

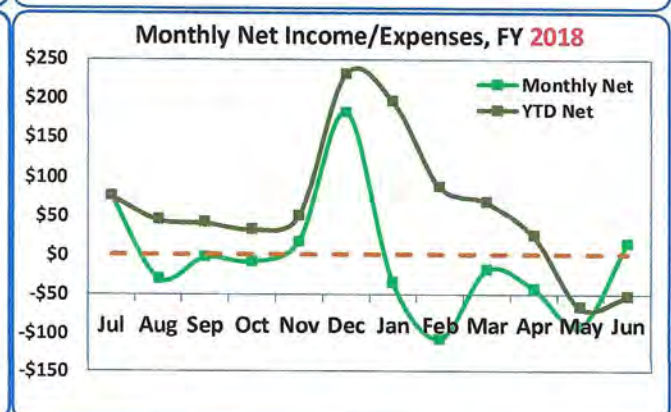
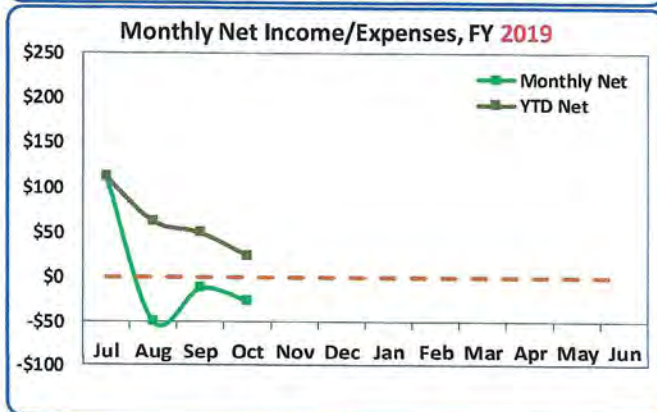
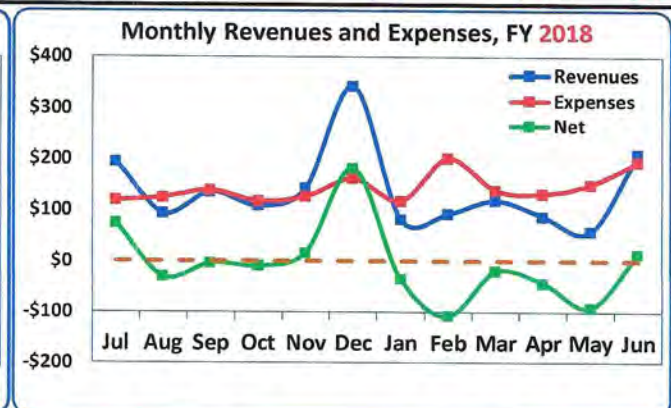
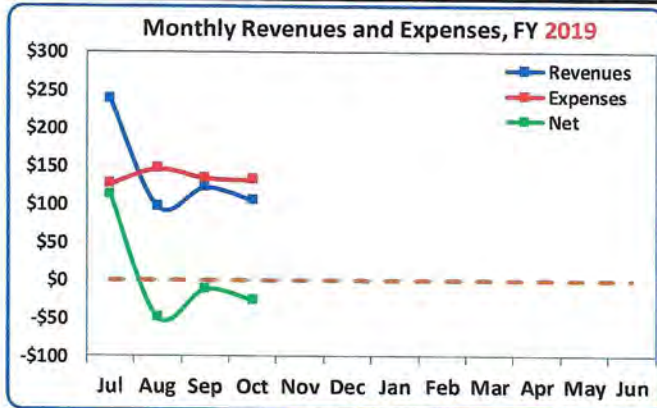
Report of the Treasurer
 UUCA Board of Trustees
 December 6, 2018

Fiscal Year 2019 to-Date Operating Results – Highlights for first four months, July-October – Further details in last two pages below

- YTD revenues were \$563 K: \$25 K ahead of budget and \$29 K above last year.
- YTD expenditures were \$540 K: \$16 K under budget but \$39 K above last year.
- YTD net revenues over expenses were \$23 K: \$41 K over budget and \$10 K below last year.

