AGENDA
October 1, 2015

6:00  Board Dinner
6:25  Informal Check-in
6:40  Deepening
6:55  Break

**Board Meeting**
7:00  Convene Meeting
7:01  Opening Words: Randy

Review Agenda

- Send website updates to Kathy. If you do not want a webpage for your committee, let Kathy know and it can be deleted.
- Please upload documents into dropbox. Ask Ameena if you need assistance.
- Please sign the conflict of interest form (in the Board packet). The related policy is on pages 28-32 of our policies.

7:03  Timekeeper: Evie

Approve previous meeting’s minutes

7:05  Open mic for congregants (2-3 minutes per congregant)

**Updates**
7:15  ET Update
7:20  Finance Committee Update
7:25  Communications Committee Update
7:30  Policy Evaluation Committee Update

**Consent Agenda**
7:35  Receive PEC 2015 Compliance Report (in the Board Packet)
7:40  Break

**Action Items**
7:50  Discussion of a motion to waive policy 3.2.1

3.2.1 Staff Retention and Compensation. The Executive Team is expected to hire, train, compensate and terminate staff in a professional and respectful manner. The Executive Team shall compensate full-time staff at a rate at least equal to the current Portland living wage and basic benefits. Compensation shall not exceed market rates. The Executive Team may only create obligations to staff over a term for which revenues can be safely projected and such obligations shall be within the church's ability to pay, given current budget constraints. The Executive Team shall not promise or imply permanent or guaranteed employment. The Executive Team may not establish deferred or long-term compensation and benefits, including those that cause unfunded liabilities to occur or in any way commit First Unitarian Church to benefits that result in unpredictable future costs.

The Executive Team cannot allow any employee to lose benefits already accrued from any foregoing plan. The Executive Team shall not change any employee’s compensation, benefits or allocated professional expenses established by the Board.
Any minister employed by First Unitarian Church shall be permitted to take the maximum amount legally allowable, up to the amount of 100% of the compensation of each minister, as a ministerial housing allowance as described in 26 USC §107 of the Internal Revenue Code (or any corresponding future sections). This policy shall continue to be in effect from year to year until it is revoked by the Board of Trustees.

8:00   Discussion of the ET Monitoring Report and our revised elements

- Please review the ET Monitor Report (in the Board Packet)
- Please review the survey data about the revision of the elements (in the Board Packet)
- The revised elements are in both the ET monitoring report and the survey data
- Here are the original elements

1.1 Mission. The mission of First Unitarian Church of Portland, Oregon is to create a welcoming community of diverse individuals; to promote love, reason and freedom in religion; to foster lifelong spiritual growth; and to act for social justice. To realize this mission, First Unitarian Church:

1. Is a welcoming and loving community that provides a safe haven where a diverse people of various ages and cultures may gather to build nurturing relationships.
2. Offers lifespan religious education consistent with Unitarian Universalist values, and provides a forum for exploring diverse points of view.
3. Provides worship that is inspiring and affirming, as well as a variety of experiences that invite congregants to deepen their spiritual lives.
4. Uses transparent democratic processes that maintain shared governance and ensure that all voices are heard and respected, and that clearly define the roles and responsibilities of congregants, the Board, staff, and ministers.
5. Cultivates and nurtures leaders who serve and inspire the church community.
6. Is a sustainable church community in which congregants, Board, staff and ministers share stewardship of both our tangible and our human resources.
7. Takes a leadership role in the larger Unitarian Universalist movement, maintaining connections with other Unitarian Universalist congregations and institutions as well as the local interfaith community.
8. Witnesses as a voice of conscience in our community and beyond, collaborating with other justice-seeking institutions, encouraging congregants to join others in building a more equitable, sustainable, and peaceful future for all.

8:55   Communications Check
8:58   Process Observer
8:59   Closing Words
9:00   Adjourn

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Vision Statement

First Unitarian Church is a beacon of hope for us and for our community, a spiritual center in the heart of our city that helps each of us to find our moral compass, calling and challenging us to build the beloved community with an ever deepening sense of spirit, diversity and inclusion.
September

1. Board Meeting:
   - **Monitoring Reports** – Receive/review ET’s Monitoring report re progress toward Ends (semi-annual).
   - Review/finalize annual Board Goals
   - Sign up process observers/givers of “Words”/Sunday morning greeters (if not already done earlier.)
   - Set in process: Annual PEC review of Policies, Ministry of Church by ET, Sr. Minister and Board (Bylaws requirement)

2. Finance Committee
   - Regular meeting

October

1. Board:
   - **Monitoring Report** – Receive/review annual audit report, if available.
   - Schedule November/December meeting with Nominating Committee
   - AFD status report

2. Finance Committee:
   - Receive/review draft of ET’s Annual Maintenance Report/Planning document.
   - Receive/review annual audit report with outside auditor, if available.
   - Forward to Board audit report and recommendations if audit received

November

1. Board Meeting:
   - **Monitoring Report** – Receive/review annual audit report, if not received in October
   - Receive/review ET’s Annual Maintenance Report/Planning document
   - AFD status
   - Candidates Meeting (Joint NomCom/Board/ET meeting) regarding potential nominations for spring election.

2. Finance Committee:
   - Receive/review annual audit report with outside auditor if not received in October
   - Receive/review ET’s Final Annual Maintenance Report/Planning document
   - Forward recommendations on Audit and Maintenance Plan to Board

Board Goals 2015-2016

- In order to make policy-based governance more accessible, the Board will continue working on a document describing and delineating norms, roles, and processes.
- The Policy Evaluation Committee and the Board will perform a comprehensive review of policies and by-laws, and make recommendations for policy revision.
- The Finance Committee and Board will present a meaningful budget, which allows congregants to understand the programmatic results of their giving and cultivate a culture of deeper generosity.
- The Board will use the vision statement to develop five year goals.
Ameena Amdahl-Mason convened the meeting at 7:00pm.


To the Consent Agenda we added - Approval of Terry Burnor to perform weddings.

Announcements:

Send website updates to Kathy. If you do not want a webpage for your committee, let Kathy know and it can be deleted.

Please upload documents into Dropbox. Ask Ameena if you need assistance.

Committee chairs, once you have set your meeting schedule, send the information to Kathy so that the meetings can be publicized correctly in the e-news. Be sure to reserve a room.

The Board will be installed on Sunday, September 20 at both services.

Randy shared opening words on the theme of Grace from “Boys in a Boat”.

No congregants were attending to share at open mic.

The August Board meeting minutes were approved by motion from John T and second from Evie with no opposed.
Randy is timekeeper and Maryann is process observer for this meeting.

Updates

Executive Team Update -

Bill

The GA and Sunday service with 20 ministers who’ve been associated with First Church all happened since last board meeting. All was a huge success. Bill encouraged all of us to thank Ken Wheeler and all of the outreach folks for GA;

Kate Lore was very important part of GA with her ongoing work with the Lummi Nation;

Mary Gear did a wonderful job as our summer minister - this will be her last Sunday in the pulpit and September her last month at the church.

This is our 150th year and Bill encouraged everyone to see the display at the Oregon Historical Museum. A big thank you to Randy and his committee. It will culminate in a block party June 12, 2016

Tom

Terri Burnor is joining us as the new Intern Minister. She is bringing many useful gifts and will help us become a virtual church and what that might look like in the future.

Corbin Scott is our new communications staff member and he is broadening our technological range in addition to be a very good designer.
Decision has been made to change fees and pledging requirements in RE and Music programs. Most of the feedback has been positive and staff is responding to concerns. Talks are continuing with the Union and did all summer. Everything is on the table and are hoping to come to an agreement soon. Planning is underway for the Annual Fund Drive in November. Linda Hunter will be the chair. Laura will continue her fine work with the committee.

Finance Committee Update

They did not meet in August
The July summary and there is nothing in note
We are a little bit under in income and expenses which is expected this time of year.
Board approval of the ET to transfer contingency funds has been carried out.
They will have a full meeting in September
There will be a meeting with congregants the end of September - as part of the quarterly meetings schedule.

Communications Committee Update

They have been working on how to share the vision statement with the congregation and staff.
Cathy and Nicole will integrate the vision in the RE program.
The vision will be on the board webpage and shared in e-news and through hard copy materials like bookmarks and posters.
The board webpage is being updated;

Policy Evaluation Committee Update

They will do a comprehensive review of the bylaws and policies and are meeting to determine ones that need change.
Cindy Cumfer is joining PEC as a non-board member. Welcome!

Consent Agenda

The consent agenda was approved by motion from John T and second by Maryann with no opposition.

Approve Board Goals

In order to make policy-based governance more accessible, the Board will continue working on a document describing and delineating norms, roles, and processes.
The Policy Evaluation Committee and the Board will perform a comprehensive review of policies and bylaws, and make recommendations for policy revision.
The Finance Committee and Board will present a meaningful budget, which allows congregants to understand the programmatic results of their giving and cultivate a culture of deeper generosity.
The Board will use the vision statement to develop five year goals.

Approve Cindy Cumfer’s appointment as a non-Board member of the Policy Evaluation Committee

Approve Terri Burnor to perform weddings at First Unitarian Church.

Action Items -
Generative Conversation: What will the Church look like in the next five years?

To prepare for this generative conversation, which is the first step toward forming our five year goals, please review our vision statement and consider what the church should focus on as we move toward this vision. This conversation is intended to be broad, open-ended, and ongoing.

