

East Shore Unitarian Church

Board of Trustees

October 2018

Board Packet

Draft

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Note on October Board Packet Contents

The minutes of the September meeting appear in the appendices (Appendix D). Also, appendices to all reports are collected at the end of the packet and lettered sequentially as shown in the table of contents

Agenda

ESUC Board of Trustees Meeting Agenda

October 16, 2018

Host: Mark, Recording Secretary: Jerry, Timekeeper: xxx, Process Checker: Dave

Start	End	Duration	Topic	Lead
6:45	7:00	0:15	Social Gathering	
7:00	7:05	0:05	Opening Words, Chalice Lighting	
7:05	7:25	0:20	Check In	All
7:25	7:50	0:25	Consent Agenda	All
7:50	8:35	0:45	Finances: Endowment, 5-Year Financial Plan, 1-Year Financial Plan	Claudia, Marcy, Jason, Craig
8:35	8:50	0:15	Retreat	All
8:50	9:00	0:10	Executive Session	

Dave Notes

Skype Session – email sent to Jason

Signup – Genius for Sunday announcements

Board One Drive Policy and Governance Folder

Finance, Personnel, P&G are all critically short of members

October 2018 Consent Agenda Voting Items

- Approve August 2018 Board Meeting minutes
- Staff is going to lead this year's canvass – 2018 / 19 with board support (Treasurer's Report)
- Endowment Committee Charter (President's Report)
- Clark Nuber Audit/Review (Treasurer and Finance Reports)
- Review of 5 proposed charters:
 - Policy & Governance
 - Nominating
 - Financial Stewardship
 - Endowment

October 2018 Board Reports

Developmental Minister's Report – Rev. Stephen Furrer

I have continued to meet with one after another ESUC Core Teams and Ministry Teams, as well as individual members.

I have now led nine services and preached eight sermons here at East Shore Unitarian Church. I have helped facilitate the transition to double Sunday services, one at 9:00 and one at 11:00 am every Sunday. The early service is attracting about 40 to 50 people, the 11:00 service about three times that many. I have encouraged Eric Lane Barnes and a variety of lay musicians to create a more casual ambiance for the early service while maintaining quality and good spirit. I feel that has been accomplished.

I have been pleased to establish working relationships with all members of the staff. Next month I will begin supervisory conferences and regular evaluations for those staff members I have been charged to supervise.

Lingering unresolved concerns held over from last spring's consultation with the Reverend Christine Robinson from the UUA Pacific Western Regional staff necessitated curtailing the start-up weekend for the Board and the senior Staff Leadership Team the weekend of Nov 7-11. A follow-up in January is planned.

The church is hosting the Congregations for the Homeless outreach program beginning throughout this month. Clare Sherley, Manny Brown, and Seth Hamilton have proposed helping organize a none o'clock Sunday service drawing upon the people being served and I have encouraged them to take the lead in organizing and designing it, with my help as requested. I look forward to supporting bold ministry of this type and other progressive initiatives as we go forward.

This Sunday I will be leading a service on the history of Holly House; afterwards I'll be leading a discussion group on the same subject.

I'll be attending the PNWD UUMA retreat Oct 28 – Nov 1 in Federal City.

Respectfully submitted, Stephen Furrer

President's Report – Tom Doe

Consent Agenda Votes: Endowment Committee Charter

Having four past board meeting agendas behind me, I hope I am finally getting the knack for doing these things. One thing that I think I have learned, is that it is impossible to have an agenda item that is less than 20 minutes. That is the amount of time that it takes to quickly introduce the topic, allow one minute of discussion for each board member, and have a few minutes of conclusion or closure. I'm hoping we deal with most smaller topics in the consent agenda and devote the major portion of our time to one significant issue.

For this month's board meeting, the agenda has a focus on our finances including the five-year plan, our endowment, and our strategies for meeting the particular challenges of this budget year. Part of the reason for focusing on finances is our need to vote on the endowment committee charter, which is included in this board package. The charter is part of our consent agenda, so please take particular care to read over the endowment charter before the board meeting.

I'm also putting a few minutes into the agenda to discuss our upcoming retreat on October 20. I have already sent out a draft agenda, which is still open for comment. There is one item I know I have overlooked, and that is some discussion on the Pam Orbach questions regarding the imbalance of the board with respect to age, race, and gender. FYI, we will be addressing the antiracism as part of our deliberation on 2018-2019 board Ends.

If this format for the board meeting agenda works, I would appreciate suggestions for focus topics at the next several month's board meetings.

I will be joining the board meeting by phone, as I unfortunately need to attend a kickoff meeting for a research project that recently was funded by the Department of Energy*. I would like to thank Dennis Fleck in advance for chairing the board meeting.

* what is not unfortunate is that I have been trying to get funding to pursue the funded topic for a number of years!

October 2018 Finance - Treasurer Report – Marcy Langrock

Items below in bold should be added to the list of consent agenda items.

- **Operating Fund Drive:**
 1. The Operating Fund Drive leadership has been transferred back to staff, with Rev. Steve and Nicole Duff spearheading. Please be ready to contribute some time when asked. We would like the support and commitment of the BOT for this effort. There will be other tasks in the future, such as phone calls and meetings.
 2. The re-canvass, headed by Rev. Steve and Nicole, will begin October 14th. We will have testimonials from members about what the church means to us and why it is important to contribute.

- **Endowment Subcommittee (ES):**
 1. The ES will meet on October 19th, after this month's board meeting.
 2. The ES charter is being submitted to Policy and Governance and should be ready for the board to review at this month's board meeting. Craig Nelson, chair, has graciously agreed to attend the meeting and answer any questions.

- **Financial Stewardship Standing Committee (FSSC):**
 1. The FSSC met on 10/9/18.
 2. Claudia Hirsche, chair, has graciously agreed to attend October's board meeting and show us the updated 5-Year Strategic Plan Tool.

- **Finance Team:**
 1. The Finance Team met on 10/9/18.
 2. **The Clark Nuber submitted their proposal for the audit/ review. They have agreed to complete the review and give feedback on the following areas: bank accounts, disbursements, contribution revenue, payroll, excise and payroll taxes. This will be conducted for the fiscal year ended June 30, 2018. This review will be conducted for \$5,000 maximum. The Finance Teams recommend we move forward with the review.**

- **Treasurer Position:**
 1. The current projection for the deficit this year is about \$100,000. This is the difference between what we anticipated for pledges and what has actually been pledged so far. This re-canvass is very important and hopefully will bring in more pledges. The Finance Team and Financial Stewardship are developing ways to make up for the shortfall.
 2. We have critically low member numbers on our financial committees. Please be looking for potential members that would be willing to step up and make a difference on these financial committees.

Executive Director's Report – Jason Puracal

Executive Director's Report to the Board of Trustees, East Shore Unitarian Church, October 2018

Topics requiring Board Vote

- **Authorization to contract with Clark Nuber for the external audit at a cap of \$5k and pay for it using funds accrued for UBIT from last fiscal year.**

Consent Agenda

BOT END 1.1 By December 1, 2017, East Shore will determine and document how best to utilize its Endowment for maintaining capital assets of the church's campus.

- I attended the Financial Stewardship meeting where the Endowment Charter, 5-Year Strategic Plan, Investment Policy Statement, and FS oversight role were discussed. In addition, we discussed how and when to embed the reserve data analysis and endowment fund balance into the 5-Year Financial Strategic Plan. Please see the Treasurer's report for more details.

1.2. By the Annual Congregational Meeting in June 2018, ESUC will have a plan reviewed and approved by the Congregation for the development of the Holly House property that will result in proceeds to ESUC of at least \$1M.

- I met with the Board Liaison to the HHDTF, Dave Baumgart, to discuss the Dream Big initiative and pass along contact information for all developers and bidders, as well as records of my past communications to current bidders.

2. ESUC will be prepared for a Settled Minister by the fall of 2019. The following actions will be complete prior to preparing the information packet for the new ministerial candidates, including:

- *A covenant of Right Relations*
 - *Stable staff (paid / unpaid) to appropriately meet the needs of the church*
 - *Sustainable Finances and preparation for an external audit*
 - *Policy-based governance is fully implemented and accepted*
 - *In the 2018/19 review of ends the Board will be able to define what it means to explore spirituality based on their experience of living our mission and vision statements.*
- I met with the Finance Team. We discussed the September 2018 month-end financial reports, OFD status, point of sale credit card processing options, proposed audit, UUA compensation guidelines, Finance Team Charter, Tax Cuts and Jobs Act, HSA contributions, and Women's Perspective.
 - The month-end reports created for September 2018 have been emailed to the normal distribution list. For the Board's review, I have included the Sept. 2018 Summary Income Statement (see Appendix A), and the Sept. 2018 Balance Sheet (see Appendix B). The Sept. 2018 Income Statements by Department are presented visually as part of the financial charts (Appendix C), although for more transparency, some of the Departments have been broken down into categories.
 - According to the September 2018 reports, the total income from donations for Sept were ~\$64k higher compared to the 17-year average of pledges, and about \$4k higher than what was contributed last year during this period. Please note the new account structure groups non-pledge donations with pledges for total income from donations. Our total income was ~\$4k

more than the 17-year average, approximately \$2k lower than the 5-year average, and approximately \$12,500 lower than what was brought in last year during Sept. Our monthly expenses were significantly higher than normal at ~\$93k due to large facilities related expenses. East Shore had a deficit for Sept of approximately \$26k. Nevertheless, year-to-date East Shore is running a surplus of ~\$102k providing a runway of one month of operating expenses. This is below typical of our cash flow at this time of the year.

