

**Star Island Corporation (SIC)
Chief Executive Officer's Report
January 18, 2022**

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: *Our [Strategic Resolution](#) has three main goals – Community, Public Health, and Environment. These goals are incorporated into this report, which follows the format of our most recent [Strategic Plan](#).*

COMMUNITY

- For the health and safety of our community, we have made the decision to require all employees and eligible (by age) overnight guests (including conferees, personal retreaters, volunteers, contractors, etc.) to be fully vaccinated, and this decision has been announced broadly. We are still working on our policies for day visitors (see below). To date, we have mostly received support for this decision, though there have been a few people in our community who are questioning the need for this policy. We anticipate that there will continue to be questions about these and other COVID-19 policies in the weeks and months ahead, and we are committed to providing a clear, concise, and compassionate response to those who ask questions about and/or express concern about our policies. It should be noted that our vaccination policy is only one (albeit important) policy, and that there will be others in place as well – our goal is to provide a fun and enriching experience for everyone in a manner that reduces risk and maximizes health and safety. Based on our experience with 2021, we believe we will be able to do so.
- On January 10, we met with our 2022 conference leaders via Zoom in a two part meeting – the first part covered our overall philosophy on the 2022 season (having one plan, and adapting as needed), some key policies (e.g. vaccination), some key decisions (e.g. regular season weeklong conferences running Sunday-Sunday), marketing & outreach strategies, the ISAUU Conference Grant Program, and included a question and answer period. The second part of this meeting was dedicated to registrars and the registration process. Next month, we will meet with 2022 conference leaders on February 7 (to go over conference planning) and on February 21 (to go over the [Beloved Community Project resource guide](#)).
- The Unitarian Universalist Alliance of Camps and Conference Centers (UUACCC) has continued to meet via Zoom throughout the pandemic to share best practices and discuss how member camps are adapting to COVID-19, in terms of finances, fundraising, policies, marketing, and other topics. The UUACCC meets again tomorrow.
- Please see Ally Miner's Communications report, attached, for some insights into our marketing and outreach efforts.
- As of today, we have received 78 Pelican applications, which is lower than the number received at the same time last year (83) and the five-year average number of applications as of this date (95). We are mindful that there are extraordinary staffing issues occurring throughout the United States, and we have some degree of concern that the number of applications is low. We will be pushing this out even more over social media between now and Monday's application deadline, and we are looking at other strategies to ensure that we will be able to hire enough Pelicans to operate effectively during our

upcoming season. While we anticipate hiring more Pels than last year, we are planning on hiring ~10 less than in a normal season. Please help us to spread the word about this amazing employment opportunity – the application is live at www.starisland.org/working and you can use this clip from NH Chronicle in your outreach efforts: www.wmur.com/article/wednesday-september-4th-the-star-island-pelicans/28871211.

- We have launched a search for a full-time, year-round Island Minister/Beloved Community Project Manager, and the hiring team (Debbie Duval, Justina Maji, Karynn Needel (HR), April Rosario, Joe Watts) is looking forward to interviewing candidates in the near future, with the goal of having a qualified person start in this role in March.
- Please find attached several draft 2021 committee reports, which will be included in the 2022 Annual Meeting packet prepared and sent out to our membership in early April.
- The Personnel Committee met on January 5 to discuss several topics, including reviewing the attached Safe Community Policy (which includes their recommended edits for 2022). This policy will be reviewed and voted upon by the SIC Board at its January 25 meeting.