Comments:

- The extent the senior staff has changed. In 5 yrs Tom could be the only one of the senior staff who is still here;
- We will have significant staff change;
- We do church in a much different culture and we may be impacted by some of it;
- Protestant churches have been declining. Will that be us?
- Baby Boomers are moving on;
- The belief that the way we fund churches is changing. Pledging is not the same for the younger generation. What is the impact?
- Need for church to recommit or commit anew to policy based governance. What kind of structure does the church want in the coming years,
- We are making plans to make significant progress in becoming a spiritual center in Portland. How much will be virtual v. physical?
- The city we are living in is changing and so should we - parking, density, gentrification.
- Younger;
- We need to be more flexible in response to needs;
- Making it more accessible to get to from outline areas and for neighborhoods to engage with each other;
- We need to be much more diverse;
- We need to be much more engaged;
- Congregants more engaged with church;
- More inter generational classes, volunteering for families;
- We should reach out to the city more - we’re in the hub of downtown - a real asset;
- More virtual;
- More transparent;
- Needing to grow more regarding family issues. We need families to think this is their church;
- Turnover in Staff is a great opportunity to move away from the silos, and we need a shift;
- How do we get people to engage and stay with the church?
- Church in name is a complete turnoff to some - spiritual center works for some;
- More family social programming;
- Finding a way for young adults without children to feel connected to the church;
- The City is transforming, and we will have a much larger population and younger people moving to the city. Transportation is getting better and much more people will commute to church;

We need to create a better sense of community;
Virtual experience needs expanding.
Create public and meaningful relationships;
The church of today is beloved by so many, so we may bump up against resistance.
Tweet at church and keep phones on. Share the message;
Less formal church;
More interaction at service;
Some churches are diversifying their offering.
  2 services at church. One more traditional and one aimed at the younger.
  Services might be less polished, less performance, less formal;
How do we get the younger crowd to keep coming back?
Children having a cohort they grow up with. They need to keep the children engaged and someone
to share milestones with. Not a neighborhood church so kids never see each other; need
neighborhood connections to bring congregant families together.
Get the community together, outside of the church environment;
Big screen TV showing what events are going on around the church;
Looking for staff who will bring in younger people;
Do we need to change policy to make these things happen?
We should be talking about this with the congregants;
Stronger relationships with other congregations around the city;
How are other churches in the community doing? It is complicated;
The Board should develop language that we have created some of the most amazing programs in
the county, but we are going to experiment;
Should we do another Listening Project regarding these issues?
Having clarity on who can make things happen will be a plus.
Board needs to be well versed to help bring all this about, and help the ET and staff get centered on
the right questions.
Are there policy changes needed to help with the upcoming changes in staff and bringing about the
ideas above?
We had an unprecedented new membership of 108 this year. And that likely will only grow as
people move to our beautiful part of the country;
How do we build and enhance the ties with other UU congregations in our area?
We as board need to help assure congregants that not everything is changing during these times
ahead. Help manage the emotional piece.

This year on the board we need/want more time for generative conversations, look at policies to see
what works and what doesn’t (PEC is in that process now). John T would like all the board members
thoughts.

Communication Committee has nothing to add to their work from this meeting.
Process - We were marvelous - good participation, good brief committee reports.

Andy shared closing words.

Meeting was adjourned.

Respectfully submitted,
Kathy Ludlow, Secretary
Generative conversation: What will the church look like in five years

- The extent the senior staff has changed. In 5 yrs Tom could be the only one of the senior staff who is still here;
- We will have significant staff change;
- We do church in a much different culture and we may be impacted by some of it;
- Protestant churches have been declining. How about us?
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- The belief that the way we fund churches is changing. Pledging is not the same for the younger generation. What is the impact?
- Need for church to recommit or commit anew to policy based governance. What kind of structure does the church want in the coming years,
- We are making plans to make significant progress in becoming a spiritual center in Portland. How much will be virtual v. physical?
- The city we are living in is changing and so should we;
- Younger;
- Flexible;
- Making it more accessible to get to from outline areas;
- We need to be much more diverse;
- We need to be much more engaged;
- Congregants more engaged with church;
- More inter generational classes, volunteering for families;
- We should reach out to the city more;
- More virtual;
- More transparent;
- Needing to grow more regarding family issues. We need families to think this is their church;
- Turnover in Staff is a great opportunity to move away from the silos, and we need a shift;
- How do we get people to engage and stay with the church?
- Church in name is a complete turnoff to some;
• More family social programming;
• Finding a way for young adults without children to feel connected to the church;
• The City is transforming, and we will have a much larger population and younger people moving to the city. Transportation is getting better and much more people will commute to church;
• We need to create a better sense of community;
• Virtual experience needs expanding.
• Create public and meaningful relationships;
• The church of today is beloved by so many, but we will bump up against resistance.
• Tweet at church and keep phones on. Share the message;
• Less formal church;
• More interaction at service.
• Some churches are diversifying their offering.
• 2 services at church. One more traditional and one aimed at the younger.
• How do we get the younger crowd to keep coming back?
• Children having a cohort they grow up with. They need to keep the children engaged and someone to share milestones with. Not a neighborhood church so kids never see each other;
• Get the community together, out of the church environment;
• Big screen TV showing what events are going on around the church;
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• Do we need to change policy to make these things happen?
• We should be talking about this with the congregants;
• Stronger relationships with other congregations around the city;
• How are other churches in the community doing? It is complicated;
• The Board should develop language that we have created some of the most amazing programs in the county, but we are going to experiment;
• Should we do another Listening Project regarding these issues?
• Having clarity on who can make things happen will be a plus.
First Unitarian Church of Portland  
Board Officer’s Committee Meeting  
Draft Minutes - September 16, 2015


Bill shared opening words by Nancy Shafer “That Which Holds All”

No changes to August minutes.

ET Update:
· Homecoming Sunday was great. We had 900 attending including streaming.
· The Grant to build our virtual ministry has been submitted. It will allow us, working with intern Terry Burnor from Church of the Larger Fellowship, to bring together brick & mortar with on-line services. We will be able to carry out a 10 week experiment of new approaches beginning early in the new year.
· Bill’s sabbatical will be postponed from this winter, although we’ll have some guest preachers.
· We’re making changes in our virtual world including publications, order of service.
· Bill shared a draft white paper on the process for filling Mark’s position upon his retirement. A transition committee will be formed.

The fee structure changes to RE and choir program have created discussion. Concerns are being addressed by the staff. Rumor that the fee is funding cost of living for some employees has surfaced. Fact is that no staff have received COLA’s and will not until the union contract is completed.

ET’s Policy Review Report will be the generative discussion topic at October board meeting.

PEC
· PEC has begun a look at policies that will be reviewed and changed this year. All board members are invited to be part of the process.
· A waiver to the ministers from the Living Wage Policy 3.2.1 will be proposed, allowing the negotiations to move ahead. Randy will clarify the wording and submit to the board.
· Conflict of Interest statements need to be signed. Kathy will bring to October board meeting.

Ameena and Randy had a very positive meeting with Nominations Committee co-chairs Cathy Couch and Pat Malone. Nom Com will:
· take our stated needs for board member skills into account
· welcome our recommendations for names
· will share the candidates prior to the meeting with Nom Com, ET and Board reps
· will create confidential space for ministers to share information as needed
They would like to know early-on how many board members are seeking re-election.

Comm Comm will lead producing a page for the Board Book thanking Aimee who has left the board.

BOC moved into closed session.

Meeting adjourned at 6:15.

Respectfully submitted, Kathy Ludlow, Secretary

Call to Order: 4:30 PM, Buchan Room B310.

Reading: Michael Cunningham shared a reading.

Check-in:

Minutes: The minutes of the July meeting were reviewed and approved.

Review Date and Time for Next Regular Meeting: Tuesday, October 27th, 4:30-6:00 pm Room B310. Michael outlined the committee meeting schedule for 2015-2016 and the major tasks facing the committee this coming year.

Board Notifications: None.

Announcements and Reports: None

Review Action Items from Prior Meetings:

John Hutzler questioned whether it was appropriate to allocate the income from the tax credit sale to something other than the Major Repairs and Equipment Reserve. The committee felt that since the Major Repairs and Equipment Reserve was fully funded it was reasonable to maintain the tax credit sale proceeds as a separate reserve.

Review and Discussion of Financial Statements

<table>
<thead>
<tr>
<th>August Financial Summary</th>
<th>Month</th>
<th>YTD</th>
<th>Budget Month</th>
<th>Budget YTD</th>
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<tbody>
<tr>
<td>Operating Income</td>
<td>$144,726</td>
<td>$348,894</td>
<td>$145,849</td>
<td>$371,137</td>
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<tr>
<td>Operating Costs</td>
<td>-$155,270</td>
<td>-$306,421</td>
<td>-$165,724</td>
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<td>Reserve Deposits</td>
<td>-$3,835</td>
<td>-$9,088</td>
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<td>Investment</td>
<td>$103</td>
<td>$200</td>
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<td>Surplus / Deficit</td>
<td>-$14,276</td>
<td>$33,585</td>
<td>-$25,127</td>
<td>$32,483</td>
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</table>
The Finance Committee reviewed the August financials. Highlights follow.

Two months into the fiscal year the Church has an operating surplus of $33,585. This is $1,102 ahead of budget.

To date pledge collections and contributions are below budget by $27,294 or about 13% of budget. Program income, rental income and other income are $9,193 above projections. Total income is $22,243 below budget, about 6% below projections.

Operating costs through August are $35,936 below budget, primarily driven by lower than expected program, salary and occupancy expenses. Overall expense control continues to be very good and operating expenses are 7% below budget.

Our Cash and Securities balance stood at $1,067,971 on August 31, 2015. This figure matched the ending Cash Flow report.

The dashboard report shows that 119 new members enrolled in the last 12 months. New member pledges total $69,123 which is 51% ahead of the previous year. The average pledge is slightly up over the past 12 months. August and July plate contributions totaled $6,281.

Josh questioned who was providing oversight to the mutual funds held by the church in various reserve accounts. While some are professionally managed a couple of smaller accounts are not actively managed.