- The Caretaker, Joseph, brought to my attention that East Shore's HSA contribution had not been deposited to his account. East Shore received confirmation of the uploaded HSA contribution worksheet, and was billed and fully paid the amount including the contribution to Joseph's account. After an initial investigation, I discovered an error in Joseph's social security number on the HSA contribution worksheet that was submitted. I am in contact with the HSA billing office to rectify the situation.
- The Bookkeeper, when setting up the retirement plan and ESUC contribution for the Interim Music Director, realized she had not done so for the Developmental Minister. She notified me as well as the Developmental Minister, and will make the back payments in the month of October. I am verifying with her that all other benefits for the Developmental Minister are being fulfilled per the contract, and the Finance Team discussed oversight procedures and reports to catch errors related to payroll earlier.
- The UUA sent an email related to compensation and benefits. It indicates that East Shore, by agreeing to the UUA Health Plan rules, also agrees these rules supersede any internal church policies. The email highlighted that Long Term Disability insurance is only available upon hire, and if it is not acquired, it is not available in the future. The Finance Team is reviewing all the rules around the insurance plan and how it impacts Staff of ESUC.
- I discovered that the Tax Cuts & Jobs Act of 2017 suspended the ability for employers to pay for or reimburse employee moving expenses on a tax-free basis and for employees to deduct unreimbursed expenses. This directly affects the tax burden to the Developmental Minister regarding the moving expenses recently expensed on his behalf per his contract. The Bookkeeper is double-checking that East Shore did, in fact, classify the funds as taxable income, and will reclassify if necessary. I am registered to attend a PNW Chapter of The Church Network event on November 8, 2018 to learn more about how this new legislation, and other tax law changes will impact East Shore and our Members.
- It was brought to my attention that the Women's Perspective (WP) Team made a solicitation for donations in a manner that may have resulted in the collection of restricted funds totaling \$120. This is in violation of Policy 2.11.8, 2.14, and the Board approved Donations Solicitation document from April 2017. The WP Team is currently without a Chair, and the previous chair apparently did not pass along the information distributed during the budgeting process the past two years. I notified a Member of the WP of these policies and the guiding document, and ask she share them with the rest of the group. The Finance Team agreed we could treat the funds as a 50% pre-payment for one scholarship ticket to their Retreat, tag the funds with the WP Project Code, and honor the donors' intent (if there was any) although we will not treat the funds as restricted.
- The tax specialist from Clark Nuber, the CPA firm in Bellevue, confirmed that East Shore is not responsible for Unrelated Business Income Tax (UBIT) on the lower parking lot revenue. They are drafting a memo for our files to document the rationale behind the conclusion for our future protection. The cost of the memo is \$750, which will be paid out of the accrued UBIT fees from last fiscal year. Tax attorney and CPA fees subtracted, the savings to East Shore is just over \$7k.
- **Clark Nuber submitted a written proposal for the Agreed Upon Procedures Engagement at East Shore's request (see Appendix D). The price cap is \$5,000 for the work outlined as approved by the Board in Sept 2018. The Finance Team asked further clarifying questions to the firm, discussed the answers and proposal, and recommends to the Board we move forward with contracting Clark Nuber for this project. The Finance Team would expect we can complete the project before the end of the calendar year, and recommends we utilize the remaining UBIT funds already accrued from last fiscal**

year to cover the expense. Any unused balance from the liability account after the project is completed would be transferred to the Designated Fund General Reserve account.

- BECU approved ESUC for a VISA credit account in the amount of \$25,000. Three cards were issued to the Developmental Minister (with a limit of \$5k), the Director of Lifelong Learning (with a limit of \$5k), and the Executive Director (with a limit of \$15k). All three cards were added to East Shore's BECU online account, and the previous Chase credit card account, linked to the personal social security number of the Director of Lifelong Learning, has now been cancelled. The final invoice will be cancelled upon receipt. The Bookkeeper has reviewed required receipt procedures with all cardholders.
- The Finance Team reviewed options for a point of sale credit card merchant service. The best fee structure of the four options discussed was from BECU. I am tasked with answering further questions about ESUC adopting such a service, and have also solicited feedback from key Staff that will utilize the system. The Finance Team is expecting to implement the new system in time for East Shore LIVE's first show of the fiscal year at the end of October.
- The Finance Team finalized its 2018-19 Charter, and the document was forwarded to the Policy & Governance Chair for review.
- I created a service agreement template for use with contracted instructors for Adult Programs. I worked with the Chair of this Subteam to create a list of required documents and procedures to aid the process of expanding this programming.
- I attended the Financial Stewardship Committee meeting to provide an update on monthly finances, input on the Financial Stewardship & Endowment Charters, and real time edits to the review of the latest revision of the 5-Year Financial Strategic Plan model. See Treasurer's report for more details.
- OFD update as of 10/10/2018
 - Total Pledged: 214 (of 350 households on our rolls)
 - 214 Yes
 - 7 Waiver
 - 41 No's (includes 22 people removed for non-pledge)
 - 13 Life (members who are not required to pledge)
 - 7 Pledging Friends who have now been changed to friends after not pledging for 2 years)
 - Confirmed: \$547,529.08
 - Confirmed EFT: 96
 - Likely: 48
 - Likely \$: \$75,146.54
 - Total Confirmed + Likely: \$621,675.62
 - See Developmental Minister's report for more details on the re-canvass, scheduled to begin Oct 14, 2018.

3. During the period of 2017-2019, will further enhance the prevailing level of trust through the further development of skills in right relationship, and growth opportunities offered in classes, workshops, trainings, worship, and ongoing support.

We will document the processes for transparency, right relationships, anti-racism, and religious tolerance in a behavioral covenant that is supported by all staff and a majority of voting members.

- At the invitation of the Co-Founder of the Institute for Sustainable Diversity and Inclusion (ISDI), I attended an exclusive workshop as a pre-event to the NW Diversity Learning Series, featuring Dr. Barry Johnson. Dr. Johnson explored polarity thinking and how it applies to the issues and tensions of diversity, equity and inclusion in organizations. My biggest takeaways included:
 - The framework of polarity thinking mirrors how SLT has been talking about abundance versus scarcity in the culture at ESUC.

- The effectiveness of the tool to reframe questions when making important decisions (see Appendix E for polarity map template).
- I attended, along with the Developmental Minister, Director of Lifelong Learning, and the RE Programs Coordinator, the Race & Pedagogy Conference held at the University of Puget Sound in Tacoma. I joined the following sessions:
 - Plenary – Keynote Jeff Chang
 - Faith, Spirituality, and Justice: How Race, Rupture, Resilience, and Liberation Have Shaped the Anatomy of Our Faith Traditions
 - Disrupting White Supremacy Culture by Recognizing and Challenging “Fear of Open Conflict” in Well-Meaning White Liberal Spaces (co-led by ESUC’s Director of Lifelong Learning)
 - Welcome to Multicentricism: Introductory Perceptual Exercises Through Consciousness in the Fields of Quantum Perception and the Utility of Making Images for Radically Re-Imagining the Project of Justice
 - Plenary- Keynote Valerie B. Jarrett
 - Plenary- Keynote Alicia Garza and Patrisse Cullors (Co-Founders of Black Lives Matter movement)
 - The Science of Implicit Bias
 - The Role of Churches in Current Racial Justice Movements (co-led by ESUC’s Director of Lifelong Learning)

My biggest takeaways:

- ESUC’s Director of Lifelong Learning, Aisha Hauser, is a recognized leader in this space
- ESUC could and should leverage Aisha’s expertise and network to bring a larger audience to East Shore for learning opportunities around topics of race.
- I met with Jeanne Lamont and Jose Garcia-Pabon to discuss the next steps in building a relationship with El Centro de la Raza and providing Know Your Rights trainings at ESUC. In order to minimize the possibility of creating more harm than good by starting then stopping a program, the Beloved Racial Justice Ministry Team is moving through this process slowly and intentionally. Next step is to educate the congregation about what a “sensitive location” is, and developing protocols for scenarios if ICE were to enter the ESUC campus.

4. By 2019, we will achieve membership growth (new members and retention) to sustain the church through increased generational and cultural diversity.

- I attended Salmon Bake Sunday with my children. It was nice to break bread with folks I only see in passing most of the time, and I enjoyed the Sanctuary setup and teardown collaboration between Staff and Members while performing physical labor together.
- I attended a Seabeck Team meeting with the Dean from UUC, ESUC’s Membership Development Manager and Facilities Manager. We clarified roles and responsibilities, as well as discussed how to best support the numerous moving pieces of planning and executing the event. There is a focus for the 2019 Seabeck Retreat to be more inclusive to “post-youth” members and young adults.
- Social Media Metrics:
 - *Yelp for September*
 - 23 user views
 - 4 user leads
 - 1 Directions
 - 3 clicks to website
 - *Google My Business Report for September:*
 - 31,990 people found us on Google
 - 14 people called
 - 733 asked for directions
 - 289 visited the website

- ESUC.org Analytics Sept 10-Oct 9
 - 1200 users
 - 1.9 sessions per user
 - 3:05 average session
- Facebook: 716 Followers
- Instagram: 107 Followers
- Twitter: 46 Followers

6. East Shore social and earth justice activism provides an opportunity to publicly live out our UU principles. In fidelity to these principles, we will measure outcomes each fiscal year to ensure the resources of our community are being leveraged most effectively.

- I worked with the Membership Development Manager to revise the Earth & Social Justice brochure regarding appropriate financial language.

7. By 2019, we will develop a plan to reduce the environmental impact of our facilities and membership activities. We will also have plans for Emergency Preparedness.

- Per the Board vote regarding the Auction Fund-A-Need in September 2018, I took back responsibility for the E101 smart classroom idea. I reformed a small team, had initiate discussions to map out the requirements of the system to meet the needs of the various groups at East Shore, and provided a project description with estimated budget to the Auction Team for the Auction Catalogue. The team is in conversations with vendors to flush out details of the project. I appreciate the Board approving this project based only on my verbal testimony last month, and am providing you with a copy of the project description for your records (see Appendix F). This document should also provide consistent messaging and language for Board Members to promote the Auction & Fund-A-Need in your conversations with congregants.
- I have completed 75% of the Bellevue CERT (Community Emergency Response Team) class. I also received confirmation to complete the final drill with the Redmond CERT program on November 3, 2018 because the Bellevue CERT final drill is scheduled for Oct 20, 2018 and conflicts with the ESUC Board Retreat.
- I participated in a webinar on community solar hosted by Spark NW. They have some creative ways to fund solar projects in WA to maximize the various incentives offered at different levels of government.
- Based upon the GRID Alternatives evaluation and a 2011 proposal from Puget Sound Solar, the Facilities Team approved to obtain updated, written proposals for installation of solar based upon in-person, site evaluations. I am working with the Chair of Climate Action Ministry Team to reach out to a few organizations to request viability evaluations.
- The Facilities Manager and I met with a community resource employee of the Bellevue Fire Department. At our request, she performed a walk-through of all four buildings on East Shore's main campus. She helped identify ways in which we can be safer and ideas for fire evacuation.
- ACE repaired the A/V connections in the floor box next to the podium. Much appreciation to Lee Winstrom for donating the parts, and installing with the assistance of Ralph Lutz.
- The exterior repair, repainting, and refinishing of the Administration and Multi-purpose buildings has been completed. Much appreciation to Ed Boroff for a wonderful job.
- The remaining LED light along the stairway to the lower parking lot has been repaired and re-installed. Much appreciation to our Caretaker's, Celil's, son who donated his time and talents to repair the light.
- The damaged new laptop was replaced, and Ralph Lutz completed the setup. He also had all old CPUs and laptops wiped clean and recycled. Much appreciation for his diligent work.

