

**Star Island Corporation (SIC)
Chief Executive Officer's Report
November 9, 2020**

Our Mission: *To own and maintain Star Island and such other property as the Corporation may hold or acquire, as a center for religious, educational, and kindred purposes consistent with the principles of the Unitarian Universalist Association and the United Church of Christ.*

Our Vision: *To create on Star Island an environment that frees all who come to renew spiritually, explore matters of consequence, and gain knowledge about the world as it might ideally be.*

Our Strategic Resolution: www.starisland.org/a-message-from-the-star-island-corporation-board-of-directors

COMMUNITY

- We are committed to making progress on our recently adopted Strategic Resolution. Currently, we are focusing on the Public Health and Community goals of our resolution.
- On the Beloved Community Project front, we have signed an agreement with Service to Justice (www.service2justice.com) to facilitate our board, senior staff, and Beloved Community Task Force (BCTF) members through a “Rooting Out Racism” program, with the first two whole group sessions scheduled for December 16 and January 6. Pre-screenings and other planning work in advance of the first session is underway.
- Additionally, the BCTF is making good progress on the first draft of a welcoming and inclusivity resource guide, which we plan on disseminating to 2021 conference leaders early next year. On November 2, many of the 30+ authors of this resource guide, including some members of the staff and the BCTF, met to discuss the project, and we are excited to be making progress with this important effort.
- On the Public Health front, many things are taking place as we consider what might happen in 2021. Our timeline leading up to the 2021 conference season (see October CEO report) has been refined, and our current thinking is that we will launch online registration on March 1 (vs. January 1 in a non-pandemic year). We are working on a survey to send out to everyone in our database next month, which will provide some sense of what we envision the island might look like next summer, and ask people to respond to several questions (e.g. would they come, which safety protocols are most important to them).
- Our timeline, survey, and other topics are informed by input received from several members of our Star Island leadership community. We have benefited from several meetings over the last few weeks, including the following:
 - Crisis Response Team – various topics, including serving as a sounding board for what we would like to hear about from other groups;
 - Council of Conferences – emphasis on communicating early and often;
 - Conference Services Committee – cleaning and other protocols; helping with survey drafting;
 - Personnel Committee – staffing related scenarios depending on what happens next year;
 - Augmented Health Committee – health & safety protocols we expect to have in place next summer, including helping us answer the question “What would it look like to open safely next season?”;
 - 2021 Chairs & Registrars – various topics, including when to open the 2021 registration process, the survey, the timing of the 2021 Blue Book, etc.;

- All Star 1 Executive Committee – focus on capacity limits for 2021 & other topics;
- All Star 2 selected leaders – focus on capacity limits for 2021 & other topics;
- LOAS 1 & 2 Steering Committee – focus on capacity limits for 2021 & other topics;
- Annual meetings of selected larger conferences and the Isles of Shoals Association, UU – input on various topics;

All of these meetings have been collaborative and positive, even as we grapple with tough questions. We are blessed with a wonderful group of people all working together for the overall benefit of Star Island!

- We are taking a fresh look at three departments – Finance, Facilities, and IT – based on how things have been evolving during the pandemic, looking for both efficiencies and opportunities.
- The Unitarian Universalist Alliance of Camps and Conference Centers met via Zoom on October 15 to touch base on how things have been going for each member organization. We have lined up future meetings to discuss finances, fundraising, programming, and other topics.

