

**Star Island Corporation (SIC)  
Chief Executive Officer's Report  
August 19, 2023**

***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

- We have been having a fantastic conference season this year, which is a testament to the good work of many. We have a great group of Pels, the food is good, and our broader Star Island Community (including conferees, employees, volunteers, etc.) have embraced our Theme of Kindness. We have achieved or largely achieved our key goals for this year, and this sets us up nicely for a strong 2024 and beyond, in many ways.
- Island evaluations, an important tool for staff to hear from guests about how things are going and respond accordingly, have resulted in significantly improved results compared to the last few seasons. We will prepare an annual island evaluations report in the fall.
- A big part of our success this season is our staffing levels. As previously reported, we had a much larger applicant pool for this regular season than last year. For our end-of-season (EOS) period, which is phasing in now, we are more fully staffed than in any year in recent memory. The first real test of our EOS staffing will be LOAS 2, which arrives tomorrow – while we are essentially fully staffed, and there will be a smaller number of conferees than normal (~220) – many of our workers are new to their positions, and there are inevitably some issues that will stem from this. However, we feel more prepared than we have been for the last several years, and I look forward to reporting more on this at the upcoming August Board Retreat.
- On the health and safety front, we are pleased that our [2023 medical \(including COVID-19\) policies](#) seem to be working. As the new variant, Eris, is spreading in the region and beyond, we have been able to keep the overall case count on Star Island in check. Our pre-arrival testing policy has resulted in dozens of people not coming out to the island, and when we have had cases on Star, they have been relatively contained. One of our goals for this year was to shift the focus from businesses and schools (what Star Island recommends, mandates, and enforces) to individuals (personal responsibility, ownership, and accountability). This really seems to be working.
- This is part of the “New Normal” for Star. Another part is the return of day visitors, school groups, and other groups and individuals whose involvement with Star Island had been curtailed since the 2019 season. One example of this is Traip Academy, Kittery’s public high school – prior to the pandemic, we had planned a two day/one night experience on the island with the entire 9<sup>th</sup> grade class, but this was canceled due to the pandemic. We are once again working with Traip’s administration and teachers to put together a pilot field trip this season, with the intention of building upon this next year and beyond. We anticipate doing more and more with our educational programming in the next few seasons, consistent with our strategic goals and objectives.
- The Life On A Star (LOAS) Coordinating Committee, representing LOAS 1 and 2, has requested that there two conferences shift earlier in the season by a week, starting in 2025. We have let them know that we are taking their request very seriously, whether or not we are able to make this change. There

are essentially two main possibilities – the first is that we keep the calendar as is. The second is that we shift many conferences earlier in the season, such that International Affairs takes place a week earlier and abuts with All Star 2, and all subsequent conferences through LOAS 2 would also move a week earlier (though some smaller groups may shift to other time slots). This would necessitate moving Building Bridges, Faith Development Week (formerly known as LRE), and a few smaller groups to other positions in the calendar (possibly in the old LOAS 2 spot). This summer, we have engaged in preliminary conversations with the leadership groups of several conferences on this topic. Yesterday, I reported out to the LOAS 1 chairs group on where things stand at this point (and I will have a similar meeting with the LOAS 2 chairs group next week). So far, the response from everyone has been positive/collaborative/in the “one island” mindset. Side note – the entire conference calendar will shift in 2026 anyway, being one week later than in 2025, due to the timing of Labor Day Weekend. One emerging plan is to wait till 2026 to implement major conference calendar changes, if there are any.