Discussion Agenda

FY 2018-19 Budget Projections:

After the completion of Q1 of the current fiscal year, I have run out budget projections based information thus collected in the fiscal year, as well as numerous assumptions from the congregational approved budget. The model indicates a deficit of \$72,065 for the fiscal year. There are several strategies we are taking to fill this gap:

- The Operating Fund Drive Re-Canvass will begin this Sunday, October 14, 2018, in an attempt to encourage those Members who have not yet turned in a pledge to do so. It will also be an opportunity for Members who have submitted their pledge to increase the pledged amount. Results are to be determined. Please see the Developmental Minister's report for further details.
- ESUC has purchased a discounted membership to Grant Station (\$100), and Staff are reviewing to find any potential grants for programming or facilities related needs. Potential grants and timing are yet to be determined.
- The Board has authorized ~\$14k in expenses related to the Developmental Minister's arrival not previously included in the congregational approved budget. The Board could utilize its General Reserve account to cover such expenses.
- The Facilities Reserve account could be utilized to offset some of the non-budgeted Facilities expenses totaling ~\$6,500.
- Assuming the Endowment Charter is approved without edit, the formula for the annual distribution from the Endowment Fund provides timing that has, in the past, allowed the Board to utilize the funds earlier (in the current fiscal year rather than the next), essentially borrowing from the next fiscal year (~\$43k)
- If the Endowment Charter is approved without edit, the Board could utilize the Endowment Fund to cover the remaining balance of the deficit up to \$100,000 without congregational vote.

Respectfully Submitted, Jason Puracal
Executive Director

Director of Lifelong Learning's Report- Aisha Hauser

On October 7th, I was welcomed back from my sabbatical warmly during the Sunday worship service. I even had a song sung in my honor! I felt affirmed and happy to be back at East Shore.

According to the city of Bellevue's website- *"over 39 percent of its population having been born in a foreign country in 2015, Bellevue is culturally diverse with about 50 percent of its population being of a minority race or ethnicity and 42 percent speaking a language other than English at home"*

That means that East Shore has the potential to attract people from many parts of the world, with many different cultural norms. As Unitarian Universalists who espouse wanting to "affirm the inherent worth and dignity of all people," how do we do this without diminishing the humanity of others? At the very least, it would behoove us to try and learn what it means to be welcoming, inclusive and affirming of others who do not behave the way we do.

I have been made to feel less than my entire life because I was always different from those around me, my name was different, my religion was different, my language different, even the food I ate was different. I appreciated that as I grew up and the demographics of the United States started shifting, my name, heritage, language and religion wasn't as foreign as it once was. Families are becoming more interfaith, multicultural and multiracial. Unitarian Universalism has the potential to be a home to these families, with or without children. We offer a theology that affirms our connection to each other, through the one source of our collective beginning and

through the universal love of all creation. However, this message becomes lost with one careless gesture that centers the norms of the dominant culture.

As I start my sixth year at East Shore, I will commit to offering more programming around anti-oppression work to help communicate the challenges and gifts of creating a truly inclusive community.

During my three months away, I spent seven weeks on vacation with my family. It was a gift to be with them for that time. I also took many opportunities to write, consult and offer workshops in various settings.

August-I was honored to be invited by the UUA President to be part of the new UUA Pocket Guide. I have written a chapter and the guide is set to be printed in a few months.

I co-facilitated a program on collaborative leadership titled: "Collaborative Leadership: An Antidote to the Culture of White Supremacy." I was invited last fall to work on this professional development day for the UU Musicians Network. Former UUA President Rev. Bill Sinkford, Former UU Musicians Network President, Beth Norton and I spent 8 months collaborating on creating this workshop. About 70 people attended, including religious educators, ministers and musicians. The program was well received, and we have already received requests to repeat it. If anyone on the Board is curious, I'd be happy to present a shortened version of the workshop to you all at a later date.

September- Edmunds UU Congregation hired me to present a six-hour workshop on interrupting oppression. This is the second time the ministers of the Edmunds congregation have hired me to present to their leadership and to the wider community. The workshop attendance was expected to be thirty and instead about fifty people attended and stayed for the entire day.

Oregon Diversity and Inclusion Conference-I was hired to present at a conference for employees of the state Oregon. I presented two 90-minute workshops on race and identity. Anecdotally, people came up to me and expressed gratitude at my forthright style.

Race and Pedagogy Conference-The last weekend in September, Amanda, Steve, Jason and several other UUs from across the Puget Sound attended the Race and Pedagogy conference in Tacoma. I co-facilitated two different workshops. One on how to work through conflict avoidance in order to help dismantle white supremacy and the other on the role of faith communities in social justice work. Jason and Steve attended both workshops and could offer their impressions.

October-The Commission on Institutional Change, the team charged with evaluating the Unitarian Universalist Association's past and future invited 30 leaders from across the denomination to a three day meeting. On the first day we were presented with a design challenge question: "What benchmarks, processes and accountability mechanisms are needed to transform persistently inequitable material outcomes into full access, full inclusion and full participation in our communities, seminaries, affiliate organizations, credentialing bodies, and the national organizations for UUs of Color (recognizing the multiple social locations persons of color can hold relative to gender variance, class and ability)?"

We spent three full days on how to answer this question. The Commission will offer a report on this gathering with suggestions at a later date.

Lifespan Learning Update

Amanda Uluhan has done an outstanding job leading the program in my absence. Walter Andrews was instrumental with teacher recruitment, the weekly programming all summer and for the 9am service curriculum. I am deeply indebted to him for all his support.

Children and Youth RE

Currently we have more children and youth attended religious education classes on Sunday than have registered. Amanda is working hard to encourage people to register their children and youth. Here are the updated numbers:

Sept 16: multi gen service (didn't count children's numbers, no preschool, had about 15 children and 10 youth in the service)

Sept 23: first day of RE, two services, FCC during 1st service: 66 total (probably about 55 children, some went to both 9am and 11am that are in FCC, lots of visitors, some to each service)

Sept 30: 37 total (only 1 in 9am)

Oct 07: 42 total (only 2 in 9am)

Adult Programs

Ryam Hill leads the Adult Programs and she has done great work gathering information on programs that could be offered and with streamlining how adult programs are solicited and offered. Ryam and I met about creating an online form for anyone who wants to lead a program at ESUC. This form would gather information in order to determine whether the program would fit into the church's overall mission. We are also working on streamlining a process to be able to pay specialists for programs that require certified leaders. Once this is finalized, I will share it with the Board.

Respectfully submitted, Aisha Hauser

Liaison Reports

Personnel Committee - Jerry Bushnell

Consent Agenda: Nothing this month

Informational:

- The personnel committee has been working on a termination of employment policy, and should have it finished by November 2018
- Employee file review is ongoing
- Personnel committee has a covenant of right relations done
- Personnel committee has most of the charter done, we will enter our goals for the coming year after our next meeting, and our plan for fulfilling the church ends after they are set.
- Two more people on the committee want to review the Executive Director Job Description, it will be submitted next month for board approval.
- Grace Colton's term as chair of the personnel committee ends October 31st. The committee acknowledges her excellent leadership, dedication and knowledge of Human Resource issues. Grace will be sorely missed.
- As of November 1st, the personnel committee is down to 3 members.

Submitted by Jerry Bushnell, Board Liaison

Policy and Governance Committee – Ann Fletcher

Consent Agenda item: Approval of Policy and Governance Committee Charter, Nominating Committee Charter, and Financial Stewardship Charter

The Policy and Governance Committee has been focused on assisting groups with their charters. We are pleased with the progress reflected in the Charter Tracking Table (separate addendum)! Four Board Committees/Task Forces have submitted final charters, and three others are expecting to complete theirs by the end of October. Twenty-four core and ministry team charters have submitted final charters, and fourteen others are expecting to complete theirs by the end of October.

I have sent the charter tracking table to the staff to keep them updated. Once they have approved core and ministry team charters, they will include them in their monthly Board reports.

Once Policy and Governance has reviewed Board Committee charters, they will be sent to the Board for approval through Board Committee Reports in the Consent Agenda.

Committees and Teams are aware that they will be asked to revisit their charters to answer the question about their relationship with the church Ends once those are determined. But it is good to have most of the charter updated to get the year off to a strong start.

I will be uploading the completed charters onto the Board One Drive Policy and Governance Folder that Nicole set up several month ago. In that way you will be able to access current charters easily online.

Policy and Governance Committee had a Beacon article (P&G Lite) published recently about the reasons for charters and ways members can help develop them and make the most of them.

Other projects the Committee will be working on include:

- Central digital storage of and member access to non-confidential Board Committee documents
- Governance 101 awareness session offered to members
- Review of By-laws and Policies with recommendations to the Board
- Other priorities identified by the Board

Since June the Policy and Governance Committee has lost four members—Uzma Butte, Jack Slowriver, Dick Jacke, and Trish Webb—and is looking for new members. Please let me know of any potential candidates you may know of.

Submitted by Ann Fletcher

Holly House Dev Taskforce Board Liaison Report – David Baumgart

Linda Freeburg, chairperson, Laurie Adams as vice-chair, and Trevor Hall as secretary of the task force continue to provide overall leadership for this very busy taskforce. Sue Yates, is also contributing her skill and energy to the Dream BIG workshops – an initiative that is now in the second month of meeting with members of the congregation and gathering their ideas.

The 2018-19 Holly House Development Task Force continues a very busy pace of meetings, planning, and other effort as we prepare for the congregational meeting in February. Every member of the task force has now signed conflict of interest statements.