ECONOMIC

- The attached 2022 Budget Proposal furthers our strategic goals and objectives while being mindful of the continued uncertainty caused by the pandemic. We expect to receive a recommendation (from the Finance Committee) tomorrow night to bring before the SIC Board at its January 25 meeting. Some highlights of the 2022 Budget Proposal include Net Income of \$340K (\$329K of which is ERC funding); a debt service coverage ratio of 5.28 (1.05 is required); a 3.0% increase to room and board rates; ~90% guest occupancy vs. 2019 (which reflects a maximum overnight guest capacity of 260); a 4.5% increase to YR, professional seasonal, and Pel supervisor pay rates and a 6.5% increase to regular Pel pay rates; a capital budget of \$511,500 (including a 10% contingency); and resumption of annual contributions to the reserve fund.
- Please find attached the November Financials, which project a year-end Net Income of \$601K (vs. budget of \$45K) and capital expenditures of \$301K (vs. budget of \$312K).
- In late October, we received full forgiveness of our Paycheck Protection Program (PPP) Second Draw loan from the SBA in the amount of \$868,526 (plus \$6,442 in interest).
- As approved by the SIC Board, we applied for an SBA Economic Injury Disaster Loan (EIDL) in the amount of \$281,100 in November. This fixed, low interest loan would be beneficial for us. We have experienced a lot of red tape around this, and we don't expect to find out if we will receive this loan for several weeks.
- We have already received one half of our 2020 Employee Retention Credit (ERC) of \$103K, and we expect to receive the other half later this year. We also expect to receive a 2021 ERC of \$329K later this year.
- We are working with Berry Dunn (our auditors) in preparation for our 2021 audit, including an initial planning phase, which commenced on January 6. The first meeting of the Audit Subcommittee of the Finance Committee is scheduled for February 24, and the audit fieldwork is scheduled for the week of March 7. Our goal is to have the audited financial statements and 990s (SIC and Trust) before the SIC Board at its April 5 meeting (with its May 3 meeting as a back-up date).
- We launched our online conference registration portal on Saturday, and we have already received nearly a thousand registrations (though it is too soon to draw meaningful conclusions).
- The Finance Committee met on November 10 to discuss the YTD Financials, our annual debt review, the initial draft of the FY22 budget, and the 2022 room & board rates. The committee meets again tomorrow night.

- On December 31, the value of the Star Island Permanent Trust was \$5,580,966, with a 2021 total account return of 14.1% (13.1% after fee). This represents a 14.7% increase to the overall value (investment returns plus donations less distribution less fees) of the portfolio since December 31, 2020, when the value was \$4,867,423.

ENVIRONMENT

- The attached 2022 Budget Proposal includes a capital budget of \$511,500, which is substantially more than last year. We are able to accomplish some important work with this capital budget, including:
 - \$150K for EMB windows, roofing, and siding
 - \$68K for fire & safety improvements, including upgrades to our sprinkler and fire detection systems
 - \$75K for work on the wastewater treatment/water reclamation facility (process, fall protection, computer upgrades, and SRF pilot program)
 - \$50K for initial work on the Underworld (egress, fire, layout, etc.)
 - \$40K to replace siding and trim at Newton Centre and the Chapel
 - \$30K to work on the cottages' boardwalk (possibly a two-year project)
 - \$30K to purchase a food truck/customized horse trailer to supplement/replace the Gosport Grill
 - \$13K for a new accessibility cart
 - \$10K on electrical wiring upgrades
 - A 10% general contingency

We are pleased to be moving towards resuming capital investment/infrastructure improvements at pre-pandemic levels.

- On December 20, we closed on an undeveloped 0.39-acre lot on Appledore Island, a lot which is not part of our overall Appledore holdings and is located in the midst of Shoals Marine Lab's campus. Acquiring this lot is consistent with our mission statement, and we believe that owning the lot (as we now do) eliminates the potential for future problems.
- The US Army Corps of Engineers is planning on repairing all of the breakwaters at the Isles of Shoals, which will have significant long-term benefits for Star Island and the Isles of Shoals in general. Please find attached a Public Notice of the project, a draft response from SIC, and a map indicating the area of impact of the Star Island related portions of this project. This project will require that the Corps have a significant presence on Star Island during the project, and we have been and will be working with them on a variety of things such as timing, easements, compensation, and more. The Strategic Facilities Planning Committee (SFPC) is meeting tonight to discuss if we want to request that the Corps leave a stone ramp in place after the project concludes (such that we could use it for decades to come), and we anticipate having an SFPC recommendation on this matter for the January 25 SIC Board meeting. More details about this project will become available in the months ahead – as of today, it appears that the work directly impacting Star Island would commence in late September of this year.
- The SFPC met on November 30 to go over the updated Property Standards, including a “quick start guide” and the Rye Historic District Commission's new guidelines. The SFPC has approved a new Property Standards package and requested SIC Board review, which we anticipate will take place over the next couple of SIC Board meetings.
- We continue to be in regular contact with the Isles of Shoals Steamship Company about our 2022 operating season. We have also been in conversation with Granite State Whale Watch (Uncle Oscar) about summer operations. We hope to have the main ferry schedule ready by next month. Additionally, we have been in active conversation about our day visitor policies, especially whether or

not to require or strongly recommend vaccination for all eligible day visitors (or perhaps just for those who “stopover” on the island vs. those who “walkabout”).

