new members to replace estimated losses from dropped or deceased members in the year ahead; toward this goal, the Growth Group has tweaked membership procedures in the past year to emphasize greeting, Welcome Room discussions, newcomer orientations, and newcomer covenant groups.

The Growth Group’s report “Growing to Meet the Needs of Our Time” elaborates several other ideas including First Friends and “Bring a Friend” worship services that could be further developed to retain, attract and welcome members.

Implications for the Strategic Plan

The Growth Group’s report was done in direct response to the Strategic Plan’s recommendations, and the membership and attendance numbers as well as the ratio between them are prime metrics in judging progress toward major goals set out in our Strategic Plan.

The Board may want to consider how the Strategic Plan’s framework can be helpful in planning for 2018 and beyond in other areas besides growth. Ideally it would be done in tandem with the budgeting process for the church year 2018-2019.

ATTACHMENT 4
February 20, 2018

Pledge Status 2/14/2018
(UPDATED 2/20)

Totals	330	100	723,997	738,330	14,333
No Change	153	46.4	339,990	339,990	0
Increase	107	32.4	246,246	295,531	49,285
Decrease	43	13	132,861	89,582	-43,279
No New Pledge (balancing entry)	2	0	4,900	0	-4900
New Pledges	25	7.6	0	13,277	13,277
	#	%	2017-18	18-19	difference

<u>Pledge Increases</u>	<u>#</u>	<u>%inc.</u>	<u>2017-18</u>	<u>18-19</u>	<u>difference</u>
Doubled Pledges	23	140%	13,820	33,205	\$19,385
Other increases	84	12.9%	232,426	262,326	\$29,900
	107	20.0%	\$246,246	\$295,431	\$49,285
<u>Pledge Decreases</u>		<u>% dec.</u>			
	43	32.6%	\$132,861	\$89,582	-\$43,279

NOTES

1. The comparison, except for new pledges, is between the same pledges (people) from last year to this year.
2. Current (2/14) pledged income is 49% of our goal (approx. 57% of last year's ending campaign pledge total)
3. Current pledge participation (2/14) is 46% of our goal.
4. As of 2/14 we remain ahead of pace in participation and in pledged income from the same point a year earlier, though average per pledge is down by approximately 13%. We've had a very encouraging beginning with pledges coming in more quickly. One hundred fifty eight (158) pledges were received on Celebration Sunday.
5. Net income from the 305 pledges repeated from last year is just marginally greater than last year (\$1,056 netting out the first time pledges from the total increase in pledged income year on year)
6. The dollar margin of the 107 pledge increases are slightly greater than the 43 pledge decreases (net positive of \$6,006) .
7. We continue to see a significant representation of doubled pledges (21.5% of increased pledges were at least doubled; doubled pledges represent 7.5% of all repeated pledges). The average doubled pledge went from \$600 to \$1444. This movement from below median pledge to above median pledge is a significant movement.
8. We see 25 new pledges thus far at a very respectable average of \$529 for a first pledge.
9. We see six pledges moving into the "sustainer" category (pledges over \$4,800), and one falling out of the category.
10. UPDATE: Totals at third Sunday of last year's campaign-334 pledges at \$859,254 (2573 avg.)
 - a. Totals just prior to 2/18/18 service were 353 pledges at \$767,270 (2174 avg.)
11. UPDATE: Totals on the day prior to fourth Sunday of last year's campaign-414 pledges at \$950,261 (2295 avg.)
 - a. Totals as of Tuesday 2/20/2018 mail are 413 pledges at \$881,819 (2135 avg.)
12. UPDATE: Please note in particular, the difference in "spread" compared to last year between 2/18 and 2/20(down from -15.5% to -7% over 3 days) -it is not appropriate to project to the end of the campaign.