The Outreach team is performing a new series of Dream BIG meetings with the congregation as a whole, looking at specific topics such as Music, and a Campus plan. Bill Austin has been recruited to help lead the campus Dream BIG initiative, with me, on Tuesday, Oct 23.

Carrie Bowman continues to maintain our working folders within Google Docs where all of the proposals, minutes, and other documents have now been uploaded. She and Roger Greene are now coming up to speed on all of our bidder contacts as they prepare for a new round of communications with those organizations that submitted a total of 7 proposals to East Shore last December and January.

Linda and Laurie are planning to attend the board retreat, this coming Saturday, Oct 20.

Mark Norelius continues to support that task force from the right relations perspective and provided the list of ten RR principles that have been adopted by the task force.

Date/time	Location	Coming HHDTF Workshops
Tue 10/16: 7:30 – 9pm	Sanctuary	Taking care of and improving our East Shore home
Sun 10/21: 12:15–1:45pm	Sanctuary	Potpourri
Tue 10/23: 7 – 8:30 pm	Sanctuary	Campus Master Plan: land and building assets
Sat 10/27: 10am–noon	North Room	Peace, Justice and the Interdependent Web
TBD		Diversity and Inclusion
TBD		Learning and spiritual growth

Sincerely, David Baumgart, Board Liaison

Right Relations Committee Report – Mark Norelius

—Right Relations Facilitation Team (RRFT) meeting, October 2. Since completion of the conflict coaching training, the primary focus has become learning the role as process observers for committees, teams, and task forces within our community. The team has been asked if assistance is available for conflicts that go beyond church member to church member. The answer is: though there may be restrictions, in general the team is available and willing to respond to requests from members even if it includes someone from outside our UU community.

—Holly House Developmental Task Force – Mark continues as a process observer for the task force. Mark observed the first Big Idea meeting.

—Restorative Justice – Mark attended an all-day workshop facilitated by Pam Orbach. This restorative justice was open to other members in the UU community. Seven of the 16 attendees were members from the East Shore community. The restorative justice process is centered around first, building trust between those in conflict, then following reflective communication to a restorative understanding between the parties.

—Active Restorative Justice – Mark and Dennis have been active participants in an ongoing restorative justice effort with some East Shore members.

-Training – Discussion continues on how best to provide training for Church leadership

—Communication – the RRC is planning to facilitate an after church conversation regarding availability of RRFT conflict coaching to help build understanding within our community of the value this group can provide.

—Response to Beloved Racial Justice commitments – it has been suggested that interested BOT members provide their IDI completion packets to Louise Wilkinson to provide follow up to the questionnaires most of us completed. Additionally, the RRC is suggesting that the IDI be administered to more of our church leadership with follow-up managed by Louise Wilkinson.

—Antiracist church progress – the RRC would like to see progress made toward this previous end. Though Policy and Governance takes the board to a place of delegation when it comes to progress toward such an end, it is my

belief that the BOT can lead by example. One step in that direction would be to follow on efforts with the IDI on an individual basis.

—One of my motivations in writing my article, “My Journey Through Discomfort,” was to open the door for all of us to grow through living the challenges of our community. I personally am seeing the process of building an antiracist church as being another opportunity for me. I invite our whole Board of Trustees along for this journey. I am seeing this as an opportunity. I'm hoping others will also. I am working on creating such a path for myself. I look forward to sharing the walk with all who are interested and motivated.

respectfully submitted by

Mark Norelius, Board Liaison Right Relations Committee

Worship Team – October Report – Chris Struble (chair)

It has been a few months since I sent a Worship Team report for the ESUC board. Summer was very busy for the team as we covered services after Rev. Peresluha left, and coordinated with Rev. Furrer after his arrival, and prepared to support two services, which started on September 23.

Over the months of June, July, August, and September, Rev. Peresluha led 2 services, the Worship Team led 8 worship services, Eric Lane Barnes led 2 services, and Rev. Furrer led 6 services.

The Worship Team led some of the services even after Rev. Furrer arrived because those services were already finalized before he arrived in August.

For the worship team, focus has shifted to supporting the transition to two services by:

- Organizing worship associates for as many services as possible
- Organizing lay musicians for the 9 AM services

Current members of the team are Chris Struble, LeAnne Struble, Roger Greene, Sudhir Ralhan, Laurie Adams. Doug Strombom left the team after serving on it for four years. Mike Radow joined as a new member. Eric Lane Barnes is our staff liaison and attends our meetings.

Our email group also includes Amanda Uluhan, Dianne Upton, Nicole Duff, Ralph Lutz, Lee Winstrom, Rev. Stephen Furrer, and the following musicians: John Chmaj, Barb Claggett, Arthur Knapp, Craig Nelsen, Tom Ball, and Kari Ann Hailey.

I have worship leaders assigned for all the services through Sep 9. We have speakers identified for more than half of the services, with others in progress or being finalized. We are sending "service blurbs" to Nicole Duff as each service becomes finalized.

We assume that 2 services will start on Sept 16 unless the new development minister changes that plan. We assume we will have to help with some of the services after Sept 9. The extent depends on when Rev. Furrer arrives and how he wants to work with our team as he comes on board as minister.

I reached out to Rev. Furrer by email to let him know about our team. He wants to wait until he arrives in Bellevue before connecting further.

Eric has been working closely with our team, not only to coordinate music, but to lead several worship services over the summer. His expertise in theater and performance is a great help to our team.

We assume Eric will not have the time in his current part time schedule to do music for the 9 AM services. A lay leader is needed to organize lay musicians for the 9 AM services.

Our next meeting will be on Wednesday, July 18 at 7 PM in the South Room. We will meet on third Wednesdays going forward. I submit this report in a spirit of service. Please reach out to me with any questions.

Sincerely,

Chris Struble Chair, Worship Team

chris.struble@gmail.com 425-306-2518

Social Justice Ministry Teams Combined Report – Jenny Hall

East Shore Social Justice Ministry Teams

October 2018 Report

ANSWER Nepal

The team set dates on the ESUC calendar for the bulletin board and atrium recruiting efforts for next spring and revised our Charter. The Ministry Team will be setting a date soon to meet to plan next year's activities.

Beloved Racial Justice (BRJ)

- The white members of BRJ held the second of a monthly series of “going deeper” dialogues to explore how our habitual white cultural practices can push people of color away, our challenges in doing this work, and how we can relate more authentically and deeply with each other and with people of color. We have invited Pam Orbach to bring restorative practices to this work, both with white people and with the people of color, and eventually with the combined group.
- The Education Team met and decided to re-evaluate our educational goals before proceeding with educational offerings.
- Flash Stances were held in Factoria, Kirkland and Issaquah. The breadth of the Flash Stance messages is also being re-evaluated.

Climate Action (CAM)

Activities for CAM in Sept. included:

- Sept 11 - steering committee meeting
- Sept. 19 - hosted 350 Eastside meeting.
- Sept. 27 - meeting with Facilities Committee to discuss installing solar panels at ESUC campus.
- All month - Planning for Oct 6 Folly of Frack

Congregations for the Homeless (CFH)

The Congregations of the Homeless activities in Sept. included:

- Recruiting volunteers for October via phone and email solicitation
Writing requests for volunteers in the weekly email

Writing pulpit announcements
Staffing foyer table each Sunday

- Meeting with ESUC and CFH staff to coordinate arrival of CFH shelter
- Purchase of initial supplies to be used to make sandwiches and breakfast

Crossroads Meals Program

The team provided meals on the first Monday of each month throughout the summer of 2018, for about 60 participants each time. The team is currently comprised of about 15 volunteers, who prepare the meals at East Shore and deliver them to the Salvation Army in Bellevue.

Food Bank

The food bank donations will now be weighed in to monitor each month's total. Here are the totals for the past 2 months:

August: 20#

September: 30#

We hope to set goals with various church groups, including youth, to increase East Shore's support of our local community's food needs.

Earth and Social Justice Coordinating Council (ESJCC)

1. The Earth and Social Justice (ESJ) Coordinating Council met with Rev. Steve Furrer to discuss Council responsibilities and ways we can partner in fulfilling "Promote Justice" as an integral part of East Shore's mission with a strong connection to the other parts of the mission-- "Practice Love, Explore Spirituality, and Building Community".
2. With five Council members currently, we are seeking new members and requesting help from interested members on one-time initiatives. For example,
 - Jane Sisk has taken on Faith Action Network (FAN) liaison duties, letting our congregation know about upcoming interfaith events and legislative advocacy in November.
 - Mike Radow took the lead on our sponsorship and promotion of the interfaith candidate and initiative 1631 forum scheduled for October 17.
3. Each Council member serves as a liaison to several of the ESJ Teams to support them in reaching their goals and connecting them with the larger church Mission, Vision, and Ends.
 - Council liaisons assisted the teams with their charters and monthly reports to the Minister and Board. Most of the charters are completed or well on their way to completion.
 - The Council set up a schedule for teams to share the ESJ table in the foyer after services and the ESJ bulletin boards in the North Room. This will support the teams in communicating and collaborating with the congregation.
4. The Council updated its webpage and brochure and will be working with Nicole to create an East Shore ESJ Impact Report for 2018. This report help the Board assess progress toward ESJ Ends.
5. The Council is nearly done with its Right Relations Guidelines; Louise Wilkinson facilitated the development of the guidelines over the course of several meetings.
6. Jenny Hall will facilitate the ESJ Dream Big meeting on October 27 with the Holly House Development Task Force

7. The Council is eager to work with others at East Shore in the development of service, educational, leadership and advocacy opportunities related to ESJ. Council members plan to reach out to the Board about ESJ Ends, to teams about connecting with each other, to the congregation about how ESJ fits into our Mission, and to those outside East Shore whose interests and support may strengthen East Shore and increase improvements in community justice.

Good Start Back to School

No report submitted

Holiday Giving Tree

Emily Winstrom and Trish Webb are now co-chairs for the Giving Tree team. Our team is just getting started for this year's Giving Tree. The tree will get set up in foyer on Nov.

8th. Currently our members have contacted the participating agencies to confirm their participation for this year. We are planning to serve the same 7 agencies this year as we did in 2017.

