

**Star Island Corporation (SIC)
Chief Executive Officer's Report
January 13, 2021**

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: [Strategic-Resolution-2020.pdf \(starisland.org\)](#)

COMMUNITY

- Our first “Rooting Out Racism” session took place on December 16, attended by every member of the board, staff, and Beloved Community Task Force (BCTF). We postponed our January 6 session due to the fascist coup attempt and attacks on democracy that unfolded the same day in the Capitol, and we plan to reschedule this session soon. After the initial two sessions, a subgroup of roughly 12 board, staff, and task force members will participate in two additional sessions.
- The BCTF has completed the first draft of our new welcoming and inclusivity resource guide, which is in the final stages of review. We anticipate launching this resource with the 2021 conference leaders next month. Approximately 30 individuals contributed to this resource guide.
- We received nearly 2,500 responses to the survey we sent out to everyone in our database last month, and we are now in the process of synthesizing the valuable data we’ve collected. We are pleased with the response and anticipate the survey results will provide invaluable assistance to us as we plan for and communicate about our upcoming conference season.
- Speaking of which, planning for the summer is an ongoing, comprehensive, and shifting process. We continue to benefit from a wealth of expertise in our community, including receiving valuable input from several committees, health experts, board members, and several others. We are meeting with different committees and other groups on a regular basis (more frequently than normal) to discuss and plan for various aspects of our 2021 season. These meetings have been informative and collaborative, and it is evident that a strong, team-centered approach is in effect, which is particularly important as we grapple with difficult issues.
- Our next meeting (of several) with the 2021 conference leaders takes place on Monday night, when we will be discussing adapting programming for the upcoming season, reviewing the survey results and next steps, confirming online registration opening dates (see below), and discussing some ferry and marine logistical issues. We intend to meet with conference leaders again next month to go over the 2021 registration process and our welcoming and inclusivity resource guide, among other topics. To remain nimble and allow extra time to focus on specific issues, rather than hosting one big meeting with conference leaders in January this year, we are having several meetings spread out from October 2020 through late winter/early spring.
- The Unitarian Universalist Alliance of Camps and Conference Centers met via Zoom on November 12, December 10, and January 6 to discuss finances, fundraising, programming, and other topics.
- Please see Ally Miner’s Communications report, attached, for some insights into our marketing and outreach efforts during the pandemic.
- As of Monday, we have received 65 Pelican applications, which is lower than the number received at the same time in prior years (2017-2020 average of 83). We hosted a Zoom Q&A session with

interested Pel applicants on December 17, and we will do so again on January 21. We recognize that this is an extraordinary year for applications, and we have some degree of concern that the number of applications is low. On the flip side, we anticipate hiring ~25-30 less Pels this year than normal. Our Pelican application is live at www.starisland.org/working, and the application deadline for 2021 regular season positions is January 25. Please spread the word about this amazing opportunity – you can use this clip from NH Chronicle in your outreach efforts: www.wmur.com/article/wednesday-september-4th-the-star-island-pelicans/28871211.

- Please find attached several draft 2020 committee reports, which will be included in the 2021 Annual Meeting packet prepared and sent out to our membership in early April.
- The Personnel Committee met on January 11 to discuss several topics, including reviewing the draft 2021 Personnel Handbook and the attached Safe Community Policy. This policy is reviewed and voted upon by the SIC Board on an annual basis.

ECONOMIC

- As previously noted, we are working 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. This is reflected in the attached FY21 Provisional Budget Proposal. Highlights include:
 - Net Income of (\$645K), which is roughly \$850K less than what we would propose in a normal year.
 - A debt service coverage ratio (DSCR) of (1.40), which does not meet the required minimum DSCR with our bank of 1.05;
 - Bed nights totaling 14,696, which reflects a maximum overnight guest capacity of 170 – pre-pandemic, we had budgeted 21,000 bed nights for 2020;
 - No room & board rate increase or decrease vs. 2020 published rates, though most conferences are expected to have one less night on island (with the possible exception of September conferences);
 - No cost of living adjustment for all positions (vs. HR recommended cost of living increase of 2.5%);
 - \$136K for COVID-19 related expenses (in addition to staffing expense);
 - Capital budget of \$223K;
 - Full utilization of \$165K of board reserve;
 - End of year cash of \$277K, which does not provide enough cash to get to our 2022 operating season.