## ECONOMIC

- We received our 2021 Employee Retention Credit (ERC) check from the IRS yesterday. We were expecting \$329,343, but due to the significant delay, we also received interest in the amount of \$16,365, for a total payment of \$345,708. As of today, SIC has received \$2,198,221 in critically needed emergency government COVID-19 funding throughout the pandemic, which is a staggering and yet appropriate amount for our nonprofit organization. We have used every dollar of this funding for its intended purpose, such as retaining employees or paying for COVID-19 related equipment and supplies. As a result, SIC has been able to get through very uncertain times – including our 2020 closure year and our reduced capacity years of 2021 and 2022 – as we bridged to the “New Normal” of this year and what we expect for next year. I am pleased with our performance, which was a group effort, in achieving this unprecedented level of funding, and I am grateful for our state and federal governments for recognizing the importance of the nonprofit sector, and responding appropriately, in a bipartisan fashion.
- As of August 15, we received 3,644 registrations representing 18,210 bed nights (94% of our 2023 budgeted goal of 19,406) – please see attached bed night report for more information. At this time, we are projecting ending the season with 18,426 bed nights. While this represents a projected loss of room and board income this fiscal year, we also believe that we are on a pathway to future success. The last few years have been about rebuilding – from 0 bed nights in 2020 to 11,057 in 2021 to 17,047 in 2022. Assuming we attain ~18,500 bed nights this year (projected), we should be able to grow to well over 19,000 bed nights next year. We are already focusing on specific weeks for our marketing and discount programs for 2024. For example, with all else being equal, had we met our budget goals for LOAS 2 (short by 322 bed nights), LRE/Building Bridges (short by 271 bed nights), All Star 1 (short by 223 bed nights), and SG 2 (short by 210 bed nights), we would be projecting 19,452 bed nights this season (slightly in excess of budget). It should also be noted that this season’s projected total of 18,426 bed nights is lower due to cancellations from COVID-19 (in excess of 150 bed nights), which would have brought our current projection to ~18,600 for this year.
- Our June Financials indicate a projected Net Income of (\$51,972) (vs. 2023 Budget of \$64,111). The main driver for this anticipated shortfall is the projected (as of July 28) Net Room & Board Income loss of \$196,268, though we are overperforming (as of today) in some other areas, which should help to mitigate some of this loss. The staff’s modified, aspirational goal is to end the year with a Net Income of \$0 or greater, which will be dependent on a few factors (e.g., Annual Fund performance). Please see the attached June Financials for more information. The July Financials are due out later this month and, as always, will include updated YE projections.
- The Finance Committee met on August 10 to discuss the YTD financials, YTD registrations, and a possible change in our audit configuration.

- For the second year in a row, we have not borrowed against our credit line with Cambridge Trust (we normally need to borrow from this cash flow device in April or May each year). This will save us thousands of dollars in interest this year, which is especially important in this interest rate climate.
- We anticipate that the first draft of the 2024 Budget will be available in advance of the November Finance Committee and board meetings. We expect to present the final 2024 Budget recommendation to the board at its January meeting, though we hope that next year's room and board rates can be approved in November, if possible.

## ENVIRONMENT

- Our food service facilities were inspected by the Department of Health and Human Services on August 1. This surprise inspection resulted in a “green” (most favorable) result. The inspection report did identify some areas for improvement, which is helpful for our operations. Also, we recently received our annual food service permit (which runs from August 1, 2023, to July 31, 2024).
- After a slow start, the breakwater project seems to be going well, at least from SIC’s perspective. The contractors from Lucianos seem to fit in nicely when they do engage with others, but most of the time they work and spend time in their on-island housing area (three RVs near the wastewater treatment facility). We have a signed agreement in hand, and things seem to be going according to plan. While noise from the project can be disruptive at times, overall, conferees seem excited or neutral about the project (with the possible exception of the upcoming meditation conference). From a sight line perspective, the majority of the work (at least this year) can’t be seen from the main hotel complex.
- The first meeting of the Landscape Management Task (LMTF) Force took place on August 11, when members got to know one another, discussed the charge (as approved at the June 6 board meeting), and established a preliminary timeline for their work and reporting (preliminary report by May 1, 2024, and final report by August 15, 2024). Eric Masterson will serve as the LMTF Chair, with Kristen Simard serving as the staff liaison.
- On a related front, we received our professional fire safety consultant’s Vegetation Fire Risk Assessment on July 13. The assessment offered some helpful short- and long-term recommendations and noted that “there was no significant concern at this time.” The assessment has been circulated to LMTF members.
- One of the challenges we faced this season related to electricity, including managing increased demand, sorting out some technical challenges, and figuring out the best staffing/contractor plan to address various issues. We experienced several power outages, some of which had greater impact than others. We were able to address the short-term problems, though we will need to be more intentional and proactive in this area next year.
- This ties in nicely to our intention to expand our solar power capabilities. On Tuesday, Dick Case and Jack Farrell met with the person who designed our current system to go over in more detail what an expansion (to 90%) might look like, and we are now (hopefully) homing in on some preliminary plans from which we can start to develop a project plan (including timeline, budget, etc.). Once we receive these plans, we will convene a solar expansion task force. We recently learned that the Inflation Reduction Act may have provisions ([Publication 5817-D \(6-2023\) \(irs.gov\)](https://www.irs.gov/irb/2023-06)) that would enable SIC to receive “elective pay” in a manner that would reduce some or all of our solar expansion expense by up to 30%.
- As previously reported, we intend to install a new fire panel next month. On Monday, our professional fire safety consultant, the installers, the panel manufacturers, and several staff members are meeting on the island to go over the specifics of this project, which is scheduled to take place September 20-29.
- The Rutledge Marine Lab Committee met on the island last weekend. One topic (of many) that was covered was the possibility of using the lab – which is visited frequently throughout the summer – to help promote Star Island more broadly, including conferee and personal retreat opportunities.