- We are in the final stages of negotiating a 2022 annual professional services marine transportation agreement. The current agreement, which was modified due to the pandemic, runs through the end of this month. We anticipate moving back to a full service model this year.
- We have confirmed with the leadership of the Portsmouth Historical Society that our Portsmouth office lease agreement is in full effect. This agreement runs through the end of 2023. We are working with their new Interim Executive Director on a possible extension of this lease agreement.

STEWARDSHIP

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

- For a second year in a row, the overwhelming generosity of many dedicated Shoalers resulted in our Annual Fund (AF) achieving results above and beyond our expectations for the year. While our final accounting of the 2021 AF total is not yet complete, the figures below represent provisional totals based on the known gifts for 2021 we have received to date. As of today, the 2021 Annual Fund (AF) had realized \$795,800 in gifts, with a pledge balance of \$404, for a total of \$796,204 (135% of our 2021 goal of \$590,000), with 205 Sustaining Star donors. Please see the attached December AF Comparison Report for more information. The following chart compares our progress this year to the previous three years (with the caveat 2020 was 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>
2021	\$795,800	\$404	\$796,204	135%	1,228
2020	\$1,052,199	\$2,500	\$1,054,699	132%	1,511
2019	\$574,208	\$580	\$574,788	109%	1,277
2018	\$556,003	\$750	\$556,753	110%	1,295

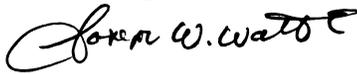
- The Fund Development Committee (FDC) met on December 13 to receive updates and have a “big picture” discussion of Star’s fundraising events. The committee emphasized the importance of these events not only for fundraising, but from an outreach and engagement perspective. The FDC’s next meeting will take place on Tuesday, February 1, to begin a series of discussions about our 3-5 year development plans, including the possibility of a major fundraising campaign (a topic which was being actively considered for near-term development and implementation until the pandemic hit). As we approach a return to more “normal” operations on Star, we are excited to revisit this topic in earnest.
- After a successful push in 2019 to bolster enrollment in the Legacy Society, new membership slowed to a trickle in 2020 and 2021. At the same time, Star received an incredible \$239,511 in estate gifts last year alone. This, along with the continued outpouring of financial support from our community, underscores the importance of reupping our efforts to raise awareness about the Legacy Society and encourage participation. We have prepared a list of approximately 100 prospects to contact personally in 2022, and this outreach is currently underway. In addition, we are expecting to renew the tradition of “Toasts to the Legacy Society” on the island this summer. If you are already a member: thank you! If you are not yet a member, please consider making Star Island part of your estate plans. To discuss this further please contact Peter Squires at psquires@starisland.org.
- This is the busiest time of year for grants, as most have due dates between January 1 and April 15, along with reporting deadlines for grants we received last year. So far this year, we have received a \$2,500 grant from the Rosamond Thaxter Foundation for 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 the Chapel. We also requested \$6,000 from the Fuller Foundation for arts-related programming in 2022. In the coming months we will request renewed support from the McIninch Foundation, the Cogswell Benevolent Trust, and others. We may also reach out to new grant-funding prospects – we have started working with [Philanthropy Massachusetts](#), a nonprofit organization assisting us with our grant research efforts this year by providing a targeted list of grant funders to pursue.

- We are working with the Isles of Shoals Association, UU on a new three-year agreement (2022-2024).
- Our late-November fundraiser, Starry Night, was a great success. Erik Singer offered a presentation on November 21, and we secured \$20,353 in auction proceeds, as well as \$2,500 in Sponsorships.
- We anticipate forwarding 15-17 new Corporation member applications to the Membership Committee this year.

Despite the uncertainty caused by the pandemic, we really had a remarkable year – again – in 2021. My New Year’s wish is that we can continue navigating through these uncertain waters in successful ways, in keeping with our mission, vision, and values. Our success, therefore, is not merely measured by things like our COVID-19 response, how much funding we secure, our net income, and the like – it also includes important things like how welcoming and inclusive we are, how we treat one other, and how we appreciate differing perspectives.

With Star Spirit,



Joe Watts
Chief Executive Officer