UUCA Operating Revenues, Expenses and Net Revenues
Fiscal Year 2019, with Comparisons
Thousand Dollars

	Fiscal Year 2019, Actual			Fiscal Year 2019, Budget			Fiscal Year 2018, Actual		
	Revenues	Expenses	Net	Revenues	Expenses	Net	Revenues	Expenses	Net
Jul	\$239	\$127	\$112	\$136	\$140	-\$5	\$195	\$119	\$76
Aug	\$97	\$147	-\$50	\$136	\$140	-\$5	\$95	\$125	-\$30
Sep	\$122	\$135	-\$12	\$131	\$136	-\$4	\$136	\$139	-\$3
Oct	\$105	\$132	-\$27	\$136	\$140	-\$5	\$109	\$118	-\$9
YTD	\$563	\$540	\$23	\$538	\$556	-\$18	\$534	\$501	\$33



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 reserves are all invested in six Fidelity mutual funds, which are managed by the Executive in consultation with the Investment Committee. At the end of October, balances of these funds were as follows:

UUCA Operating Reserves - October 31						
Thousand Dollars						
Designated Accounts	General Operations	Restricted Replacement Reserves	Total Operating Reserves	FY 2019 Expenditure Budget		Months of Reserves
				Annual	Bimonthly	
\$105	\$153	\$61	\$319	\$1,651	\$275	2.3

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 operating budget must be balanced. At the end of October, the operating reserves totaled 2.3 months of the Congregationally-approved Fiscal Year 2018-19 annual expense budget of \$1,651 K. Accordingly, the operating reserves were in compliance with Executive Limitation 4.6.2 as of the end of October.

Endowment Fund

The assets of the **Endowment Fund** at the end of October totaled \$764 K in liquid assets invested in 12 Vanguard mutual funds, which are managed by the Executive in consultation with the Investment Committee. This was \$55 K less than the Endowment Fund's liquid assets at the end of September, one month previously, due to the October market correction. The assets of the Endowment Fund at the end of October represented 46 percent of the Congregationally-approved Fiscal Year 2018-19 expense budget of \$1,651 K. 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 out of compliance with Executive Limitation 4.8.4, even under the exception clause, as of the end of October.

Long-term Liabilities

The balance of the **mortgage** was \$3,093 K at the end of October. At the end of October, the Church's ratio of total liabilities to total assets was 0.44. This substantially overstates the Church's effective debt to assets ratio because the asset values on the Church balance sheets are stated on a cost basis, and are considerably lower than the current market value of the Church's land and buildings.

The current church mortgage note was initiated in May 2017, with a starting balance of \$3.2 million. It is a typical 5-year collateralized business loan with a 30-year amortization repayment schedule for the first two years and a 25-year amortization repayment schedule for the last three years. Annual mortgage payments during the first two years are \$185 K, representing 11% of the current fiscal year's annual expenditure budget. In May 2019, the

annual mortgage payments will increase to \$197 K, which will represent 12% of the current fiscal year's annual expenditure budget. In May 2022, the note will need to be refinanced.

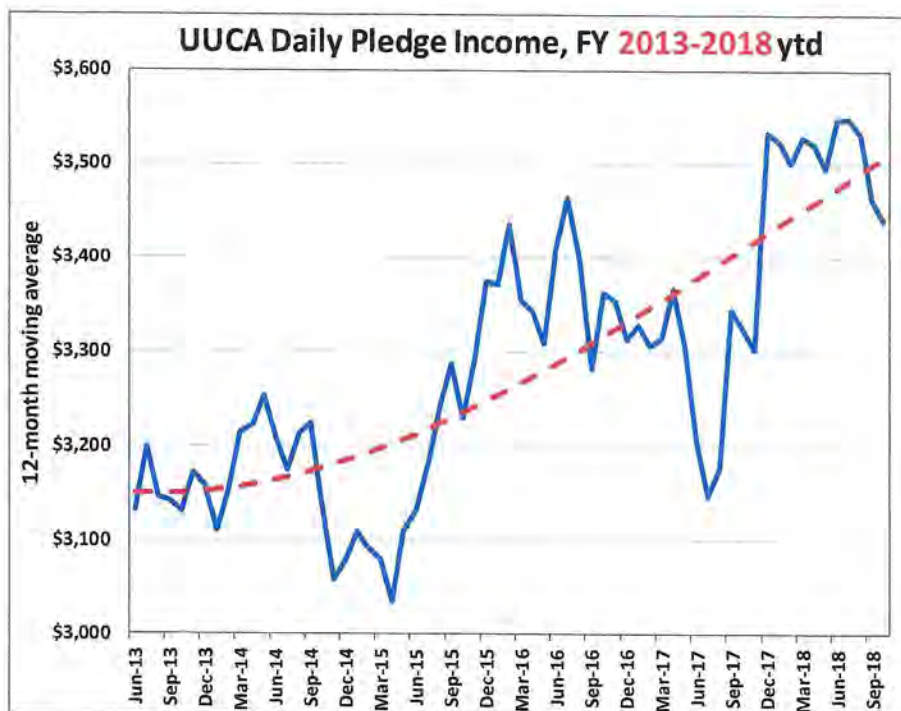
As of the end of October, \$109 K of the note's original principal balance will have been paid off. At the time of refinancing, \$343 K of the note's original principal balance will have been paid off, if no supplemental principal payments are made, leaving a balance of \$2.9 million to be refinanced.