Old Business:
Laura Milne provided an overview of the mission budget project that Kate Birdsall and her sub-committee have been working on over the late spring and summer. They have identified mission areas and the percentage of expenses allocated to these areas. This continues to be a work in process and hopefully can be used to inform the pledge drive and next year’s budget. The finance committee acknowledged Kate, her sub-committee, and the office staff’s good work thus far on the project.

The committee prepared for the Congregant Budget meetings scheduled after both services Sept 27th. There will be handouts including the Treasurer’s Report and a graphic spreadsheet comparing the Church financial results this year to previous years. While the meetings will focus on the Church’s end of the year budget results, the committee anticipates that there will be questions about staff salaries, the progress of union negotiations and revised fees for music and religious education programs. Michael Cunningham will chair the first meeting and Laura Milne volunteered to host the second. Kathryn Estey will represent the Church administration.

New Business:
The Policy Evaluation Committee will be reviewing some policies that affect the Finance Committee. Michael Cunningham, Stan Jewett and either Zaida or Kathryn will vet proposed changes to the financial policies and present them to the Finance Committee for evaluation.
Laura Milne offered to bring a reading to the October meeting.

Adjourned: The meeting adjourned at 6:10 PM.

Submitted by: Michael Cunningham
Notes to Financials

August 2015

Operating Income

1. Pledge income (YTD and month) below budget.
2. Contributions also below budget.
3. Program Income:
   a. Bed & Breakfast (still from GA) 1,900
   b. Bookstore 1,107
4. Rental Income includes:
   a. Events 5,424
   b. Tenants Rent 26,302
5. Other Income –
   a. Sexton fees from rental events 2,940
   b. Recognized LeMonde deferred maintenance revenue 7,510
6. Justice Begins At Home:
   a. Aug collection 6,958
   (to be transferred to account in Sep)

Operating Costs

1. Monthly payroll under budget
   (based on FY15 budget; FY16 budget pending due to labor negotiation)
2. Occupancy – under budget
3. Program Expenses
   a. Permits & Licenses 2,067
   b. Equipment Repairs/Maintenance 2,236
   c. Outside printing 1,906

Dashboard

1. July/Aug new members = 11, 8 pledges received
2. Plate recipients = LUMMI tribe ($2,880)

Cash/Securities Balances

1. Justice Begins At Home – balance includes July collection; Aug collection to be
   transferred to account in Sep
2. Buchan Bldg Capital balance – ($3,518) not enough to cover Sep loan principal payment;
   Loan payment to be taken from the Operating fund beginning Sep
3. Commemoration – hymnals purchased from donation made my a congregant
4. Chesney – decrease due to unrealized loss on investment
5. MJS Lecture – decrease also due to unrealized loss on investment
6. Program Designated – The Thirteen Salmon Advisory Council granted Portland Homeless Family
   Shelter $12,000 for staff compensation and expenses for children’s activities.

Miscellaneous,
# First Unitarian Church
## Year-To-Date Operating Summary
### 8/31/2015

<table>
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<tr>
<th></th>
<th>ACTUAL OPERATIONS YEAR TO DATE</th>
<th>ACTUAL OPERATIONS YEAR TO DATE</th>
<th>ACTUAL VARIANCE</th>
<th>BUDGET YEAR TO DATE</th>
<th>BUDGET VARIANCE</th>
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<td><strong>Church Operations</strong></td>
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<tr>
<td><strong>Operating Income</strong></td>
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<tr>
<td>Pledge Income</td>
<td>164,896</td>
<td>185,492 (20,597)</td>
<td>185,492</td>
<td>20,597</td>
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<td>Contributions</td>
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<td>12,299</td>
<td>170</td>
<td>19,166</td>
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<td>Program Income</td>
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<td>9,478</td>
<td>7,301</td>
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<td>Rental Income</td>
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<td>75,794 (5,740)</td>
<td>75,873</td>
<td>(5,819)</td>
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<td>Other Income</td>
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<td>6,950</td>
<td>6,952</td>
<td>7,699</td>
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<td>Justice Begins At Home</td>
<td>71,465</td>
<td>-</td>
<td>71,465</td>
<td>75,606</td>
<td>(4,141)</td>
<td>120,000</td>
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<td>Transfer from Foundation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
<td>50,000</td>
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<td><strong>Total Operating Income</strong></td>
<td>348,894</td>
<td>287,167</td>
<td>61,727</td>
<td>371,137</td>
<td>(22,243)</td>
<td>2,301,244</td>
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<td><strong>Operating Costs</strong></td>
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<td>Payroll Expenses</td>
<td>217,400</td>
<td>225,632 (8,232)</td>
<td>222,420</td>
<td>5,019</td>
<td>1,454,512</td>
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<td>Occupation Expense</td>
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<td>Program Expense</td>
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<td>16,157</td>
<td>324,096</td>
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<td>Rental Expense</td>
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<td>3,831 (48)</td>
<td>3,103</td>
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<td>Administration Expense</td>
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<td>Interest Expense</td>
<td>11,139</td>
<td>11,421 (281)</td>
<td>11,333</td>
<td>194</td>
<td>68,000</td>
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<tr>
<td>Other Expense</td>
<td>6,749</td>
<td>195 (6,554)</td>
<td>733</td>
<td>(6,016)</td>
<td>4,400</td>
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<tr>
<td>Buchan Principal Payment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>38,000</td>
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<tr>
<td><strong>Total Operating Costs</strong></td>
<td>306,421</td>
<td>309,556</td>
<td>3,135</td>
<td>328,149</td>
<td>21,728</td>
<td>2,238,219</td>
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<tr>
<td><strong>Net Church Operations</strong></td>
<td>42,473</td>
<td>(22,389)</td>
<td>64,862</td>
<td>42,988</td>
<td>(515)</td>
<td>63,025</td>
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<td><strong>Reserve Account Deposits</strong></td>
<td></td>
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<tr>
<td>Annual Operating Reserve</td>
<td>7,671</td>
<td>7,238 (433)</td>
<td>7,671</td>
<td>-</td>
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<td>Major Repair &amp; Equipment Reserve</td>
<td>1,417</td>
<td>2,833</td>
<td>1,417</td>
<td>2,833</td>
<td>1,417</td>
<td>17,000</td>
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<td><strong>Total Reserve Deposits</strong></td>
<td>9,088</td>
<td>10,071</td>
<td>984</td>
<td>10,504</td>
<td>1,417</td>
<td>63,025</td>
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<tr>
<td><strong>Net Church Operations After Reserve Deposits</strong></td>
<td>33,385</td>
<td>(32,460)</td>
<td>65,846</td>
<td>32,483</td>
<td>902</td>
<td>0</td>
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<td><strong>Investment Income</strong></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Dividend &amp; Interest Income</td>
<td>200</td>
<td>154</td>
<td>45</td>
<td>-</td>
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<tr>
<td>Realized Stock Gain (Loss)</td>
<td>-</td>
<td>(117)</td>
<td>117</td>
<td>-</td>
<td>-</td>
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<td><strong>Net Investment Income (Loss)</strong></td>
<td>200</td>
<td>37</td>
<td>163</td>
<td>-</td>
<td>200</td>
<td></td>
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<td><strong>Operating Surplus (Deficit)</strong></td>
<td>33,585</td>
<td>(32,423)</td>
<td>66,008</td>
<td>32,483</td>
<td>1,102</td>
<td></td>
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<tr>
<td></td>
<td>ACTUAL OPERATIONS YEAR TO DATE</td>
<td>ACTUAL OPERATIONS YEAR TO DATE</td>
<td>ACTUAL VARIANCE</td>
<td>BUDGET YEAR TO DATE</td>
<td>BUDGET VARIANCE</td>
<td>ANNUAL BUDGET</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------------------</td>
<td>-------------------------------</td>
<td>-----------------</td>
<td>---------------------</td>
<td>-----------------</td>
<td>---------------</td>
</tr>
</tbody>
</table>

### Church Operations

#### Operating Income

- **Pledge Income**: 164,896
- **Contributions**: 12,469
- **Program Income**: 16,109
- **Rental Income**: 70,054
- **Other Income**: 13,901
- **Justice Begins At Home**: 71,465
- **Transfer from Foundation**: 50,000

#### Operating Costs

- **Payroll Expenses**: 217,400
- **Occupancy Expense**: 34,690
- **Program Expense**: 23,854
- **Rental Expense**: 3,879
- **Administration Expense**: 8,709
- **Interest Expense**: 11,139
- **Other Expense**: 6,749
- **Buchan Principal Payment**: 38,000

#### Total Operating Income

348,894

#### Total Operating Costs

306,421

#### Net Church Operations

42,473

#### Reserve Account Deposits

- **Annual Operating Reserve**: 7,671
- **Major Repair & Equipment Reserve**: 1,417

#### Total Reserve Deposits

9,088

#### Net Church Operations After Reserve Deposits

33,385

#### Investment Income

- **Dividend & Interest Income**: 200
- **Realized Stock Gain (Loss)**: -

#### Net Investment Income (Loss)

200

#### Operating Surplus (Deficit)

33,585
## First Unitarian Church
### Dashboard Report
#### August 2015

### CAMPAIGN MONTHLY TRACKING

#### Pledge Drive Statistics

<table>
<thead>
<tr>
<th></th>
<th>2016 Campaign</th>
<th>2015 Campaign</th>
<th>2014 Campaign</th>
<th>2013 Campaign</th>
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<tbody>
<tr>
<td>As Of</td>
<td>08/31/15</td>
<td>08/31/14</td>
<td>08/31/13</td>
<td>08/31/12</td>
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<tr>
<td>All Members--</td>
<td></td>
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<tr>
<td>Pledge Goal</td>
<td>-</td>
<td>1,425,000</td>
<td>1,430,532</td>
<td>1,419,000</td>
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<tr>
<td>Pledges Received</td>
<td>500</td>
<td>-</td>
<td>2,950</td>
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<tr>
<td>Justice Begins At Home</td>
<td>500</td>
<td>Match Challenge</td>
<td></td>
<td></td>
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<tr>
<td>Percent of Goal</td>
<td>0.04%</td>
<td>0.00%</td>
<td>0.21%</td>
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<tr>
<td>Pledging Households</td>
<td>-</td>
<td>-</td>
<td>2</td>
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<td>Average Pledge Received</td>
<td>500</td>
<td>-</td>
<td>1,475</td>
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<tr>
<td>Payments Received</td>
<td>-</td>
<td>-</td>
<td>330</td>
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<tr>
<td>Match Payments Received</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of Pledge</td>
<td>0.0%</td>
<td></td>
<td>11.2%</td>
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#### Attendance