Khasi Hills Partnership

Two big items to report:

- The Trinkets & Treasures sale and adjunct fund-raising for solar lights (for our partner church families) was a resounding success, raising about \$6500 at the end of August. It also brought the ES community together with many members donating heaps of items to sell as well as over 60 members giving many hours of service to sort, price, and sell items during the sale and to deliver "leftovers" afterwards.
- In mid-September, seven ES members traveled as pilgrims to our two partner churches in the Khasi Hills of Meghalaya, NE India, to celebrate the 131st Anniversary of the founding of Unitarianism there. This a huge celebration with multiple church services, singing, prizes, talent shows, torch light parades, and lots of food. Each church family was gifted a Lucie solar light to cover the many times when electricity is cut off. Those who went – some not back to the States yet – are Mary Lou Lewis and her granddaughter, Madison; Roger and Fran Corn: Doug Strombom, John Chmaj, and Barb Clagett. We had a chance to hold meetings with the Friendship School Managing Committee regarding various school issues, to speak openly with leaders of the UUNEI, and to continue to build our deep relationships. We were guests in Unitarian homes and treated most kindly and generously. Lots of singing and dancing!

P-Patch - No report submitted

Second Sunday/Share the Plate

The Second Sunday/Share the Plate offerings collected the following amounts in recent months:

- June 10: \$1,259 for Climate Solutions, a suggestion from the Climate Action Team on the topic of climate change, arranged by Trevor Hall
- July 8: \$986, Alliance for Gun Responsibility Foundation, arranged by Marty Wilhelm
- August 12: \$1,137 for Innovations Human Trafficking Collaborative, a suggestion of The Beloved Racial Justice Team, on the topic of racial justice, arranged by Jane Sisk

- September 9: \$1,104 for Indigenous Environmental Network, a suggestion of the East Shore indigenous people's group, arranged by Cathy Barich
- The recipient for October 14 on the topic of homelessness will be FareStart, arranged by Mike Radow.
- Guest at Your Table, managed by Marilyn Mayers, instead of the Second Sunday/Share the Plate Team, has responsibility for November.

In addition, the Team responded to the request from the Earth and Social Justice Coordinating Council to review the Team's entry in the brochure, and submitted the Team charter in the revised format to the staff liaison.

Women Helping Women (WHW)

Women-Helping-Women has had a busy September.

- Our Lake Hills Elementary volunteers are back tutoring 2nd graders. We are recruiting other volunteers for tutoring, but also for library help, art room, and the parent resource room.
- Our Sophia Way project is going well. Each month, 8-10 volunteers create approximately 60 meals for the shelter. We also are starting a Christmas Drive, collecting gift cards or Orca cards for the women.
- We are looking at putting on a Spring event raising money for the UUSC sponsored program helping the Rohingya refugees in Myanmar.
- We have 127 names on our email list.

AFFILIATES

Meaningful Movies/Eastside

The September Meaningful Movie was "Life in a Day," a crowd-sourced documentary film comprising an arranged series of video clips selected from 80,000 clips submitted to YouTube. The clips showing receptive occurrences from around the world on a single day, July 24, 2010. The screening took place at St. Margaret's Episcopal Church and was attended by approximately 25 people. Lynn Roesch has agreed to be the East Shore representative through the 2018-19 year.

Unitarian Universalist Service Committee

No report submitted

APPENDICES

Appendix A: September 2018 Summary Income Statement

East Shore Unitarian Church
Monthly Income Statement - Summary
September 2018

Date : 10/09/2018
Time : 4:35:26 PM

Accounts	MTD Actual (This Year)	MTD Budget (This Year)	MTD Budget Remaining (This Year)	YTD Actual (This Year)	YTD Budget (This Year)	YTD Budget Remaining (This Year)	Annual Budget (This Year)	% of Annual Budget Used (This Year)
Revenues								
Income - Donations	48,060	62,750	14,690	219,783	188,250	(31,533)	753,000	29.19 %
Income - Program Fee Pmts	2,831	725	(2,106)	5,070	2,175	(2,895)	8,700	58.28 %
Income - Fundraising Event Pmt	172	3,646	3,474	1,467	10,937	9,470	43,750	3.35 %
Income - Facilities Rental Pmt	14,599	17,079	2,480	62,685	51,236	(11,449)	204,945	30.59 %
Income - Dept Activities Pmts	884	6,263	5,380	15,444	18,790	3,346	75,159	20.55 %
Income - Other	100	6,816	6,715	43,440	20,448	(22,992)	81,790	53.11 %
Total Revenues	66,647	97,279	30,632	347,889	291,836	(56,053)	1,167,344	29.80 %
Expenses								
Payroll Expenses								
Wages	48,870	46,519	(2,350)	126,227	139,558	13,331	558,232	22.61 %
Payroll Taxes	2,795	3,484	689	8,400	10,452	2,052	41,810	20.09 %
Payroll Benefits	7,977	10,331	2,354	24,738	30,992	6,254	123,967	19.96 %
Total Payroll Expenses	59,641	60,334	693	159,365	181,002	21,637	724,009	22.01 %
Program Expenses								
Administrative Expenses	1,547	9,509	7,962	7,593	28,528	20,935	114,113	6.65 %
Facilities Expense	13,498	7,810	(5,689)	28,250	23,429	(4,821)	93,715	30.14 %
Business Expense	5,308	6,523	1,215	14,749	19,568	4,819	78,272	18.84 %
Office Expense	3,220	2,218	(1,001)	7,524	6,655	(869)	26,620	28.26 %
Fundraising Expense	78	1,187	1,110	78	3,562	3,485	14,250	0.54 %
Advertising & Marketing	40	227	187	40	680	640	2,720	1.45 %
Interest & Loan Expense	9,470	9,470	0	28,411	28,411	0	113,645	25.00 %
Total Administrative Expenses	31,614	27,435	(4,179)	79,051	82,305	3,254	329,222	24.01 %
Total Expenses	92,802	97,279	4,476	246,009	291,836	45,827	1,167,344	21.07 %
Net Total	(26,156)	0	26,156	101,880	0	(101,879)	0	0.00 %
Other Revenues								
Designated Revenues	(4,981)	0	4,981	37,931	0	(37,931)	0	0.00 %
Restricted Revenues	0	0	0	0	0	0	0	0.00 %
Revolving Revenues	0	0	0	0	0	0	0	0.00 %
Total Other Revenues	(4,981)	0	4,981	37,931	0	(37,931)	0	0.00 %
Other Expenses								
Designated Expenses	(100)	0	100	48,192	0	(48,192)	0	0.00 %
Restricted Expenses	0	0	0	2,600	0	(2,600)	0	0.00 %
Revolving Expenses	0	0	0	6,588	0	(6,588)	0	0.00 %
Total Other Expenses	(100)	0	100	57,379	0	(57,379)	0	0.00 %
Net Operating Total	(31,037)	0	31,037	82,431	0	(82,431)	0	0.00 %

Appendix B: September 2018 Balance Sheet

Date : 10/08/2018
Time : 2:34:02 PM

East Shore Unitarian Church
Balance Sheet
September 2018

Page : 1

Accounts

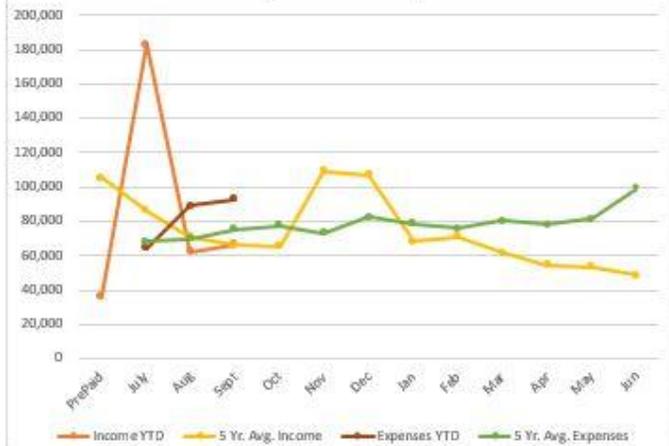
Assets		
Current Assets		
Cash & Investments		
1-1000 - Petty Cash	\$200.00	
1-1010 - Checking - Chase	\$83,903.52	
1-1030 - Brokerage - Schwab	\$46,440.73	
2-1010 - Checking - Chase	\$19,113.52	
3-1010 - Checking - Chase	\$132,111.28	
3-1040 - Endowment Money Funds - Schwab	\$17,366.68	
3-1070 - Endowment Investments - Schwab	\$1,312,104.65	
4-1010 - Checking - Chase	\$9,615.00	
Total Cash & Investments	\$1,620,855.38	
Other Assets		
1-1110 - Deposits	\$1,750.00	
Total Other Assets	\$1,750.00	
Total Current Assets		\$1,622,605.38
Contra Assets		
1-1600 - Building Loan Contra Account	\$783,306.64	
Total Contra Assets		\$783,306.64
Total Assets		\$2,405,912.02
Liabilities, Fund Balance, & Restricted Funds		
Liabilities		
Current Liabilities		
1-2000 - Accounts Payable	\$7,849.00	
1-2110 - Wage Accruals Payable	\$19,452.79	
1-2160 - Other Payroll Deductions Payable	(\$1,387.18)	
1-2500 - Building Loan - Current	\$76,200.00	
Total Current Liabilities		\$102,114.61
Long Term Liabilities		
1-2700 - Damage Deposits - LT Rentals	\$4,500.00	
1-2750 - Building Loan - Long Term	\$707,106.64	
Total Long Term Liabilities		\$711,606.64
Total Liabilities		\$813,721.25
Fund Balance		
2-3000 - Fund Balance - Ministry	\$2,407.62	
2-3010 - Fund Balance - Membership	\$6,975.36	
2-3020 - Fund Balance - Social Justice	\$5,743.71	
2-3030 - Fund Balance - Lifelong Learning	\$6,916.91	
2-3040 - Fund Balance - Finance & Facilities	\$2,605.90	
2-3050 - Fund Balance - Market & Dev	\$1,051.81	
3-3000 - Fund Balance - East Shore Housing	\$42,818.02	
3-3020 - Fund Balance - Endowment	\$1,336,162.32	
3-3040 - Fund Balance - Facilities Reserve	\$6,592.88	
3-3050 - Fund Balance - General Reserve	\$81,749.56	
3-3060 - Fund Balance - Memorial Garden	\$4,520.40	
4-3000 - Fund Balance - Grounds	\$1,615.00	
4-3010 - Fund Balance - Gallery	\$8,000.00	
4-3020 - Fund Balance - Fund-a-Need	\$2,600.00	
Excess Cash Received	\$82,431.28	
Total Fund Balance and Excess Cash Received		\$1,592,190.77
Total Liabilities, Fund Balance, & Restricted Funds		\$2,405,912.02