- After a decade of service, Jenn Seavey moved on from being the Executive Director of the Shoals Marine Lab. We wish Jenn well, and we look forward to meeting her successor once they are identified.

### STEWARDSHIP

- We continue to be ahead of schedule with our 2023 Annual Fund campaign – as of July 31, we had realized \$319,709 in gifts, with a pledge balance of \$18,300, for a total of \$338,009 (47% of our 2023 goal of \$715,000), with 207 Sustaining Star (recurring) donors. Please see the attached July Annual Fund Comparison Report for more information. The following chart compares our progress this year to the previous four years:

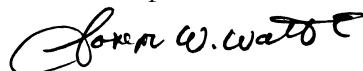
<i>Year</i>	<i>Realized Gifts</i>	<i>Pledge Balance</i>	<i>Total</i>	<i>% to Goal</i>	<i>Total Donors</i>
<b>2023</b>	\$319,709	\$18,300	\$338,009	47%	614
<b>2022</b>	\$271,631	\$24,775	\$296,406	43%	714
<b>2021</b>	\$293,576	\$31,026	\$324,602	55%	698
<b>2020</b>	\$595,562	\$10,518	\$606,080	76%	1,092
<b>2019</b>	\$243,535	\$22,430	\$265,965	51%	753

Five years of data are being included here to demonstrate how we are faring now vs. our last pre-pandemic season (2019).

- We have been hosting Legacy Society toasts throughout the season, as part of our plan to increase awareness of this important philanthropic effort and to thank those who are currently members. 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 (please contact Laurie Contrino, Development Manager).
- The Governance Task Force (GTF) and its subgroups have been working on various aspects of the review over the summer. For example, the GTF met twice recently to review some specific bylaws questions and suggestions. The goal is to have all subgroups submit their final thoughts to the GTF by November, and then for the GTF to assemble a report with recommendations in advance of the 2024 Annual Meeting.
- We are on target for the SIC Board to approve the next Strategic Plan, 2024-2028, at its October 10 meeting. The plan will be discussed again at the upcoming retreat.
- The Gosport Regatta is set for September 17, and we anticipate building off last year’s successful event. We are grateful for our partnership with the Piscataqua Sailing Association, Fink’s BBQ, and the Isles of Shoals Steamship Company, as well as for our many sponsors, including Paul McKeon, our Admiral Sponsor for this event. Register today at [Star Island Gosport Regatta](#).
- We are also gearing up for Starry Night, which is scheduled to take place at the Discover Portsmouth Center on November 11. If you have any auction items you would like to donate, or if you have friends who might donate items you think would be profitable, please let us know.

What a great (and kind) season on the island! I am deeply grateful to and for the many people who have been a part of making this happen.

With Star Spirit,



Joe Watts  
Chief Executive Officer