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<th>** August 2015</th>
<th>*** August 2014</th>
<th>August 2013′</th>
<th>August 2012</th>
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<tbody>
<tr>
<td>For the month</td>
<td>2,080</td>
<td>1,950</td>
<td>1,794</td>
<td>1,564</td>
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<td>Total for the Church Year</td>
<td>36,654</td>
<td>36,369</td>
<td>37,825</td>
<td>38,300</td>
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<td>Average per Sunday for month</td>
<td>416</td>
<td>390</td>
<td>449</td>
<td>391</td>
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<tr>
<td>Average per Sunday YTD</td>
<td>692</td>
<td>686</td>
<td>727</td>
<td>737</td>
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<tr>
<td>** = 5-Sunday month</td>
<td></td>
<td>*2/9 = snow day</td>
<td>*Easter</td>
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#### New Members

<table>
<thead>
<tr>
<th></th>
<th>8/14-8/15</th>
<th>8/13-8/14</th>
<th>To be adjusted in Sep for start of church year</th>
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</thead>
<tbody>
<tr>
<td>Enrolled</td>
<td>119</td>
<td>86</td>
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<tr>
<td>Number of Pledges Received</td>
<td>84</td>
<td>59</td>
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<td>Total Amount of Pledges Received</td>
<td>69,123</td>
<td>45,836</td>
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<tr>
<td>Average Pledge</td>
<td>823</td>
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#### Plate Contributions

<table>
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<tr>
<th></th>
<th>FY15</th>
<th>Recipient(s)</th>
<th>FY15</th>
<th>Recipient(s)</th>
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</thead>
<tbody>
<tr>
<td>Jul</td>
<td>3,401</td>
<td>Reentry Trans Proj; Rebuild Church</td>
<td>Jan</td>
<td></td>
</tr>
<tr>
<td>Aug</td>
<td>2,880</td>
<td>LUMMI Tribe</td>
<td>Feb</td>
<td></td>
</tr>
<tr>
<td>Sep</td>
<td></td>
<td></td>
<td>Mar</td>
<td></td>
</tr>
<tr>
<td>Oct</td>
<td></td>
<td></td>
<td>Apr</td>
<td></td>
</tr>
<tr>
<td>Nov</td>
<td></td>
<td></td>
<td>May</td>
<td></td>
</tr>
<tr>
<td>Dec</td>
<td></td>
<td></td>
<td>Jun</td>
<td></td>
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<tr>
<td>Fiscal YTD</td>
<td>6,281</td>
<td></td>
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<tr>
<td>Dept</td>
<td>Fund Name</td>
<td>General Ledger Fund Balance</td>
<td>Change from Prior Month</td>
<td>General Ledger Fund Balance</td>
</tr>
<tr>
<td>------</td>
<td>-----------------------------------------------</td>
<td>----------------------------</td>
<td>-------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>10</td>
<td>Cash for Operation</td>
<td>20,861.24</td>
<td>(23,412.79)</td>
<td>(2,551.55)</td>
</tr>
<tr>
<td></td>
<td>Sub-Total Operating Fund</td>
<td>20,861.24</td>
<td>(23,412.79)</td>
<td>(2,551.55)</td>
</tr>
<tr>
<td>3412</td>
<td>Annual Operating Reserve</td>
<td>3,835.42</td>
<td>3,835.42</td>
<td>7,670.84</td>
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<tr>
<td>3414</td>
<td>Major Donor Reserve Fund</td>
<td>40,000.00</td>
<td>-</td>
<td>40,000.00</td>
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<td>3415</td>
<td>Subbatical Reserve</td>
<td>1,000.00</td>
<td>-</td>
<td>1,000.00</td>
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<tr>
<td>3416</td>
<td>Outreach Reserve</td>
<td>-</td>
<td>-</td>
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<tr>
<td>3423</td>
<td>Special Projects Reserve</td>
<td>51,334.54</td>
<td>(3.00)</td>
<td>51,331.54</td>
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<td>3430</td>
<td>Major Repairs &amp; Equipment Reserve</td>
<td>159,653.63</td>
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<td>159,653.63</td>
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<tr>
<td>3422</td>
<td>Reserve Close the Gap</td>
<td>-</td>
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<td>3413</td>
<td>Safety Reserve</td>
<td>140,235.22</td>
<td>-</td>
<td>140,235.22</td>
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<td>1012-10</td>
<td>Required Loan Reserve</td>
<td>111,357.64</td>
<td>18.91</td>
<td>111,376.55</td>
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<td>1015-10</td>
<td>Justice Begins at Home</td>
<td>57,379.49</td>
<td>7,331.03</td>
<td>64,510.52</td>
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<td>3424</td>
<td>Reserve Tax Rebate</td>
<td>48,963.45</td>
<td>2.50</td>
<td>48,965.95</td>
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<td>1010-49</td>
<td>Program Designated</td>
<td>236,344.32</td>
<td>(12,347.58)</td>
<td>223,996.74</td>
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<td>Sub-Total</td>
<td>1,584,005.51</td>
<td>(7,084.98)</td>
<td>1,572,920.53</td>
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<tr>
<td>30</td>
<td>General Capital</td>
<td></td>
<td>-</td>
<td>-</td>
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<tr>
<td>34</td>
<td>Buchan Bldg Capital</td>
<td>5,930.93</td>
<td>(2,412.46)</td>
<td>3,518.47</td>
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<tr>
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<td>Sub-Total General Capital Funds</td>
<td>5,930.93</td>
<td>(2,412.46)</td>
<td>3,518.47</td>
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<td>1011-40</td>
<td>Commemoration</td>
<td>19,716.29</td>
<td>(2,521.40)</td>
<td>17,194.89</td>
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<td>41</td>
<td>Chesney (Intern Minister)</td>
<td>39,647.11</td>
<td>(559.45)</td>
<td>39,087.66</td>
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<td>42</td>
<td>MJS Lecture Series</td>
<td>105,163.41</td>
<td>(4,070.86)</td>
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<td>43</td>
<td>Hessler-Deale (Women in Ministry)</td>
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<td>Anniversary</td>
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<td>15,409.15</td>
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<td>47</td>
<td>Steiner</td>
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<td>48</td>
<td>Tatum-Bellville</td>
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<td>90</td>
<td>Rabi Domini Trust</td>
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<td>1035-10</td>
<td>State Unemployment Insurance</td>
<td>20,326.16</td>
<td>3.46</td>
<td>20,329.62</td>
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<td>Sub-Total Restricted Funds</td>
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<td>(7,084.98)</td>
<td>217,762.87</td>
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<td>Total All Funds</td>
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<td>(34,272.95)</td>
<td>1,067,470.78</td>
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<td></td>
<td>Per Bank Rec.</td>
<td>1,101,743.73</td>
<td>(34,272.95)</td>
<td>$1,067,470.78</td>
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<td>Petty Cash</td>
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<td></td>
<td>Lines of Credit</td>
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<td>2120-10</td>
<td>Wells Fargo Buchan Loan</td>
<td>$1,630,000.00</td>
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<tr>
<td>---------------------------------------------------------------</td>
<td>------------</td>
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<tr>
<td><strong>Beginning Cash &amp; Equivalents Balance</strong></td>
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<td><strong>Receipts</strong></td>
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<td>Pledges &amp; Contributions Received</td>
<td>88211.99</td>
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<td>Events/Weddings/Memorials</td>
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<td><strong>Rents Received</strong></td>
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<td>Program Receipts</td>
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<td>Special Events</td>
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<td>Miscellaneous Receipts</td>
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<td>Interest/Gain-Loss on Investments</td>
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<td>Increase/Decrease Accounts Receivable</td>
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<td>Special Fundraising</td>
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<td>Restricted Fund Receipts</td>
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<td>Operating Receipts</td>
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<tr>
<td>Buchan Building Receipts</td>
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<tr>
<td><strong>Total Receipts</strong></td>
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<td><strong>Payments</strong></td>
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<td>Payroll/Taxes/Benefits</td>
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<td>Operating Expenses</td>
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<td>Program Expenses</td>
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<td>Increase/Decrease Prepaid Expenses</td>
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<td>Acquisition of Property &amp; Equipment</td>
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<td>Increase/Decrease Accounts Payable</td>
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<td>Miscellaneous Expenses</td>
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<td>Operating Expenses</td>
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<tr>
<td>Wells Fargo Buchan Building Loan</td>
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<td><strong>Total Payments</strong></td>
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<tr>
<td><strong>Net Cash In/(Out)</strong></td>
<td>-34272.20</td>
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<tr>
<td><strong>Ending Cash &amp; Equivalents Balance</strong></td>
<td>1067970.78</td>
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</tr>
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</table>
Board Treasurer’s Report for Fiscal Year 2014-2015

Dear friends and fellow congregants,

I am pleased to announce that the Church ended the fiscal year on June 30, 2015 ahead of budget and recorded an operating surplus of $26,086. The Executive Team and staff have done an excellent job of keeping expenses within budget and the congregation has provided generous support in the form of pledges and other contributions. In addition to covering our expenses, we are continuing to fund our reserve accounts to strengthen the long term financial position of First Unitarian.