Appendix C: September 2018 Financial Charts

FY 2018/19 Sept Operating Revenues vs. Expenses



FY 2018/19 Cash Flow by Month



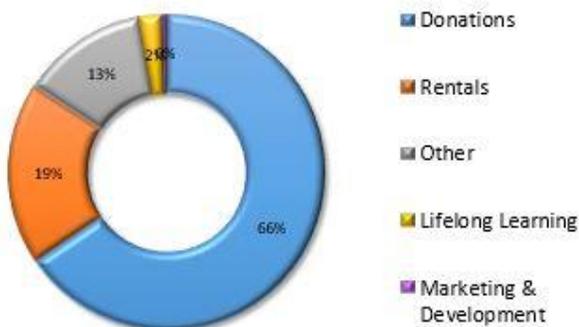
FY 2018/19 Sept YTD Operating Revenues



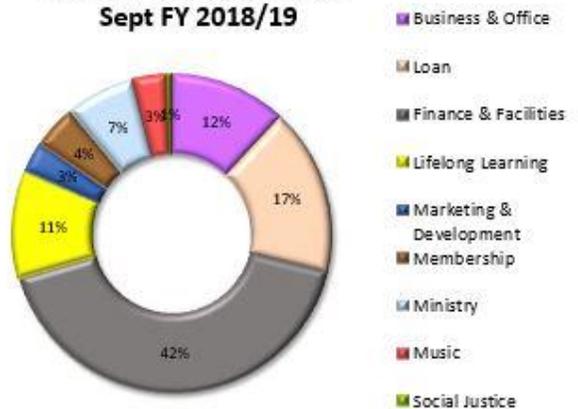
FY 2018/19 Sept YTD Operating Expenses



Income Categorized YTD Sept FY 2018/19



Expenses Categorized YTD Sept FY 2018/19



Appendix D: ESUC Board of Trustees Draft Minutes September 18, 2018

ESUC Board of Trustees

Draft Minutes

September 18, 2018

Minutes, Leadership Reports, Consent Agenda:	Com. + Board Liaison Reports Consent Agenda:
September Board Agenda + Upcoming Events	Policy and Governance – Ann Fletcher Earth Social Justice Ministry Teams
Minutes of Last Board Meeting – August 21	HH Dev Task Force BL – David Baumgart
Minister’s report – Rev. Stephen Furrer	Personnel Com BL – Jerry Bushnell
Board President's Report – Tom Doe	Appendix E – CAM request for Public Witness – David Chapin
Treasurer’s Report – Marcy Langrock	Appendix F – Charter Tracking - Ann
Exec Dir, Finance & Operations – Jason Puracal Appendices A&B – Income Statement, BS FY17/18 Appendix C - Financial Analysis / Charts	Holly House- A Bridge to East Shore's Future v.2 2018.09.16 – Jason Appendix G – Exec Dir Job Description
Lifelong Learning – Amanda Alice Uluhan	

East Shore Unitarian Church

Board of Trustees Meeting Agenda – September 18, 2018

Host: Marcy Langrock, Timekeeper: Dennis Fleck and Process Checker: David Baumgart

7:00 - 7:05 (5 minutes) Opening Words, Chalice Lighting	Marcy
7:05 - 7:20 (15) Check in, Introductions	All
7:20 - 7:35 (15) Approval of Consent Agenda	All
7:35 - 7:40 (20) First Saturday Conversations	Tom
7:40 - 7:55 (15) Endowment Charter	Marcy
7:55 - 8:05 (10) HHTF Vote Date	Dave
8:05 - 8:10 (5) Audit	Jason
8:10 - 8:25 (15) Auction Fund a Need	Dennis
8:25 - 8:55 (30) Retreat	All
8:55 - 9:00 (5) Executive Session	All

Upcoming Events for Your Calendar

- October Exec Council – 10/2 First Saturday Discussion postponed to 10/13
- October Board Packet items due Wed, 10/10 by end of day: email to Aimee Woolwine (Volunteer 1)
- October Beacon Board Buzz due Wed, 10/17: email to Nicole Duff
- October Board Meeting 10/16; Mark is host.

- Sunday Svc Announcements: 9/30 Jerry-9 + 11am, 10/7 Dennis-9am, Sara-11am, 10/14 xxx 9am, Lee 11am, 10/21 Uzma 9am, Paul 11am, 10/28 xxx 9am, Mark 11am

Opening Words – Marcy: From the native American Native Museum. “We are still here” about continuing survival of Native Americans

Present: Thomas Doe, president, David Baumgart, Secretary, Marcy Langrock, Treasurer, Dennis Fleck, vice president, Sara Brannman, Uzma Butte, Jerry Bushnell, Paul Buehrens, Lee Dorigan, Mark Norelius

Amanda Alice Uluhan, representing Lifelong learning (standing in for Aisha Hauser who is on sabbatical), Jason Puracal, Exec Dir, Rev. Stephen Furrer

Absent: Aisha Hauser remains on Sabbatical and returns in early October.

Check-in – Lee, new tire arrived after a long wait. Steve- Carol starts a new job, more domestic duty for Steve. Paul – Changed the salmon recipe, not so overcooked this year. Mark- Eldest son in Detroit, just bought his first house, Mark will visit. Sara- Overwhelmed, DC politics affects her work. Jerry – new grandson, and visit from 2 others. Dave- Attended his mom’s 90th birthday. Tom- happy with grandson and Sunday services. Jason – kids settling in to the school year, wife looking for work. Amanda – enjoyed working on the Salmon days service, very busy Uzma- working on many different initiatives. Luckily husband ok with it. Happy to be on the board. Dennis, leaves for 2 weeks. Marcy- back into school schedule. Alex at Bellevue College, other two are in different high schools. Husband traveling for 2.5 weeks. She was just in North Carolina, missed the storm.

Visitors: none

Housekeeping items: upcoming hosts, announcers, etc. None.

Review of Board Agenda + Consent Agenda - (see content of Board Packet - all Board members are expected to review the entire Board Packet prior to the Board Meeting) - Tom asked if anyone requested to move items from the Consent Agenda to the Discussion Agenda.

No items were moved to discussion agenda from the consent agenda

The following major topics (see Appendix 1) were included in the Consent Agenda:

- Approve August 2018 Board Meeting minutes
- Rev Christine Robinson will meet with the board on Nov 11 for the Official “Start-Up” of Rev Steve’s Developmental Ministry. (Minister’s Report)
- 2 signatories required for Endowment distribution/transfer (ED Report)
- Authorization to Finance Team to obtain proposals for an external audit, technically called “Agreed upon procedures and engagement” (ED Report)
- Approve Lindsay Fogelquist to be on the personnel committee
- CAM Public Witness request (ED Report)
- Return organizational responsibility for fundraising to the Staff (membership director) (President’s Report)
- Holly House Development Task Force wishes to delay the congregational meeting / decision until First Quarter 2019

Removed from consent agenda:

- DFO job description will be presented next meeting

Sara moved to accept the consent agenda as amended, Mark seconded the motion.

Approved-unanimous

Tom discussed future need to discuss endowment policy. Marcy says that much work has been done to make the endowment policy consistent with our by-laws.

Paul gave reasons for not moving the CAM Public Witness “300 trees” request to discussion because he thinks it does not have major significance

* * * * *

7:35, 7:42 First Saturday Conversations, Tom Doe

No conversations were held in July and September because of holidays. We had one in August. Tom asks if the board if we want to continue them.

Dave points that attendance has been good and the discussions have been robust. Sara liked the one she attended and found it useful. Jason points out that in policy based governance, board linkage to the congregation is vital and these conversations allow for board meetings with the congregation. Tom would like to use a Saturday conversation to get input on board ends.

The consensus of the group is that we continue the First Saturday conversations.

Tom requests that each board member take on one meeting. Next First Saturday would be October 6th. This will conflict with the restorative justice seminar and could possibly reduce attendance. Also, Tom and Dennis are not available October 6th. It was decided to hold the “First Saturday” conversation on the second Saturday this month, October 13, to avoid conflicting with the restorative justice seminar. Tom and Jerry will be available to moderate the discussion.

Endowment Charter dropped from agenda: Marcy notes that the policy and charter of the Endowment Committee will be sent to board members to review between now and the next board meeting.

7:55 HHDTF Vote: David Baumgart

Dave points out that the task force still has a lot of work to do. They have decided not to rush, and that is the reason to delay the vote. They are trying to communicate meaningfully with the current 7 bidders. They also would like to have some further discussion about what we will do with the proceeds.

The Holly House Task Force has formed a sub-committee to get input from the congregation about what to do with the proceeds from the sale. The subcommittee members are Sue Yates, Trevor Hall, and Laurie Adams. They are using the term “Dream Big” to inspire members to come up with creative ideas. This group has contacted leaders in the church for a series of

workshops. The last workshop is scheduled September 23rd at 9 am. There will be a town hall meeting in October.

Jason added that it is good to get input from congregation. He also notes that board leadership is vital to integrate the ideas, and help the congregation move together as a whole.

Marcy notes that our priorities do not always have to involve money, but can involve volunteer work.

Jason reminds us that we need to tie any decisions to mission, vision, and ends. We discussed how the Holly House Task Force interacts with the board. Dave points out that we should decide whether the board wants to make a recommendation to the congregation about which alternative to choose.

Uzma feels that the congregation should vote on the Holly House option, rather than having the board decide. Lee pointed out that opting for the option of selling for the most proceeds still allows for East Shore to support Affordable Housing.

Steve points out that the final decision has to be made by the congregation as a whole, according to our by-laws.

Dave will forward these questions to the task force: "Why were Board Members not invited? How does that lack of input help the October Town Hall?"

8:15 Church Audit – Marcy Langrock and Jason Puracal

Jason described the type of audit we are looking at in his board report. Next month he will have a specific proposal for the board to approve. The board reached consensus that Jason should seek a proposal for the audit.