ECONOMIC

- It bears repeating that economic considerations continue to be at the forefront of minds, as we work to ensure we have a pathway to long-term economic sustainability for our organization in the face of the COVID-19 pandemic and its aftermath. Despite doing significantly better this year than anticipated, we are still in a financially challenging position, especially when we consider the uncertainty surrounding our 2021 season.
- The attached FY21 Provisional Budget Draft attempts to bring some of this uncertainty into focus, with the caveat that we simply do not know what our 2021 operating season will look like. Nonetheless, we have created a provisional budget draft with certain assumptions. Rather than providing multiple budget versions for this first round of input gathering, we have created one draft – input received at the upcoming SIC Board and Finance Committees will inform our final provisional budget proposal in January. Also, rather than including a corresponding memo, we have added some comments in a notes field on the budget itself. Here are some highlights:
 - There is a limit of 195 overnight guests, and we are assuming no bed nights from Personal Retreaters, Pel Guests, and other overnight guests;
 - There is no rate increase vs. 2020 room & board rates, though we do anticipate that most conferences will have one less night on island in 2020 (e.g. IA would be on island for 6 nights vs. 7 nights);
 - Our fundraising efforts will be focused on unrestricted giving (Annual Fund) vs. restricted gifts, and we anticipate reaching \$555K (same as FY20 Original Budget);
 - We are assuming the routine annual distribution from the Permanent Trust, but (currently) not any extraordinary distributions (though see below);
 - We have prorated most income and expense lines to correspond with the anticipated decrease in the number of guests (overnight and day visitors) vs. 2019;
 - We are freezing salaries at 2020 rates and assuming no reductions to our YR staff, and a net reduction of 25 seasonal positions;
 - We are assuming no changes to any of our insurance coverages, other than anticipated rate increases;
 - We are assuming the full complement of professional services vs. 2019, though we have trimmed some individual line item expenses and added \$25K for work in support of the Beloved Community Project;

- We have broken out non-staffing related pandemic-related expenses on a separate line to highlight what we might expect next year – currently, \$101K of expenses are included, though this is a preliminary figure;
- We have significantly reduced capital expenditures, but we are including \$216K to get some important projects completed (see below);
- We anticipate using all board reserve funds (\$165K) in FY21;
- Our Net Income is (\$440,791), which is about \$641K less than we would normally like to see (in a non-pandemic year). This results in a (0.17) Debt Service Coverage Ratio (DSCR) for our term loan with Cambridge Trust, which is below the required minimum of 1.05. If we realized additional expense reductions and/or income (e.g. extraordinary Permanent Trust distribution, a new forgiven PPP loan, another NERF grant) totaling \$360K, our DSCR would increase to 2.00.
- Based on current FY20 projections, we anticipate beginning FY21 with a cash balance of \$721K and ending the year with \$343K. If we can identify an additional \$360K in income and/or expense reductions, our FY21 YE cash would become \$703K.
- Our September Financials project a year-end net operating gain of (\$134,955) (vs. 2020 Revised Budget of (\$762,878)) – please see the attached September Financials for more information.
- We received formal notice from the Small Business Administration via our bank, Cambridge Trust, that our \$299,898.13 Paycheck Protection Loan, as well as associated interest on this loan, was fully forgiven on November 2. This means that this loan has been, in effect, converted to an emergency relief grant – which was expected, and is nonetheless great news. PPP loan forgiveness will be reflected in the October Financials due out later this month.
- The Finance Committee met on September 30 to discuss the YTD financial statements, the Long-range Integrated Financial Tool, the 2021 Budget process, and our annual debt review. The committee recommended that we prepare a provisional budget for 2021, recognizing that the first four months of this budget will be more refined than the ensuing eight months of the year, and that the budget can be revisited, as needed, in May. Additionally, the committee conducted its annual review of our debt position, recommending that we maintain our current debt levels and payment schedule. The committee meets again on November 18, with a primary focus on the FY21 Provisional Budget draft.
- On October 13, the Trustees of the Star Island Permanent Trust Fund met to discuss various topics, including a review of market trends and the Trust’s portfolio and performance. As of October 8, the value of the Trust was \$4,848,028 (its value prior to its annual distribution to the SIC of \$195,901).
- We have received 22 Clean Water State Revolving Fund (SRF) loan disbursements to date, totaling \$1,275,431 (\$380,746 in 2018, \$680,793 in 2019, and \$213,892 in 2020). By the end of this year, we intend to borrow the full \$1.3 million of available SRF funds, at a fixed interest rate of 2.704% over a 30-year term.

ENVIRONMENT

- We made the transition from our seasonal caretaking and security workforce to our winter caretakers on Friday. We were pleased with what we accomplished on island this year, starting in May (later than originally anticipated) and running through the end of last week.
- The attached FY21 Provisional Budget Draft includes a draft capital budget of \$215,600, which is substantially less than in recent years. However, we are able to accomplish some important work with this capital budget, including:
 - \$20K for fire & safety improvements, including upgrades to our propane systems;
 - \$100K for Cottage D exterior siding and windows;