We will need to identify additional income and/or expense reductions in order to get to the 2022 season – there are a few ways in which we might accomplish this, none of which are included in the provisional budget proposal. Two possibilities include securing a PPP Second Draw loan (see below) and/or an extraordinary disbursement or loan from the Permanent Trust. Despite the uncertainty we are facing, our FY21 Provisional Budget Proposal furthers some of the goals and objectives of our Strategic Resolution. We are expecting to receive a recommendation (from the Finance Committee) and approval (by the SIC Board) next week, with the understanding that we intend to propose a more refined FY21 Budget Proposal in May, when we have a better sense of how our 2021 season is shaping up.

- The SIC Board has authorized SIC to apply for a \$868,526 Paycheck Protection Program (PPP) Second Draw loan, and we have prepared our application. Though the Small Business Administration (SBA) started accepting applications on Monday, SIC is not included in one of the eligible categories permitted to apply in the first wave. We will apply for this SBA loan program through our bank,

Cambridge Trust, as soon as we are permitted to apply, which we anticipate will be in the immediate future.

- Please find attached the November Financials, which project a year-end Net Income of \$299K (vs. FY20 Revised Budget of (\$763K) and FY20 Original Budget of \$203K) and capital expenditures of \$420K (vs. budget of \$411K). Please also find attached the October Financials.
- We are working with Berry Dunn (our auditors) in preparation for our 2020 audit, including an initial planning phase, which took place via Zoom last week. The first meeting of the Audit Subcommittee of the Finance Committee is scheduled for February 25, and the audit fieldwork is scheduled for the week of March 29. At the request of our auditors, we have adjusted the audit schedule this year.
- In a normal year, we launch our online registration portal on January 1. Due to the pandemic, we are planning on opening registrations on March 1 this year (for conferences running through August 28) and May 1 (for conferences after August 28). These dates, which have been run by our 2021 conference leaders, enable us to have a better picture of what our 2021 season might look like immediately prior to launching registration, while at the same time providing enough time for people to register in advance of their conference. We are able to manage cash flow despite not receiving room & board deposits on the typical schedule.
- The Finance Committee met on November 18 and December 15 to discuss, among other topics, the YTD Financials and the FY21 Provisional Budget. We have received some excellent feedback about the FY21 Provisional Budget from the committee. The committee meets again on Monday night.
- We are restructuring our facilities department over the course of the next two months. We have hired a part-time CFO who will begin working for SIC on February 1, and she will be working with staff and Dale Pinkham Cavanaugh of Insource Services on a smooth transition. Kelly Dwyer's role as our full-time Accounting Coordinator remains unchanged. This transition will enable us to more than double the amount of CFO hours we receive compared to our current hybrid model. We are grateful for Dale's excellent work and expect she will remain available as a consultant on an as-needed basis after the transition is complete.
- We have received 22 Clean Water State Revolving Fund (SRF) loan disbursements to date, totaling \$1,275,430 (\$213,892 in 2020, \$680,793 in 2019, and \$380,746 in 2018). We anticipate receiving the final disbursement of \$24,570, which will bring our total SRF loan to \$1.3 million, later this month.
- On December 31, the value of the Star Island Permanent Trust was \$4,867,423, with a 2020 total account return of 9.5% (8.7% after fee). This represents a 5.3% increase to the overall value (investment returns plus donations less distribution less fees) of the portfolio since December 31, 2019, when the value was \$4,621,077.

ENVIRONMENT

- The attached FY21 Provisional Budget Draft includes a draft capital budget of \$223,440, which is substantially less than in recent years. Nonetheless, 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;
 - \$34K 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. 10% in 2020).

Our intention is to scale capital projects back in 2021 (for several reasons), and then layer in more projects as circumstances permit (starting in 2022). We are mindful of the importance of continued long-term investment in our facilities.