Several items beyond the annual pledge drive generated additional income to the church. Our successful auction will improve access and beautify the exterior of our buildings. We sold a tax credit from the construction of the Buchan Building and used it to further augment our reserves. The "Justice Begins at Home" drive raised significant funds which will all be used to increase staff salaries. Finally, the Church signed favorable 3 year lease with Northwest Academy which gives some stability to our rental income flow.

We continue to support other organizations whose mission is in concert with ours. This year our shared plate collections generated $51,539 which was distributed to more than 15 local and Unitarian Universalist causes.

The congregation approved the Church's annual budget of $2,300,000 in May. This year the Executive Team presented the budget in pie chart form in addition to the traditional spreadsheet format to clarify how our money is spent. A budget glossary and process description were also added this year. This year the church will be hold quarterly budget meetings and is exploring a budget format that would more clearly match revenues with program expenses. The goal is to make the budget process more transparent and congregant friendly.

The graphical fact sheet for June 30, 2015 shows measures of the Church's financial position at the end of the fiscal year as compared to previous years. The Financial Committee page of the Church website has a color version of this chart and other financial reports. You can access the Financial Committee's web page by going to the Church website (www.firstunitarianportland.org,) and clicking Our Church and then the Finance Committee heading under the Board of Trustees.

Thanks to all of you who continue to support our wonderful Church with your financial resources and your time. Let us continue to build the beloved community together in the coming years.

Michael Cunningham
Board Treasurer
Attending: Ameena Amdahl-Mason, Kathy Ludlow, Maryann Roulier, Evie Zaic

The letter from the Board to the staff about the church vision and steps to enhance it suggested by the Listening Project participants, was sent by Bill via e-mail today. It seems like a good idea for the Board to communicate with the staff each September, to thank them for their service and to encourage their participation in the coming year.

Evie will send an e-mail to Listening Project participants letting them know that their ideas have been shared with the staff and inviting them to record how the vision statement aligns with their values and their spiritual path, reporting their thoughts in whatever medium they choose, e.g. written, photos, video. Other congregants will be asked to respond as well and the results will be shared on the Vision webpage.

Evie has met with Corbin, staff communications director regarding the vision bookmark. The original design will be used and bookmarks will be available for congregants in baskets in the Narthex on September 20, following installation of Board members. The large and small posters with the Vision statement will be in evidence.

Kathy and Evie are working on updating the church website for the Board. New Board goals, revised slightly by Ameena and shared with the Board will be posted on the website.

Kathy is writing an article for the 9/16 E-news recapping the vision process.

Maryann will attempt to determine when John Thompson was elected to the Board, in order to clarify when he will be eligible to run for re-election.

Communications Committee will meet on the 3rd Tuesday of each month from 4:30 to 6 pm. We will meet in the empty office in the church office as long as it is available.

The meeting was adjourned.
CONFLICTS OF INTEREST DISCLOSURE AND ACKNOWLEDGMENT STATEMENT

[Each Trustee and Officer should sign and submit this form annually.]

Disclosure

Please report below any direct or indirect conflicts of interest you have or may have in connection with the church.

You have an ongoing obligation to notify the Board promptly of any direct or indirect conflict of interest as it arises.

List of Conflicts

Please list any direct or indirect conflicts here:

Acknowledgment

I have received and read and will comply with the Conflicts of Interest Policy of this church. I affirm that, other than the interests reported, I am aware of no direct or indirect conflicts of interest that I have or may have within the meaning of the Conflicts of Interest Policy.

Signature: ____________________________ Date Adopted: __________________

Title

Please submit this form to the Secretary of the church and retain a copy for your records.
2014-15 was a complicated year for the ET, for the Board and for our congregational leaders generally. It is a year that can be viewed through several important lenses.

One lens would see the year framed by “Hands Up, Don't Shoot” in Ferguson last August and “Black Lives Matter” at Emanuel AME in Charleston. This justice-focused lens includes national Marriage Equality and gathering strength to address climate change.

Another might center on the kick-off of our 150th Anniversary, Cindy Cumfer’s new history, the Oregon Historical Society exhibit, and the Celebration of Ministry on June 21, with dozens of ministers with ties to First Church lined across the Chancel.

A third lens might focus on the UUA General Assembly: the thousands of volunteer hours, Kate Lore’s leadership in public witness, our popular booth, the SRO Choir Concert.

Streaming worship, which we began in September, quickly became “standard operating procedure.” 5% of our attendance for the year was “virtual.”

We announced an even greater number of deaths than the record number of the previous year. Concerns about congregational demographics are deepening for many of us. Also, at a less existential level, the number of deaths may require reshaping of our priorities for ministerial time and energy.

Theology? Rebecca Parker’s Seminary for a Day address and her sermon struck a resonant chord for many. She affirmed the importance of the "no's" we have said to theologies and ideas about the holy, making space for the "yes" we are yearning to find.

"Not Your Same Old Fund Drive” signaled a significant shift in how we do annual fundraising. Despite positive energy, overall giving remained flat, as it has for years. Yet, “Justice Begins At Home,” in response to the need to increase staff compensation, especially at the lower levels, was the most successful additional "ask" in recent history.

We also navigated complicated territory as some of our employees demanded a union. There was real divisiveness as the ET finally agreed to voluntary recognition of a union and the bargaining process to create a first contract began. That process is not yet complete.

The year ended on the positive notes of General Assembly and the kick-off events for our Anniversary. But questions linger on the minds of the ET and, no doubt, Board leadership:

Will agreement be found to conclude an employment contract with the "union” employees? How much time and energy will be required of the ET (and the union) to reach that agreement?

Will the "Justice Begins At Home" pledges be continued at levels that will support the higher wages we must begin paying? To Stewardship end.
Will we regain the ability to focus on our future, finding the energy to manage significant staff transitions, explore the role technology can play in our ministry and increase our financial health?

Board progress toward both a congregational vision and revised mission language was delayed, superceded by the need to respond to the union, staff compensation, and policy review issues. Board culture and partnership with the ET also shifted. (See Element 4)

Overall, the ET believes we delivered a quality worship, pastoral, prophetic and program year. However, the additional demands of the year meant that some priorities did not receive as much attention as planned. Leadership development is one example. Next steps to develop the “paths” toward spiritual deepening is another. Our ability to dream and plan forward was severely limited by the press of urgent demands. We ended the year with personal resources depleted.

This report continues to use the “elements” of our mission as a framework. Both the original descriptions of the elements and the PEC recommended revisions are included. No further revisions to our “interpretations” were made nor are any planned until new language for the elements is approved. ET commentary on "element" language from the prior reports is not repeated here.

Central metrics for almost all elements of our ministry are scores from the Congregational Survey. There were 194 responses (vs 201 in 2014 and over 330 in the first two years). It is our view that the survey received too little publicity, especially from the pulpit, in a spring dominated by the “Justice Begins at Home” ask, labor negotiations, the Anniversary launch, GA, “Black Lives Matter,” and the on-going high level of pastoral need.

Ratings, across all elements of ministry, were reduced, ranging from a 3% reduction for the rating of worship to an 11% reduction for “transparent democratic process/shared governance and a 16% reduction in the "sustainable community” element. It is hard to believe that satisfaction with what we offer has declined...in every area. It seems more likely that those motivated to complete the survey were more inclined to rate our ministries more critically. These results seem related to the concerns raised by the unionization and authority issues, witness the largest reduction for the “transparent democracy” element. These scores indicate both a need to expand the number of congregants who respond, and continued attention to the justice and transparency issues raised during the last year. Even the reduced levels of these scores this year, it should be noted, described a ministry that is very much appreciated.

As we said, this report covers a complicated year.

Your Executive Team
Bill, Tom & Kathryn

**Mission.** The mission of First Unitarian Church of Portland, Oregon is to create a welcoming community of diverse individuals; to promote love, reason and freedom in religion; to foster lifelong spiritual growth; and to act for social justice. To realize this mission, First Unitarian Church:

1) Original: Is a welcoming and loving community that provides a safe haven where a diverse people of various ages and cultures may gather to build nurturing relations.

Revised: People who participate in the church community feel safe, experience nurturing relationships and diversity, and are challenged to grow spiritually.

ET Interpretation: We interpret this element to mean that the church, through its worship life, programs, institutional goals and policies, models radical hospitality to welcome the diversity of people who come through its doors and offer them opportunities to grow spiritually once they are here. It will strive to support people on their life journey through pastoral care and through one-on-one and group interactions. It will strive to build the Beloved Community through a
variety of group experiences and will be intentional in its work to be anti-racist and multi-cultural. It will establish policies to insure that the church is a safe place for everyone, and particularly those who are the most vulnerable.

ET Assessment: We believe we are in reasonable compliance with this aspirational Element of our Mission.

Measures/Indicators:

This element received an average rating of 3.92 (5 point scale), down from 2014 and comparable to the rating in the 2012 survey. Ratings for all elements were reduced from the prior year.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>ET Element</td>
<td>3.92</td>
<td>4.11</td>
<td>4.18</td>
<td>3.93</td>
</tr>
</tbody>
</table>

Element for data on attendance.

The number of new members increased to 84 (5% increase), higher than any year in the last decade.

<table>
<thead>
<tr>
<th>New Members</th>
<th>Annual Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>84</td>
</tr>
<tr>
<td>FY 2014</td>
<td>78</td>
</tr>
<tr>
<td>FY 2013</td>
<td>69</td>
</tr>
<tr>
<td>FY 2012</td>
<td>67</td>
</tr>
<tr>
<td>FY 2011</td>
<td>41</td>
</tr>
<tr>
<td>FY 2010</td>
<td>46</td>
</tr>
<tr>
<td>FY 2009</td>
<td>70</td>
</tr>
<tr>
<td>FY 2008</td>
<td>75</td>
</tr>
<tr>
<td>FY 2007</td>
<td>53</td>
</tr>
<tr>
<td>FY 2006</td>
<td>78</td>
</tr>
<tr>
<td>FY 2005</td>
<td></td>
</tr>
</tbody>
</table>

Pastoral Support:

Pastoral care is provided to congregants by all First Church ministers and an active team of lay ministers. In the last two years we have seen a significant increase in the number of memorial services at the church. This has been a trend for several year but especially so the last two years. It appears to reflect the reality an aging demographic in the congregation. As the pastoral load increases, the ministerial time needed for pastoral care may well increase.