In 2017, an ad hoc group of UUCA finance-interested persons examined the idea of initiating a new UUCA capital campaign for the purpose of paying off the mortgage. The group interviewed three consulting agencies with expertise in church fund-raising, including Steve Siegel, who actively advised UUCA's last capital campaign, and a representative from the UUA. From these interviews, the group concluded that a new capital campaign with a debt retirement focus could be relatively short, focused and expect a high degree of success. Subsequently, the situation this year involving ministerial turnover led to a pause in discussions of a new capital campaign.

It is time to reinstate discussions of a new capital campaign to retire UUCA's long-term debt. A key focus point for such a campaign would be on the new and expanded programs and services that could be offered to congregants and UUCA's wider constituencies by freeing up the current share of the church's budget that is committed to debt servicing. Among the key reasons for proceeding to initiate such a campaign is that it would take a major agenda item off the plate for the church's new, permanent senior minister, freeing more of their time for other ministerial activities of more direct benefit to congregants and the wider constituencies.

Trends in Pledge Income

Monthly pledge income increased significantly in December 2017 and, for the eight subsequent months, through August, has sustained itself, on a 12-month moving average daily basis, at or above \$3,500 per day. It has dropped below this level during September and October, although remaining at historically-high levels. This analysis includes income from additional pledges for the recent Summer Challenge.



Peter Vitaliano, Treasurer, UUCA

001 Unitarian Universalist Church of Arlington, VA
Fiscal Year Beginning 7/1/2018
Budgeted Financial Statement for Period 04 October 33.33%
REVENUES

Description	Actual for Period	Actual YTD	Budget Annual	Var. Actual to Annual Budget %	Actual for Period Last Year	Actual YTD Last Year
GENERAL OPERATING FUND RECEIPTS						
PLEDGES & CONTRIBUTIONS						
Special Contributions	535.00	2,981.99	25,000.00	11.93	260.00	1,716.00
Special Contribution Non-Tax	2,555.00	31,345.00	.00	.00	425.00	34,297.09
Pledges -- Prior Pledge Years	1,762.00	15,142.68	.00	.00	87,737.60	439,470.41
Pledges 2018-19	75,785.03	388,137.10	1,137,524.00	34.12	.00	.00
Summer Challenge One-Time Gift	-580.00	38,263.55	.00	.00	.00	.00
Residual Capital Campaign Pled	111.00	333.00	5,000.00	6.66	500.00	1,700.00
Plate - Share The Plate	12,526.98	34,246.28	120,000.00	28.54	.00	.00
Plate - February	.00	.00	8,000.00	.00	.00	.00
TOTAL PLEDGES & CONTR	92,695.01	510,449.60	1,295,524.00	39.40	88,922.60	477,183.50
FUNdraising						
Services Auction	.00	.00	21,000.00	.00	50.00	112.00
Miscellaneous F/R	59.01	129.11	2,000.00	6.46	.00	596.32
New Initiatives Fundraising	380.00	611.46	5,000.00	12.23	300.00	-661.18
Mistletoe Mall	250.00	1,916.60	4,000.00	47.92	110.00	1,648.95
Grocery Scrip Sales	.00	.00	1,500.00	.00	91.00	436.50
TOTAL FUNdraising	689.01	2,657.17	33,500.00	7.93	551.00	2,132.59
RENTALS						
Parsonage Rental	850.00	3,400.00	11,000.00	30.91	850.00	3,400.00
Pre-School Rental	2,419.00	4,838.00	22,500.00	21.50	4,720.40	7,080.60
Weddings etc.	7,576.44	39,997.30	160,000.00	25.00	12,809.30	42,120.15
TOTAL RENTALS	10,845.44	48,235.30	193,500.00	24.93	18,379.70	52,600.75
ACTIVITIES RECEIPTS						
Music/Theatre Contributions	.00	70.00	5,000.00	1.40	.00	.00
TOTAL ACTIVITIES RECEIPTS	.00	70.00	5,000.00	1.40	.00	.00
OTHER RECEIPTS						
Interest Income	342.11	960.32	4,500.00	21.34	56.76	218.92
Endowment Fund Transfer	.00	.00	60,000.00	.00	.00	.00
Refreshments	168.04	696.54	2,500.00	27.86	240.00	980.51
Gains/Losses on Stock	.00	-226.33	.00	.00	.00	51.96
Flowers	.00	20.00	.00	.00	.00	.00
Miscellaneous Income	400.14	400.14	2,500.00	16.01	500.00	1,000.00
TOTAL OTHER INCOME	910.29	1,850.67	69,500.00	2.66	796.76	2,251.39
TOTAL OPERATING RECEIPTS	105,139.75	563,262.74	1,597,024.00	35.27	108,650.06	534,168.23