- We recently signed an amendment to our existing contract with Underwood Engineers for the next phase of our work on our wastewater treatment/water reclamation facility. This amendment covers updating our O&M manual and record drawings to reflect the improvements made in 2020, as well as operational and engineering assistance for the 2021 season.
- We have signed an amendment to our existing agreement with Insource Services to add IT professional services to the scope of work they perform for SIC. This represents a shift from one provider to another and is expected to reduce expense and increase efficiency moving forward.
- We continue to be in regular contact with the Isles of Shoals Steamship Company about our 2021 operating season. We are also starting conversations with Granite State Whale Watch (Uncle Oscar) about summer operations. Due to the uncertainty caused by the pandemic, we anticipate finalizing 2021 boat schedules much closer to the summer than we normally do.
- We are in the final stages of negotiating a 2021 annual professional services marine transportation agreement. The current agreement, which was modified due to the pandemic, runs through the end of this month.
- Over the last few months, we have been actively discussing the structure of our facilities department for 2021. We anticipate finalizing our plans by the end of next month, when we anticipate making provisional offers for selected senior staff positions within the facilities department.

STEWARDSHIP

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

- Due to the overwhelming generosity of many dedicated Shoalers, our 2020 Annual Fund (AF) campaign achieved results above and beyond our expectations for the year. As a result, we are in a much better position to face the uncertainty ahead of us. While our final accounting of the 2020 AF total is not yet complete, the following figures represent provisional totals based on the known gifts for 2020 we have received to date. With that said, as of January 8, 2021, the 2020 Annual Fund (AF) had realized \$1,052,023 in gifts, with a pledge balance of \$2,500, for a total of \$1,054,523 (132% of our 2020 revised goal of \$800,000), with 188 Sustaining Star donors. Please see the attached Provisional December 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):

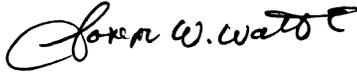
<i>Year</i>	<i>Realized Gifts</i>	<i>Pledge Balance</i>	<i>Total</i>	<i>% to Goal</i>	<i>Total Donors</i>
2020	\$1,052,023	\$2,500	\$1,054,523	132%	1,509
2019	\$574,207	\$580	\$574,787	109%	1,277
2018	\$556,003	\$750	\$556,753	110%	1,295

- We are working on a January-February “Gratitude Plan” that would involve personal outreach to the donors who stepped up the most to support Star in 2020. We may solicit help from the SIC Board with these efforts.
- Of the group of major donors we identified in 2020, not all have been directly solicited for major gifts yet. Our plan is to continue major gift solicitations in the early months of 2021 to secure more new gifts of \$5,000, \$10,000, or more to help bolster Star for the uncertainties ahead of us.

- The Fund Development Committee met on December 22 to receive updates and discuss our early 2021 fundraising strategy. The committee's input helped inform the decision to prioritize recruitment of additional Sustaining Star donors in the early part of the year. As such, On January 13, we emailed approximately 1,000 people encouraging them to consider switching to monthly giving.
- There is a lot to report on grants activity. We received a \$12,500 grant from the McIninch Foundation for 2020 general operating support, as well as a \$2,500 grant from the Rosamond Thaxter Foundation for 2021 Green Gosport Initiative expenses. We submitted a letter of inquiry to the 1772 Foundation and were subsequently invited to apply – we will be requesting \$10,000 for historic preservation work on Cottage D. We will also request \$7,500 from the Fuller Foundation for general operating support in 2021. Lastly, our final report to the Governor's Office for Emergency Recovery and Relief (GOFERR) is due by January 30 for the \$547,101 Nonprofit Emergency Relief Fund (NERF) grant we received in August.
- Our late-November fundraiser, Starry Night, was a great success. Alex de Steiguer offered an inspirational presentation on November 21, which was well attended. Additionally, we secured \$20K in auction proceeds, as well as \$2,650 in Sponsorships. Despite the absence of ticket sales, the 2020 event eclipsed previous years' net income totals by a substantial margin, and we anticipate hosting online auctions in the future.
- We anticipate forwarding 14 new Corporation member applications to the Membership Committee this year.

Happy New Year to everyone in the Star Island family!

With Star Spirit,

A handwritten signature in black ink that reads "Joe W. Watts". The signature is written in a cursive, flowing style.

Joe Watts
Chief Executive Officer