From January through June, 2015, 24 lay ministers supported 58 congregants, including an estimated 289 visits, some by phone. That compares to the same period in 2014, when 20 lay ministers supported 48 congregants, including an estimated 404 meetings.

Eight new lay ministers were trained in the spring and have now joined the lay ministry team.

Welcoming:

New members and visitors, generally, report feeling welcomed. In January we initiated a visitors circle after each service in one of the side galleries of the church. The numbers have varied quite a bit but generally this has been a welcome addition to our process. We seem to be catching folks who wouldn’t necessarily go down to the social hour. The Membership Committee last year instituted a mentoring program for new members. Members of the Committee check in with folks in the months following their joining and that has been positively received.

Racial and Cultural Diversity:

Racial/cultural diversity continued to emerge as a priority issue in the Visioning Process.
Demographics from the Congregational Survey reveal a congregation with more than 70% of its adult members over the age of 55.

The survey also continues to describe a congregation that is overwhelmingly white, though the percentage of adults who identify as other than white is "drifting" upward, now at 7%. The numerical change is far from significant, but there are now, consistently, a few more darker faces in the sanctuary on Sunday mornings. We continue to offer programs and trainings on racism, and "Black Lives Matter" has become a central element of our internal reflection, public witness and outreach. At least one visitor recently cited our "Black Lives Matter" banner as what drew him to attend worship.

Young Adults

Young adult programming lost some minimal momentum with the departure of staff member Kate Fagerholm in January. Young adults continue to meet informally but they are not getting the support they need from church staff. This reflects other demands on institutional resources and time. Should we prioritize investment in this ministry or allow it to remain the easiest ministry to cut?

“Safety” Policies:

Policies are in place that articulate the vision of First Church as a safe place for a diverse community (Congregational Covenant, Grievance Procedures, Safe Congregation).

2) Participants in lifelong religious education explore diverse points of view and gain a deeper understanding of themselves.

Interpretation: First Church offers opportunities, across the lifespan, for learning and understanding grounded in UU values. We also provide forums for exploring difficult contemporary religious issues.

ET Assessment: We are in compliance with this Element, as written. We continue to believe that this Element should focus more on outcomes than on what we offer.

Measures/Indicators:

In the Congregational Survey, this element received one of the highest ratings (4.26).

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
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<tbody>
<tr>
<td></td>
<td>4.26</td>
<td>4.43</td>
<td>4.54</td>
<td>4.48</td>
</tr>
</tbody>
</table>

The range of programming offered is reflected in both the Learning Community and Adult Education Program Guides.

Learning Community for Children and Youth

Learning Community registration at 465 children and youth was down just slightly from the prior year. A number of new elements will be introduced this year:

On Together Time Sundays parents will be invited to a Round Table discussion during service. This will give an opportunity for new parents to hear more about programming and ask questions. It will also be a place for parents to offer support to each other.

We are not offering 5th/6th Our Whole Lives sexuality curriculum this year. Instead we will offer this on the years we include 7th/8th OWL.
We've extended the 5th/6th programming to include a half dozen movie nights. These are movies that will be incorporated into their lesson the next Sunday, when brief clips will be shown.

We are planning a trip to Boston this year for Coming of Age and postponing the Civil Rights Social Justice tour until 2017. These two pilgrimage trips will continue to alternate.

Learning Community Registration  
**September-June 2009-2015**

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Children</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>390</td>
<td>404</td>
<td>362</td>
</tr>
<tr>
<td>Youth</td>
<td>*</td>
<td>*</td>
<td>*</td>
<td>105</td>
<td>120</td>
<td>132</td>
</tr>
<tr>
<td>Total</td>
<td>465</td>
<td>475</td>
<td>490</td>
<td>495</td>
<td>524</td>
<td>494</td>
</tr>
</tbody>
</table>

*In 2012 the Learning Community discontinued the breakout of children and youth, instead measuring total registrations.

Adult Programs Registration Trends:

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Registrations (Classes &amp; Retreats)</td>
<td>1,027</td>
<td>998</td>
<td>1,001</td>
<td>1,315</td>
<td>984</td>
<td>1,157</td>
</tr>
<tr>
<td>Fall Registrations (Classes + Retreats)</td>
<td>385</td>
<td>439</td>
<td>399</td>
<td>460</td>
<td>425</td>
<td>487</td>
</tr>
</tbody>
</table>

"Provides worship that is inspiring and affirming, as well as a variety of experiences that invite congregants to deepen their spiritual lives."

Revised: Participation in Sunday worship is inspiring and affirming, and deepens the spiritual lives of the participants.

ET Interpretation: First Church offers excellent quality worship that not only nurtures/affirms, but also inspires/challenges congregants to spiritual depth.

ET Assessment: We believe we are in compliance.

Measures/Indicators:

In the Congregational Survey "Provides worship that is inspiring and affirming" received the highest rating among the highest ratings, (4.26 out of 5.0), and the rating least reduced from the prior year.

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.26</td>
<td>4.39</td>
<td>4.53</td>
<td>4.47</td>
</tr>
</tbody>
</table>

Sunday worship attendance remains the most important numerical indicator of congregational vitality, although as church-going culture continues to shift it is no longer the sole indicator.

Sunday Attendance
### Attendance Comparison

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Sanctuary</td>
<td>34,838</td>
<td>(4)%</td>
<td>36,345</td>
<td>37,981</td>
<td>38,955</td>
<td>42,129</td>
<td>38,024</td>
</tr>
<tr>
<td>Streaming</td>
<td>1708</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>36,546</td>
<td>+.5%</td>
<td>36,546</td>
<td>36,546</td>
<td>36,546</td>
<td>36,546</td>
<td>36,546</td>
</tr>
<tr>
<td>#Sundays</td>
<td>52</td>
<td></td>
<td>52</td>
<td>52</td>
<td>52</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>Av/Sun</td>
<td>702</td>
<td></td>
<td>712</td>
<td>730</td>
<td>749</td>
<td>810</td>
<td>731</td>
</tr>
<tr>
<td>Christmas</td>
<td>2201</td>
<td></td>
<td>2035</td>
<td>2025</td>
<td>1864</td>
<td>2163</td>
<td>1670</td>
</tr>
<tr>
<td>Total</td>
<td>38,747</td>
<td>+1%</td>
<td>38,380</td>
<td>40,006</td>
<td>40,819</td>
<td>44,292</td>
<td>39,694</td>
</tr>
</tbody>
</table>

Overall, attendance was almost unchanged (+1%) vs the prior year. Please note, however, that we had a snow day during the previous winter (so one fewer Sunday’s worth of attendance). And, critically, note that it was only including attendance via streaming worship this year that allowed that positive result. “In person” Sunday attendance was down 4% from the prior year, the 4th year in a row of reduction following the all-time high of Rev. Sinkford’s first year.

What is the reduction in adult, in-person attendance telling us?

Is the “narrative of decline” for Unitarian Universalism, the story that is currently so popular among our national leadership, becoming a reality at First Church?

A firm answer is hard to come by. Evaluated by number of new members (more than doubled from 2009 and 2010, see Element # 1), number of pledges (+2% vs 2014, see Element # 6), participation in Children’s and Adult RE, Music and SJ programs, First Church is far from a trajectory of decline. Participation remains robust.

Energy is difficult to measure, but the “buzz” and activity on Sunday morning continue to be positive and strong.

Are the unusual number of deaths we have memorialized in the last two years a new normal? Will our older and aging demographic dictate a declining numerical size for First Church?

Does the institutional priority become attracting younger members (50-somethings, young families or young adults)? Is the desire for younger members a mission priority or just a concern for institutional survival?

Does the reduction in “in person” worship attendance signal a change in church attendance patterns, with more people/families moving to less frequent attendance? Will such a change shift how generosity is expressed, and how it is invited?

This is the pattern broadly reported in the rest of the “mainline” faith traditions. Whereas “regular attendance” once meant “almost every” Sunday, 2-3 times/month is becoming the norm.

Our robust attendance on Christmas Eve and Easter (Xmas Eve larger even than Rev. Sinkford’s first year) suggests that more of us may be becoming “Christmas and Easter” UU’s, as ironic as that may be, given our theology.

Is what we offer on Sunday morning becoming less attractive to younger potential members and to seekers more generally? Do we need to change our worship experience to attract more/younger members? Or add another service with a different “vibe.”

This has been an open question since at least 2006, probably before. Consultant Gil Rendle, in his 2006 analysis: “If the present developmental goal at First Church is to support continued growth, a third worship service should provide an alternative format of worship at a time other than Sunday morning.” “It is recommended that major responsibility for the development and leadership of a third worship service be assigned to the third minister who will join staff.”

The Rendle report identified single young adults or young families as potential target groups for an additional service. Both would be consistent with the desire expressed in our recent Visioning work to shift emphasis toward a younger demographic.
Clearly the decision was made to focus our third minister on Social Justice, rather than growth and expansion of our worship offerings. The need/opportunity for an alternative worship offering did not, however, end. That may be the most important “take away” from our attendance trends.

Rendle stressed that an additional worship offering must be adequately staffed. That means not only the minister, but music leadership as well. Adding a service would allow us to preserve the excellence of the performance-oriented music we enjoy now, while adding a less formal, less performance-oriented, more participatory alternative. N.B. “Adding” will require additional resources. These questions move to the forefront as we celebrate Mark Slegers’ retirement next year and move to hire for our future.