001 Unitarian Universalist Church of Arlington, VA
Fiscal Year Beginning 7/1/2018
Budgeted Financial Statement for Period 04 October 33.33%
Revenues and Expenses Summary Report

Description	Actual for Period	Actual YTD	Budget Annual	Var. Actual to Annual Budget %	Actual for Period Last Year	Actual YTD Last Year
REVENUE – GENERAL OPERATING FUND						
4099 Pledges & Contributions	92,695.01	510,449.60	1,295,524.00	39.40	88,922.60	477,183.50
4129 Fundraising Revenue	689.01	2,657.17	33,500.00	7.93	551.00	2,132.59
4139 Rental Revenue	10,845.44	48,235.30	193,500.00	24.93	18,379.70	52,600.75
4159 Program Revenue	.00	70.00	5,000.00	1.40	.00	.00
4199 Other Revenue	910.29	1,850.67	69,500.00	2.66	796.76	2,251.39
TOTAL REVENUES	105,139.75	563,262.74	1,597,024.00	35.27	108,650.06	534,168.23
Staff	83,465.63	346,397.83	1,007,963.85	34.37	89,315.81	358,869.64
Church Office	2,799.84	17,783.61	58,584.00	30.36	2,955.45	11,215.01
Ministry & Worship	1,295.02	5,178.93	30,020.00	17.25	159.07	5,097.71
Children & Youth Ministry	1,177.75	8,663.94	22,950.00	37.75	1,969.53	5,784.11
Member Support	3,035.98	5,622.45	21,500.00	26.15	383.20	1,899.37
Communications	851.81	1,145.20	9,050.00	12.65	499.44	1,525.86
Faith in Action & Outreach	8,768.89	23,972.42	86,000.00	27.87	.00	298.45
Our Wider Movement	.00	9,900.00	39,600.00	25.00	.00	9,000.00
Buildings & Grounds	15,227.34	59,737.17	187,030.00	31.94	7,125.28	45,571.55
Mortgage	15,407.10	61,628.40	188,000.00	32.78	15,407.10	61,628.40
TOTAL EXPENDITURES	132,029.36	540,029.95	1,650,697.85	32.72	117,814.88	500,890.10
*****SUMMARY*****						
TOTAL REVENUE	105,139.75	563,262.74	1,597,024.00	35.27	108,650.06	534,168.23
TOTAL EXPENDITURES	-132,029.36	-540,029.95	-1,650,197.85	32.73	-117,814.88	-500,890.10
NET	-26,889.61	23,232.79	-53,173.85	-43.69	-9,164.82	33,278.13

8TH PRINCIPLE EFFORTS AT UUCA - TIMELINE

January 2018 - Paula Cole Jones speaks about 8th Principle from the pulpit.

April 2018 – Paula Cole Jones and Tracey Rogers lead town hall meeting advocating UUCA’s adoption of the 8th Principle. About 80 people attend. Initiation of petition signing.