- \$15K to upgrade the Gosport Grill, which would serve as an all-in-one food service area and information booth for day visitors (who would not be permitted to enter buildings or go on porches);
- \$20K to replace windows and trim at Newton Centre;
- \$27K for wastewater treatment/water reclamation projects, including funding for final landscaping of the new winter wastewater solution and for our water reuse pilot program with the NH Department of Environmental Services;
- A 12% general contingency (vs. 5% in 2019).
- We continue to be in close contact with Underwood Engineers (UE) about our 2020 wastewater/water reclamation facility projects, as well as looking ahead to next year. We intend to continue to use UE for engineering and operational assistance next year and beyond.
- On October 21, we hosted a consultant hired by the Rye Historic District Commission (RHDC) to come up with a master plan for the Town of Rye. We have been invited to submit our feedback about Star Island to the consultant and RHDC, which we anticipate being done in the context of our review and updating of our Property Standards (an effort which was suspended due to the pandemic, but which should be resuming in the near future).
- We have signed an annual agreement with the University of New Hampshire, whereby we can use their pier and crane facilities in Newcastle, NH, free of charge, in 2021. We will pilot this next year with the hope it will be an annually recurring arrangement.
- We are in the process of negotiating a 2021 annual professional services marine transportation agreement. The current agreement, which was modified due to the pandemic, runs through January 31, 2021.
- We are in regular contact with the Isles of Shoals Steamship Company about our 2021 operating season.

STEWARDSHIP

(NOTE: Director of Development Peter Squires and I have co-written this part of my report.)

- As of October 31, the 2020 Annual Fund (AF) had realized \$828,516 in gifts, with a pledge balance of \$25,008, for a total of \$853,524 (107% of our 2020 revised goal of \$800,000), with 191 Sustaining Star donors. Please see the attached October AF Comparison Report for more information. The following chart compares our progress this year to the previous two years (with the caveat 2020 is a unique year):

<i>Year</i>	<i>Realized Gifts</i>	<i>Pledge Balance</i>	<i>Total</i>	<i>% to Goal</i>	<i>Total Donors</i>
2020	\$828,516	\$25,008	\$853,524	107%	1,348
2019	\$400,236	\$42,975	\$443,211	84%	996
2018	\$356,243	\$51,108	\$407,351	81%	1,060

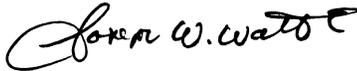
- Due to our unprecedented fundraising success YTD, we have revised our year-end AF projection to \$900,000 (see September Financials), \$100,000 more than our revised budget for the year. Despite this success, we plan to continue to actively solicit unrestricted gifts to hedge against future uncertainty. Our community has stepped up in a big way so far this year, and we expect this will continue throughout the end of the year.
- The Fund Development Committee met on October 14 to receive updates and continue discussion about our year-end fundraising messaging in light of both our recent success and the uncertainty

surrounding our 2021 season. The committee's input was helpful in framing our next appeal letter, which is expected to go out in early December.

- The Council of Conferences met on October 17. Delegates shared positive experiences from the 2020 virtual conference season, and they asked questions and offered input about our 2021 conference planning and processes, with an emphasis on good communication. The Council elected three new board members, and in a subsequent board meeting elected Sarah Gordon as President, Bob Clay as Vice President, and Mary Pietrusko as Secretary.
- At its October 6 meeting, the SIC Board formally adopted a new Strategic Resolution, which was sent out to all Corporation members and posted on our web site on October 8. We are in the process of creating a more graphically pleasing version of the resolution, which we anticipate sending out to everyone in our database later this month. Staff is also in the process of developing tactics to support the goals (Community, Public Health, and Environment) and objectives (three per goal) in the resolution.
- During the last two weeks of October, the family of recognized artist and long-time Shoaler Marie Sturken auctioned off 50 original works, with all proceeds being donated to Star Island. This generous effort raised over \$10K, and we are grateful to the entire Sturken family for their donation.
- This year's fall fundraiser, Starry Night, will kick off with an online auction opening on November 13 and running through November 21. Also on the 21st, Alexandra de Steiguer, our Winter Caretaker, will be our featured speaker. See www.starisland.org/programs/events for more information. We are actively soliciting sponsorships for this event.

While it is challenging to come up with concrete plans to address a multitude of possible outcomes, we are buoyed by the skill, dedication, and kindness of so many wonderful members of our Star island community who have been stepping up in several ways.

With Star Spirit,



Joe Watts
Chief Executive Officer