8: 16 Auction Fund a Need: Tom Doe

The Auction committee has asked for a recommendation from us.

One idea is to fund the minister's discretionary fund.

Dennis suggests we could fund further work from Pam Orbach for more restorative justice training.

Jason points out that we currently have quite a bit already budgeted for Pam. Jason points out that another project that could be funded is changes to room E101, which could be changed into a collaboration space, set up for virtual meetings. It would have a large touch screen, projection and a microphone. Jerry notes that we could potentially use that room for some committee meetings, making committee membership easier if we could attend virtually when necessary.

Paul points out that what we spend our money on reflects our values and brought up the possibility of choosing an anti-racist topic, such as hiring speakers. Tom wonders if we should get input from the Beloved Racial Justice team.

Uzma moved Lee seconded that we recommend upgrading E101 as the Fund a Need project. The vote was 8 in favor, none opposed, one abstention.

8:39: Board Retreat - Tom Doe, David Baumgart

The retreat will be at Vasa Hall (Upper Preston) on October 20th. We will start with a continental breakfast at 8am. A potluck lunch will be served at noon.

We discussed the pro's and con's of having board committee chairs attend, it was decided to invite them for the morning session to get input on the End Statements, and then use the afternoon session for Board / SLT to discuss the ends for the year.

Steve would like a team building exercise at the beginning of the day.

Tom would like to see that each end is assigned to a specific group of people for accountability and follow through.

Refer to Tom's President's board report for ideas about the potential board retreat agenda. Ideas discussed for the **Board Retreat agenda** included:

- Evolving Jason's campus development plan into an end
- Continuing to focus on diversity and inclusion. Jason explained to the new board members how we arrived at our anti-racist end from last year. He notes that we could have the congregation trained on the Julica Hermann de la Fuente grid
- Discussing policy based governance
- Discussing fiduciary responsibility
- Vetting out the 5 year plan, and directing the financial stewardship committee to fill in the areas with placeholders
- Having the board understand the five year plan
- Need for Holly House task force to interact with financial stewardship
- Ends can be somewhat general, with those accountable for the ends fleshing out specific details and plans

Tom will be working on the agenda. Dave will inform the leaders of the Board standing committees that they will be invited to the morning session, instead of the afternoon.

Closing readings:

Marcy: Hymn from last Sunday, tranquil streams

Steve: Reading from Theodore Parker

Our board meeting ended about 9:02. Our next board meeting is October 16, 2018.

Respectfully submitted by David Baumgart, Secretary, ESUC Board of Trustees

Jerry Bushnell, Recording Secretary, ESUC Board of Trustees

Appendix 1

The Board adopted or supported the following decisions, below, as part of the Consent Agenda Approval:

President's Report

- Return organizational responsibility for fundraising to the Staff (Membership Manager)

Minister's Report

- Rev Christine Robinson will meet with the board on Nov 11 for the Official "Start-Up" of Rev Steve's Developmental Ministry.

Secretary's Report

- We are still recruiting for a volunteer from the congregation to be the Recording Secretary for Board Meetings.

Exec Director's Report

- 2 signatories required for Endowment distribution/transfer
- Authorization to Finance Team to obtain proposals for an external audit, technically called "Agreed upon procedures and engagement."
- CAM Public Witness request to support the "300 Trees" organization, protesting the removal or trimming of about 300 trees along 148th Ave NE.

Board Liaison Reports (refer to each BL report for more information)

- Approve Lindsay Fogelquist to be on the personnel committee

END OF MINUTES

Appendix E: Clark Nuber Agreed Upon Procedures Engagement

LETTER OF ENGAGEMENT

Clark Nuber PS

October 2, 2018

Mr. Jason Puracal
East Shore Unitarian Church
12700 SE 32nd Street
Bellevue, WA 98005

Dear Jason:

We appreciate the opportunity to serve East Shore Unitarian Church, ("the Organization"). Andrew Prather will be the shareholder in charge of the work we perform for the Organization, assisted by other professionals. This letter and attachment confirm our understanding of the services you have asked our firm to provide to the Organization and the terms and conditions under which our firm agrees to perform our agreed upon services.

We will apply the agreed-upon procedures to financial transactions and balances for the fiscal year ended June 30, 2018. In performing this service, we plan to perform the following steps:

- 1) Bank accounts:
 - a) Obtain the bank statements and bank reconciliations for the last month of the fiscal year and review to ensure bank accounts were appropriately reconciled to the accounting records in a timely manner.
- 2) Disbursements:
 - a) Pick a sample of 25 disbursements from the fiscal year and perform the following procedures. Of the 25 disbursements selected a specific number will be expense reimbursements; you will identify the number of expense reimbursements you would like us to include in our sample.
 - i) Verify that there are invoices or other documentation to support the amount of the disbursement
 - ii) Verify that the check was signed by an authorized signer
 - iii) Approval for the for the disbursement is noted on the documentation
 - iv) Verify the disbursement is recorded in the general ledger account noted on the disbursement documentation
- 3) Contribution revenue:
 - a) Pick a sample of five weekly deposits for testing.
 - b) Testing procedures are designed based on the church's process for receiving contributions, counting and recording, and depositing funds.
 - c) Typical procedures focus on the appropriate documentation of this process as well as the accurate capturing of any amounts that are restricted by donors for specific purposes (for example, a missions trip, disaster relief, etc.).
- 4) Payroll:
 - a) Compare salaries paid to pastoral and other staff during the fiscal year and compare to authorized wage/salary rates.
 - b) Review 2017 W-2s for all pastors to determine that housing allowance and other listed compensation appear to be properly reported on their W-2s.
- 5) Excise and payroll taxes:
 - a) Compare the L&I quarterly return for the period ended June 30, 2018 to detail payroll records.



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Mr. Jason Puracal
East Shore Unitarian Church
October 2, 2018
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Clark Nuber ^{PS}

- b) Compare the IRS Form 941 quarterly return for the period ended June 30, 2018 to detail payroll records. Verify the return is filed and paid according to deadlines.
- c) Review the most recent state combined excise tax returns to discuss the type of income to be reported.
- 6) Financial reports:
 - a) Select two monthly reports that are provided to the governing board (or congregation as a whole) and trace amounts to the underlying accounting records to verify they match.

We anticipate that we will work onsite at your offices for approximately one day to complete these procedures. The timing of the onsite work will be coordinated for a mutually agreed-to date. In advance of our onsite work we will provide you with a list of requested materials needed for the procedures.

Our engagement to apply agreed-upon procedures will be performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purposes. If, for any reason, we are unable to complete the procedures, we will describe the restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

We accept responsibility to advise you only on the matters for which you have expressly engaged us, in this letter, to provide professional services. If you have any questions or comments recording the scope of work you are asking us to undertake, please correspond with us accordingly. We will be happy to work with you to define the scope of any additional services you may wish for us to provide.

In performing our engagement, we will be relying on the accuracy and reliability of information provided by the Organization's management. We will not audit, examine, or review the information, and therefore we will not express an opinion or any other form of assurance on them.

We will submit a report listing the procedures performed and the results of those procedures. This report is solely for the use of management of the Organization, and should not be used by those who did not agree to the procedures. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

You agree that you will serve as our contact person for your management responses to our inquiries, and that we may rely on such responses as being those of the Organization. You also agree that you will serve as the Organization's representative with suitable skill, knowledge and experience responsible for reviewing and approving all planned nonattest services to be provided by Clark Nuber P.S. including any tax consulting we provide outside of the agreed-upon procedures, along with any additional nonattest services that may be agreed to.

Our fee for this engagement will be billed at our standard hourly billing rates based on actual time incurred up to a not-to-exceed maximum fee of \$5,000, based on the assistance of your personnel and assuming no significant problems arise.

Mr. Jason Puracal
East Shore Unitarian Church
October 2, 2018
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If this letter and attachment correctly express your understanding of the agreement between our firm and the Organization, please follow the link and prompts to electronically approve the terms of engagement. Alternatively, you may print, sign and return the letter of engagement.

We are pleased to have this opportunity to serve you.

Sincerely,

A handwritten signature in black ink that reads "Clark Nuber P.S." in a cursive style.

Certified Public Accountants

The services and terms for their performance described in this letter are in accordance with the Organization's requirements and are acceptable to and agreed to by the Organization, which has authorized me to sign this agreement on its behalf.

By: _____

Title: _____

Date: _____

Appendix F: East Shore FiveYear Financial Strategic Plan

Five Year Financial Strategic Plan - 2017-2022

Financial Stewardship Committee - Final

Adopted by the BOT April 12, 2018

This Five-Year Strategic Plan presents strategic actions that will achieve East Shore’s financial goal and provide a financial plan to achieve the Board of Trustees Board Ends, listed below. Following the strategic actions, Appendix A includes documentation of the financial factors that result from the strategic actions and were used in the five-year financial scenario. These factors may be updated or adjusted through time through future updates of the Five-Year Financial Plan. Church finance metrics that measure the strength of the East Shore’s Financial position are presented in Appendix B. Integral to this Five-Year Plan is how the various financial outcomes resulting from a future decision on the Holly House property. A Five-Year Financial Forecasting Framework Tool was prepared as an on-going instrument to evaluate the strategies presented in this plan and future updates. Financial planning, generating revenue and managing expenses will always be a lot of work, but with this plan, the Financial Stewardship Committee and the Board of Trustees hopes to instill a sense of calm and confidence in East Shore’s financial future.

Goal

The Five-Year Strategic Plan is intended to fulfill the Board Ends, adopted August 15, 2017. Over the long term, East Shore Unitarian Church (ESUC or “East Shore”) will achieve sustainable financial resources and a regular investment strategy in the churches assets and infrastructure. The Board Ends are abbreviated and summarized below.

- 1. Board End:** By December 1, 2017, ESUC will have an initial 5-10-year Financial Strategic Plan, including how best to utilize the Endowment for maintaining capital assets of the ESUC campus and a plan for the development of the Holly House Property with proceeds to ESUC of at least \$1 million dollars.
- 2. Board End:** East Shore will be prepared for a Settled Minister by the fall of 2019.
- 3. Board End:** Enhance the level of trust at East Shore; which includes transparency in finances.
- 4. Board End:** By 2019 achieve membership growth
- 5. Board End:** Move the church from a multi-culturally aware congregation to anti-racist.
- 6. Board End:** Measure outcomes of social and earth justice activism each fiscal year.
- 7. Board End:** Develop a plan to reduce the environmental impact of East Shore’s facilities and develop a plan for emergency preparedness.