April 2018 - 8th Principle task force formed. First goal: learn from experience of UU churches that have already adopted it.

June 2018 - 8th Principle task force members speak in support at UUCA annual meeting. More signatures collected from church members who support adoption.

July 2018 - Task force begins 8th Principle information table in Fellowship Hall after every service and establishes communications sub-committee to handle Connections postings and produce FAQ and other relevant documents. Also begins one-on-one conversations with interested but uncertain fellow congregants.

August 2018 - Co-chairs meet with the UUCA Board to give update and ask for support.

August 2018 - 8th Principle Facebook page created, with frequent posts.

August 2018 - Weekly 8th Principle blurbs in Connections start and run through September 30.

Summer and fall 2018 - Sermons and other presentations supportive of the 8th Principle are given by Rev. Beth Miller, Rev. Terasa Cooley, Walter Clark and Worship Associates.

September 30 - Task force holds information sessions after racial justice sermon (30 attendees).

November 15 - Task force hosts happy hour.

December 2 - Task force holds information sessions after services; light attendance.

November 2018 - Weekly Connections blurbs resume.

UPCOMING

December 6 - 8TH Principle survey launching.

December 9 - Task force to host snacks in Fellowship Hall and staff table to chat briefly with Rev. Carlton Smith after services.

December 16 and January 13 - Additional information sessions at UUCA.

January 10 - Information session at Goodwin House. [Other meetings (e.g., with choir) planned.]
(12/4/18)

December 6, 2018

Members of The Ministerial Fellowship Committee
The Rev. Sarah Lammert
Executive Secretary, Ministerial Fellowship Committee

Dear Members of the Ministerial Fellowship Committee;

I am writing today on behalf of the Board of Trustees and members of the congregation at the Unitarian Universalist Church of Arlington (UUCA). We want you, the Ministerial Fellowship Committee (MFC), to know how the nine-month process related to the investigation regarding the misconduct of our former minister, Aaron McEmrys, had a significant, negative impact on our Board and the UUCA community. First let me say that the Board is grateful that the MFC initiated this investigation which meant that we did not need to conduct our own investigation, which could have been very difficult and much more divisive.

On January 4, 2018, the MFC informed the UUCA Board that Aaron McEmrys was under investigation for possible ministerial misconduct and that the MFC would render a decision in March 2018. Later in January, the MFC informed the Board that a decision would not be made in March and that it was likely to occur in September 2018. The MFC also asked the Board to protect the confidentiality of the investigation as "leaks into the congregation can prove divisive and destructive."

The nine months from the time that we placed Aaron McEmrys on administrative leave, immediately after we found out about the allegation, until the MFC issued a decision was a difficult time for our congregation. The uncertainty and the presumption of innocence inherent in an investigation left the congregation divided into those who supported Aaron and felt this was unwarranted; those who had been dissatisfied with his ministry in some way and were ready to move on to find a new minister; and those who were confused and feared what the facts of the situation would reveal about who might have been harmed by Aaron's actions. Aaron's resignation in February came in the middle of the pledge campaign which never fully recovered, and there was no sense of what was a valid and just conclusion for another 7 months.

Many congregants felt that the Board, and MFC – and as an extension the Unitarian Universalist Association (UUA) let down the congregation. While the Board understands the MFC is separate from the UUA, congregants do not recognize that distinction. We value the help the UUA provided in sending Rev. Beth Miller to work with us on healing the wounds of the situation, and her work helped us immeasurably. The lingering image of the UUA as not acting quickly enough is unfortunate and is another issue to consider when managing your investigative processes.

In addition, the request for the Board to exercise confidentiality during this extended time period led to significant mistrust – for a variety of reasons – by the congregation with the Board, the MFC, and UUA. While we understand the need to protect individuals requesting anonymity when they come forward with such claims, this situation placed the Board in a very difficult position. Again, a shorter time frame could have mitigated this mistrust.

We hope that you will consider ways to speed up your decision-making process (calling special sessions, policies that require the cooperation of the ministers under investigation at the risk of being judged as

having abandoned their ministry, conducting virtual sessions, etc.) and implement practices that better support church Boards and their congregations (more transparency while protecting complainants, etc.) when they are faced with these types of situations. We would be happy to discuss this issue in more detail if it would help in your deliberations.

Respectfully,

Al Himes
Board Chair / President