We already have plans and resources in place to move forward in exploring virtual ministry (Both our Intern Minister next year and our new half-time Communications Director have that investigation on their to-do lists). We need to insure that we have the resources, including the ET bandwidth, to determine what direction, if any, we will pursue in terms of additional worship experiences in our community.

Music Program

Although the ministry of music is not mentioned in the Elements our music program is regularly and appropriately praised. Music is a central part of the worship experience we offer.

Music Program Registration 2011-15

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chamber Choir</td>
<td>46</td>
<td>43</td>
<td>40</td>
<td>38</td>
</tr>
<tr>
<td>Unitarian Choir</td>
<td>85</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Chalice Choir</td>
<td>82</td>
<td>80</td>
<td>83</td>
<td>75</td>
</tr>
<tr>
<td>UU Women’s Choir</td>
<td>30</td>
<td>30</td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td>Bell Choirs</td>
<td>72</td>
<td>65</td>
<td>65</td>
<td>60</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>315</td>
<td>298</td>
<td>297</td>
<td>281</td>
</tr>
</tbody>
</table>

4) Transparent Democratic Process

Original: Uses transparent democratic processes to maintain shared governance and ensure that all voices are heard and respected, and that clearly define the roles and responsibilities of congregants, the Board, Staff and ministers.

Revised: Employing the principles of policy-based governance and the Unitarian Universalist Association, ensure that all voices are heard and respected.

Revised Interpretation: Responsibilities and authority of ET, Board, Staff and Ministers, within the governance system, are clearly delineated and understood by interested and concerned parties. Efforts to make information available are on-going. Multiple ways to have concerns heard by decision-makers are provided and promoted. ET, ministers and staff all function with robust accountabilities to lay program and support committees in virtually every ministry area.

ET Assessment: We believe that we have moved out of compliance. The former Board culture of religious discernment and consensus decision-making was often replaced with argument and decision-by-majority-vote. Disagreement about the authority of the ET (and ministers) and challenges to prior practices of monitoring and review have been frequent. There has been significantly reduced Board time and energy for generative discussion and discernment. The shift to a more confrontational normative culture has changed the experience of Board service for many.
We are all part of this system and the ET claims no privileged position for our experience over that of others. However, it is our experience that the change in Board culture has altered the character of the Board/ET leadership collaboration, leaving the Board less engaged at the level of mission and vision.

Positive new agreement were reached at the June Board retreat which we hope will allow the Board greater focus on the mission and vision questions from which operational decisions should flow.

In this difficult year, the Board did take care to make opportunities to hear congregants a priority, not only at Board meetings but via Listening Circles and open budget hearings as well.

Measures/Indicators:

The reduction in the rating for “Provides information needed to understand church decisions and opportunities to discuss them,” fell further than the rating for any other element, save “Sustainability.” The low rating here requires monitoring and concerted effort to maximize the frequency with which information reaches the largest number of congregants.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating</td>
<td>3.42</td>
<td>3.87</td>
<td>3.82</td>
<td>3.58</td>
</tr>
</tbody>
</table>

5) Ensures the continuity of leadership in the church by developing, supporting, and providing a meaningful experience for a succession of new leaders.

Interpretation: First Church provides a variety of easily accessible pathways for congregants to deepen their spiritual lives through leadership service to the church and supports those who offer leadership in the wider community.

ET Assessment: We believe we are largely in compliance.

Measures/Indicators:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating</td>
<td>3.64</td>
<td>3.92</td>
<td>3.82</td>
<td>3.58</td>
</tr>
</tbody>
</table>

6. Is a sustainable church community in which congregants, Board, staff and ministers share stewardship of both our tangible and human resources.

E.T. Interpretation: First Church is supported, financially, by congregants at a level that sustains our existing, multi-faceted ministry, and allows the church to build toward a vibrant future. Monitoring of our financial health is shared among Board, staff, ministers and lay leaders. Annual fund-raising is the responsibility of E.T. and staff with the critical support and collaboration of lay leaders/volunteers.

E.T. Assessment: Last year saw significant progress made toward achievement of this vision of sustainability.

 Measure:

Congregant ratings for this Element of our mission dropped more sharply than any other (16%).
There was, however, some good stewardship news by year end. In fact, we feel this reduced rating is a positive sign of heightened awareness within the congregation. We have highlighted our overdue need to adjust staff salaries (among other priorities) each year in the Annual Fund Drive. Yet increases in pledging levels have not even covered cost-of-living increases. The demand by staff members to form a union and the “Justice Begins at Home” supplemental AFD “ask,” seemed finally to motivate congregants to significantly increase their giving. “Justice Begins at Home” generated $115,000 in contributions—most of which are in the form of ongoing pledges to fund compensation increases for staff, focusing on our lowest paid, hourly workers.

Financial Results:
Signs of financial stability and responsible financial management abound. We operated “in the black” for the sixth consecutive year. The Major Repairs Reserve is now funded above its $150,000 goal. We continue to make progress in addressing deferred maintenance issues, moving at least as rapidly as called for in the Long Term Maintenance Plan. Proceeds from the annual Auction are allowing improvements in our “face to the world.” The Board has authorized reserves that will allow us to move forward in exploration of “virtual” ministry and alternative worship expressions. We are operating within the covenants of the Wells Fargo mortgage. In fact, Wells Fargo has just released the hold on the cash reserve requirement associated with this mortgage. We have not had to use our line-of-credit in more than two years.

Total pledge income grew 11% thanks to “Justice Begins at Home.” This is the first significant increase in pledge income since 2010, Rev. Sinkford’s first year. These increases will need to be sustained to continue higher staff compensation. We know that some of the “Justice” pledges were one-time gifts, rather than recurring pledges. We believe we are estimating the on-going level of pledge support in an appropriately realistic/conservative manner. There is however uncertainty in our future financial planning. We will know much more after this year’s Fund Drive.

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</thead>
<tbody>
<tr>
<td>Pledge $(000’s)</td>
<td>$1,400</td>
<td>$1,367</td>
<td>$1,320</td>
<td>$1,351</td>
<td>$1,328</td>
<td>$1,155</td>
<td>$1,244</td>
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<tr>
<td>2nd “Ask”</td>
<td>115</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>78</td>
<td>92</td>
</tr>
<tr>
<td>Total $(000’s)</td>
<td>$1,515</td>
<td>$1,367</td>
<td>$1,320</td>
<td>$1,351</td>
<td>$1,328</td>
<td>$1,233</td>
<td>$1,336</td>
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<tr>
<td># Pledges</td>
<td>1,016</td>
<td>998</td>
<td>989</td>
<td>970</td>
<td>1,013</td>
<td>921</td>
<td>986</td>
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<tr>
<td>Av Pledge</td>
<td>$1,491</td>
<td>$1,370</td>
<td>$1,335</td>
<td>$1,393</td>
<td>$1,310</td>
<td>$1,338</td>
<td>$1,355</td>
</tr>
</tbody>
</table>

*In 2012, our data base records do not allow us to accurately distinguish between initial pledges and the 2nd “ask."

Pledge Express:

Though “Justice Begins at Home” was critical in our fund-raising results, the shift in our approach to the Annual Fund Drive, begun last year, was equally important. “The Pledge Express” shortened the time we spend asking for money, dramatically reduced the volunteer time and energy required and set a welcome high standard for clarity, transparency and fun.

We will build on these changes in 2015-16, adding encouragement for automatic withdrawal of pledge payments. The request to maintain the “Justice Begins at Home” pledge levels will be the most important priority.

RE/Music Fees:
We have also made the decision to eliminate fees in both our Religious Education and Music programs for those who pledge at a threshold level ($600/year). This will be the most important financial news of the new church year for many of our families. The new policy has generated considerable positive reaction and negative reaction, especially among our singers and ringers.

In the past we have had, in theory, a two tier fee structure: A larger fee for non-pledgers and a much more modest fee for pledging families. These fees had to be paid at the beginning of the church year and functioned like a “bill” from the church, just before the pledge drive kicked off. For the majority of our families, it made the fall feel like one “ask” after another. The two-tier structure may well have encouraged folks to promise to pledge, but we did not have the capacity to follow up. As many as 1/3 of the families participating pledged less than $100/year. We are not sure what fees, if any, they ultimately paid.

Our new structure makes participation in RE and Music free for families/individuals pledging at the threshold amount. Fees for non-pledging families have been raised to more closely (though not completely) reflect actual costs ($450/person, with a maximum of $900/family).

This change is consistent with our mission. Fees were imposed (and then increased) for budgetary, not mission reasons. We also hope that the new structure will encourage higher levels of pledging, though it is possible that enrollments may decline. We will monitor the impact of these changes closely. Our best judgment is that this change will have a net positive impact on income.

Stewardship Committee:

The more compact Annual Fund Drive model permits staff to “do the work” while key volunteers function at the strategic level. The Stewardship Committee is therefore shifting from a group that regularly meets around a table, into a group of individuals whose particular talents can be called upon as needed.

Pledge-Base “Churn:”

One additional note is appropriate. We were not able to complete the planned outreach to non-but-formerly pledging families last year, due to the demands of the labor issues which dominated E.T. attention through the winter and spring. The issues here are both pastoral and financial. We will complete the outreach to former pledgers this year, hoping both to offer them support and learn more about what we described as the “churn” in our pledge base.

7. Original: Takes a leadership role in the larger Unitarian Universalist movement, maintaining connections with other Unitarian Universalist congregations and institutions as well as the local interfaith community.

Revised: The ministers and congregation develop and maintain relationships with other Unitarian Universalist congregations and institutions and the local interfaith community, helping to provide leadership in the larger Unitarian Universalist movement and community.

ET Interpretation: Individual leaders, both ordained and lay, will continue to offer their gifts of leadership to our larger family of faith and the local religious community. That leadership grows out of the vibrancy of our ministry and the caliber of our leaders. Relationships will be maintained with the neighboring congregations, area UU ministers and the interfaith community.