Strategic Actions – Build Reserve Funds

Fully fund general operating reserves

Six months of operating cash expenses plus current liabilities (i.e. 50% of annual budget, minus mortgage). This is considered a strong financial position.

Fully fund the Endowment as capital reserve within 10 years

A well-funded capital reserve will reduce the need for special purpose capital campaigns and provide a more stable source of revenue for infrastructure and assets maintenance.

The Reserve Study (November 2016) states that the church is expected to incur over \$6 million dollars in capital expenses over the next 30 years to maintain and replace existing infrastructure on the campus. The Reserve Study creates a model to fund these financial needs by calculating the amount of funds required to meet 100% of the expected expenses, and an annual contribution amount to the reserve to maintain the 100% funded level given the expenses incurred year after year. The Study reports the need of \$1,362,012 in reserves for assets and infrastructure replacement and maintenance starting 2017 for the fully funded model.

The Endowment Fund, currently at \$1,251,856 (March 31, 2017), will become East Shore's capital reserves, and set up a sustainable funding model to ensure the legacy of East Shore's campus can continue in the future. Endowment will develop a 5 to 10-year financial plan for reaching a level that provides sustainable resources for the capital assets on East Shore's campus.

Endowment will create a new Charter to define its role in facilities capital expenses, work with the Facilities Team in creating procedures to minimize costs and maximize efficiencies, and set a floor so the principle cannot be spent down.

Endowment will establish an updated Investment Policy Statement (IPS) to maximize return over the long run (target is above 7%), while still covering the short term (3-5 year) liabilities. Near term liability will be determine prior to December 1, 2017. Endowment will create a low-risk investment fund for placement of near-term liability funds.

Endowment will continue to make a regular contribution to the church operating fund over the next two years while in transition to this new model.

Develop measurements of financial sustainability

The purpose of financial sustainability is to provide our members the resources to achieve our desired social justice programs and ministry teams. ESUC will develop meters to quantify our progress towards achieving the Board Ends. Ministry Teams and Social Justice Committees will develop metrics to track their progress relative to the team or committee's charter and goals, as well as the contribution to achieving Board Ends.

Financial measurements include, but are not limited to; operating cash reserves, debt level, debt service, debt service reserves, loan to value ratio, average age of accounts payable, and return on assets (economic value). Economic value at ESUC will be measured in terms such as members served, the services provided by members, and member services relative to our investment in East Shore. Appendix B presents church financial metrics.

Our church is its membership. Metrics will be developed to monitor membership, average pledge; percent pledge increase, electronic fund transfers, and operating fund drive activity. The operating fund drive will transition to a year-round model over the next three years.

Strategic Actions – Operations Budget

Structure the Operating Fund Drive to reflect healthy giving and provide stability

The operating fund drive (OFD) will transition to a year-round drive, providing for pledges and automatic payments to be continuous. Membership will be provided educational materials on healthy giving levels. The Board of Trustees and Senior Minister will work to develop a giving structure reflecting a stable giving structure.

Bring all church financial activities in to the budgeting process

All church operations will transition to the operating budget in compliance with legal and tax regulations. The transition period will be one to two years. Through this process, East Shore will maintain current funding levels, allowing for inflation, for ministry teams, religious education, General Assembly Conference, lay ministry, etc.

Maintain mid-point Unitarian Universalist Association (UUA) salaries.

Mid-point is consistent with UUA guidelines for a church of our size. As the congregation grows, the minister and other positions may need to be increased above the mid-point. Above mid-point also provides for the higher cost of living in the Bellevue area. Long term staff could also be above mid-point based on experience and skills.

Achieve UUA recommended guidelines for employee health benefits.

The Unitarian Universalists Ministers Association (UUMA) expects a church commitment to offering health care to all church staff. For five-year financial planning purposes, East Shore will budget for health insurance at 80% of for employees and 50% for dependents. East Shore will develop an employee benefits policy and investigate options to refine the future costs of employee benefits.

Fully fund UUA membership

Increase to recommended level in year two of the five-year plan, which is \$86 per member for both national and district dues. East Shore will participate in discussions of potential new UUA guidelines.

Structure staffing positions to support church teams and structure for growth

The annual budgeting process will respond to staffing recommendations from the Personnel Committee and Senior Leadership Team. Select staff positions will be structure as part time with flexibility in responsibility across staff positions. For example, a receptionist/office support position may be funded initially at ten hours per week. A Social Justice Coordinator may be funded by adding hours to a part time position and transitioning to more hours or a new position as funding becomes available.

Develop options for additional ministry

Various options are begin explored to provide additional ministry, such as part time Affiliated Ministers. Additional staff ministry options will be explored by year three along with growth in membership.

Strategic Actions – ESUC Assets

Manage Church Assets to protect East Shore’s future and consistent with church values

East Shore will maintain the ability to use church assets consistent with our Mission, Vision, and Core Values. East Shore will manage church assets with a commitment to the long term financial health of the church, as our faith transcends over time. Fully funding capital reserves is a critical component of protecting East Shore’s future.

Develop a master plan for church assets that optimizes rents and church activities

The five-year financial scenario includes a modest increase in asset revenues through parking space lease, additional rental efficiencies of Spring Hall, and additional events. Efforts to increase revenue from assets will be balanced with the desire provide our facilities to our membership and ministry teams. A return on asset analysis will be prepared reflecting both rental income and church needs.

Protect East Shore's Water Right on the Holly House property

East Shore has a valuable asset with the water right on the Holly House property for the existing well. East Shore will confirm this water right claim and protect the right with the Holly House decision. Over the next five years, East Shore will investigate the cost of refurbishing the well, the potential savings with use of well water for grounds watering, document the environmental benefits consistent with Board Ends, and determine adequacy for other uses, such as emergencies.

Generate revenue from Holly House property

For the purposes of framing a five-year financial picture the basic financial assumptions for Holly House options are described below. A task force will be established to develop and evaluate Holly House options and the estimated revenue. The minimum return established by the board is \$1.0 million dollars.

1. Retain and co-develop. East Shore retains the land and completes a ground lease with a non-profit. Potential revenue to be determined with input from housing agencies (04-08-2017).
2. Sell with restrictions. Holly House to a non-profit providing low-income housing. Estimated value with this restriction is 30% to 50% discount off market value. The value could equal approximately the same value as the mortgage.
3. Sell Holly House without Restrictions. Sell Holly House in 2017-2018. Receive over \$1.0 million dollars in year two of the five-year plan. Pay off the mortgage and invest remaining amount assuming 4% per year return.

Five Year Financial Scenario

A Five-Year Financial Forecasting Framework Tool was prepared as an on-going instrument to evaluate The financial forecasting factors and assumptions are presented in Appendix A. The Five-Year Financial Scenario shows how the rate of inflation, applied to expenses, will exceed the expected increases in pledges and other sources of revenue. The current 5-year plan assumes that there is no mortgage payment beginning in Year 4 with payment of the mortgage by the Holly House investment decision. Even without the mortgage payment a modest plan for increasing expenses still exceed revenue. Additional revenue generation from sustainable sources is recommended.

Appendix A – Financial Forecasting Factors

Build Reserve Funds

- Based on an annual operating budget of \$1,170,934 (round number) the reserve would be \$234,187. There is currently \$80,000 in reserves. \$38,547 over five years achieves a \$200,000 reserve.
- Sustainable membership growth is defined as a 1% per year growth in the Operating Fund Drive (OFD) revenues. One percent of \$700,000 is 7,000, or 14 new members contributing 14 new pledging units at \$500 each. (The current average contribution is \$2,422). These assumptions provide for modest growth and a more economically diverse new membership.
- Endowment contributes \$40,000 per year to the operating fund in the first two years and then transitions to the capital reserve fund in years three through five.

Operating Budget

- The average inflation rate for all expenses is 3% per year. Salaries, health care, heat, labor for repairs, etc., may vary.
- Professional staff budgets are increased by 10% in year two to fund professional development, consistent with UUA Guidelines, \$24,000 per year.
- Provide health insurance at 80% of premium for employees, 50% of premiums for dependents. Health benefits includes a \$1,000 per employee payment to their Health Savings Account (HAS). (\$5,000) Health Care costs, and premiums, are expected to increase by 18% to 20% per year.
- New UUA membership guidelines could be modified as 7% of the church operating budget. This would be a large increase to East Shore where the operating budget supports a large campus.
- Current membership is at 502 (March 31, 2017). An increase of 14 new members per year (basis of forecasted increase in operating funds) would mean 570 members by year five. UUA guideline for a full time second minister is at 800 members.
- A half-time receptionist is budgeted at \$35,000 per year to allow for overhead costs, beginning in year two of this plan. [Claudia to update consistent with Budget Task Force]

Appendix B – Church Financial Metrics

Source: *Church Finance*, Chapter 6 Managing Liquidity and Financial Position.

- Operating Cash Reserves: (General Reserve Account- Designated Fund): Six months of operating cash expenses plus current liabilities (i.e. 50% of annual budget, minus mortgage). This is considered a strong financial position.
- Capital Reserves (Endowment Accounts- Designated Fund). 100% funded model based upon Reserve Data Analysis. This is considered a strong financial position.
- Debt Service Reserves: Six months of debt service costs (principal and interest payments). This is considered the minimal/baseline financial position.
- Debt Level: Total liabilities are less than 2 times the church's unrestricted net assets. This is considered a strong financial position; *ESUC has already achieved this goal.*
- Loan-to-value Ratio: Debt is less than 65% of the current market values of the collateral property. This is considered a strong financial position; *ESUC has already achieved this goal.*
- Debt Service: Annual debt service payments do not exceed 10% of the church's annual cash operating expenses. This is considered a strong financial position; *ESUC has already achieved this goal.*
- Average age of accounts payable invoices: The average age of accounts payable invoices is not more than 15 days. This is considered a strong financial position; *ESUC has already achieved this goal.*

Return on Assets (Economic Value): This metric to be developed. This measure could be a qualitative or relative measure of the ability of the church to achieve the mission of the church relative to East Shore's value in assets.