ET Assessment: We believe we are in compliance.
Measures: Monitoring is to be done by report of involvement by ministers and others in the community, district and national levels.

General Assembly provided myriad opportunities for “servant-leadership.” Ken Wheeler served as Volunteer Coordinator for GA, supported by the entire Outreach Committee and the Cluster organization. First Church provided 50 core volunteers who, along with members of other local congregations, welcomed more than 5000 of our fellow UU’s to Portland. In addition, several from our congregation led the social justice witness that was part of GA and close to 20 people hosted guests as part of our Bed and Breakfast program. And finally over 100 of our musicians offers a program for GA attendees.

The group of ministers present the Sunday before General Assembly here was a reminder of the role First Church plays in nurturing and calling forth ministerial leadership for our movement.

Rev. Kate Lore was a prime organizer of the GA Public Witness in partnership with and support of the Lummi People. Kate has also accepted the Presidency of the PNWD Chapter of the Minister’s Association and continues to serve on the Steering Committee for the Albina Ministerial Alliance Coalition on Justice and Police Reform.

Rev. Sinkford continues his service as President of the Meadville/Lombard Board of Trustees through the fall. He also welcomed 35 UU ministers of color to a retreat at First Church following the GA, and continues his mentoring role with those colleagues. He continues to accept selected writing and speaking opportunities both within and outside Unitarian Universalism. Most recently, he has agreed to serve on the National Board of the Religious Coalition for Reproductive Choice.

We sustain ministerial relationships by, among other things, hosting the gathering of the UU cluster ministers monthly. The UU Ministers’ Association held their vespers service at First Church prior to GA.

Our participation in Ecumenical Ministries of Oregon is faithful, as is Rev. Sinkford’s participation in the Downtown Clergy Group.

8) Witnesses as a voice of conscience in our community and beyond, collaborating with other justice-seeking institutions, encouraging congregants to join others in building a more equitable, sustainable, and peaceful future for all.

ET Assessment: We believe we are in compliance as indicated by the extensive involvement of congregants in our justice work and the on-going witness of our ministers.

Responses in the Congregational Survey rated “Witnesses as a voice of conscience in our community, collaborating with other justice-seeking institutions, encouraging congregants to promote social justice in the Portland community and beyond”.

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<tr>
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<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
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<tr>
<td></td>
<td>4.24</td>
<td>4.47</td>
<td>4.61</td>
<td>4.51</td>
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As many as 750 congregants are active in our social justice ministry in some way.

Highlights:
- Restructured Social Justice Council to reinvigorate a sense of shared mission and increase collaboration between individual social justice action groups
- Launched three new initiatives within the Social Justice Program to: 1) deepen our understanding about and practice non-violent activism; 2) to explore more fully the ethics of food choices; and 3) to create a comprehensive guide to our program (i.e., produce a Social Justice Program booklet).
• Took major roles at General Assembly: offering 4 workshops, shaping and helping to conduct the public witness action, and providing the winning proposal for the G.A. offering recipient: the Re-entry Transition Center for folks coming out of prison.
• Continued to offer forums, lectures, classes and all-church dialogues to engage the congregation on important social justice issues.
PEC 2015 Compliance Report  
September 17, 2015

The Board of Trustees is tasked with evaluating the ministry of the church annually as required in Article III, Sec. 5 of the church bylaws.

The Policy Evaluation Committee is charged in the Governing Policies to carry out the Board’s portion of the Review of Ministry along with the Finance Committee by:

1. Review of the Executive Team Biannual Reports (completed in September 2014 and January 2015 Board Meetings)
2. Ensuring compliance with the Management Limitations (Part 3 of the Governing Policies) and Board Executive Team Relationship (Parts 4.1 and 4.2) (Parts 3.2.2, 3.2.3, and 3.2.4 completed at the May 2015 Board Meeting by the Finance Committee)
3. Ensuring that the Administration of the church is reviewed every 3 years by a qualified outside consultant(s) (Completed 2013)
4. Conducting an annual self review of the Board (Governing Policies Part 4 and Part 2 the Delegation to Management, and the Board’s annual goals) (Completed May 2015 Board Meeting)
5. Review of the Bylaws and Governing Policies annually

The Board is tasked with annually evaluating Executive Team Performance (Governing Policies Part 2.3) and reviewing compliance with Management Limitations (Governing Policies Part 3.1 thru 3.5). This report of the PEC regards the portion of Part 4.10.4.b.2 of the Governing Policies (June 2014) which reads in part “Ensuring compliance with the management limitations . . . , ” specifically section 3.2 “Management of Personnel.” This section has seven subsections. As the task of evaluating and reporting all seven sections every year would be onerous for both the Executive Team (ET) and the Board, we focused on the sections that carried the highest risk for a more in depth review. We identified section 3.2 through 3.2.4 “Management of Personnel” as our focus. To reduce the burden on staff, we submitted a limited set of questions to help us evaluate compliance with current personnel policies. Both the management submitted responses and our assessment of these are included below. Except as noted in evaluation criteria, we reviewed for compliance with our understanding of the policy language. We invite the ET to provide its interpretation of the policy where it might differ from ours.

3.2 Management of Personnel. The Executive Team shall retain the proper personnel to administer the church.

Evaluation criteria: Information provided by the Executive Team.

What we found: The Executive Team reports that staff adequate to our needs and means are retained.

What we recommend: In order to facilitate evaluation of our staffing needs, we request that the ET share job descriptions for our current staff. We also request a table of organization for church staff to help us understand more clearly how supervisory responsibilities and staff resources are distributed.

3.2.1 Staff Retention and Compensation. The Executive Team is expected to hire, train, compensate and terminate staff in a professional and respectful manner.

Evaluation criteria: The Personnel Manual represents the Executive Team’s standards for hiring training, compensating and terminating staff. Personnel files should be reviewed regularly for evidence of compliance with those standards.

What we found: We asked the ET to provide the results of its most recent review of personnel files. The ET reviewed all current employee personnel files and reported, “there were missing documents in a number of the personnel files.”
What we recommend: We recommend that the ET develop a plan to bring all current employee files into compliance with its standards and to maintain them at that level, and report to the Board the status of those plans during the biannual reports to the board.

3.2.1 Staff Retention and Compensation. (Cont.) The Executive Team shall compensate full-time staff at a rate at least equal to the current Portland living wage and basic benefits. Compensation shall not exceed market rates.


What we found: The Portland living wage depends on the number of persons and wage earners in an employee's household, which makes it difficult to apply and would require different pay for employees performing the same job. Hence, we cannot evaluate compliance with this portion of the policy. Employee compensation does not appear to exceed market rates.

What we recommend: In the opinion of the Policy Evaluation Committee the current language of Governing Policy 3.2.1 does not provide adequate guidance to ensure that the church employees are compensated in accordance with the congregation’s understanding of just compensation. Going forward, the ET has committed the church to paying a minimum wage that exceeds current market rates for the lowest paid positions. Since this would violate existing policy, the Board should grant a waiver to the ET on this portion of the policy while the PEC works with the ET to revise it:

3.2.1 . . . . . The Executive Team shall compensate full-time staff at a rate at least equal to the current Portland living wage and basic benefits. Compensation shall not exceed market rates. The Executive Team may only create obligations to staff over a term for which revenues can be safely projected and such obligations shall be within the church’s ability to pay, given current budget constraints. . . . . .

3.2.1 Staff Retention and Compensation. (Cont.) ... The Executive Team may only create obligations to staff over a term for which revenues can be safely projected and such obligations shall be within the church’s ability to pay, given current budget constraints. The Executive Team shall not promise or imply permanent or guaranteed employment. The Executive Team may not establish deferred or long-term compensation and benefits, including those that cause unfunded liabilities to occur or in any way commit First Unitarian Church to benefits that result in unpredictable future costs. The Executive Team cannot allow any employee to lose benefits already accrued from any forgoing plan.

What we found: The ET has reported to the Finance Committee that it is in compliance with these provisions.

What we recommend: We note that the ET is currently involved in a collective bargaining process with church staff that is expected to result in a multi-year contract. The waiver noted above will allow them to proceed with negotiations while we work out new policy language.

3.2.1 Staff Retention and Compensation. (Cont.) ... The Executive Team shall not change any employee’s compensation, benefits or allocated professional expenses established by the Board.

What we found: The ET has reported to the Finance Committee that the senior minister's and associate minister's initial compensation were set in contracts executed by the Board, and “there is no evidence that these have been changed without Board Moderator approval.” It was also noted that the contracts are out of date.

What we recommend: The Board Moderator is not authorized by the Board to modify contracts executed by the Board. We recommend that the contracts of the senior and associate ministers be updated and brought to the board for review and approval. In the future, changes in the compensation of any employee whose compensation is set by the board should be brought to the board for review and approval.
3.2.1 **Staff Retention and Compensation. (Cont.)** ... Any minister employed by First Unitarian Church shall be permitted to take the maximum amount legally allowable, up to 100% of the compensation of each minister, as a ministerial housing allowance as described in 26 USC 107 of the Internal Revenue Code (or any corresponding future sections).

**Evaluation criteria:** The church withholds taxes from the compensation of ministers based on each minister’s instructions concerning the portion to be considered housing allowance.

**What we found:** The ET reports it is In Compliance with this provision per salary documents.

3.2.2 **Personnel Policies.** The Executive Team shall develop and maintain written personnel policies that clarify personnel rules for staff, that provide for effective handling of grievances and that acquaint staff with their rights and obligations. ... The personnel policies shall be provided to the staff and reviewed periodically as recommended by competent legal counsel. The Executive Team shall ensure that key employees file the Disclosure and Acknowledgment form for the Conflicts of Interest and Executive Compensation policy (see Appendix).

**What we found:** The ET has developed a Personnel Manual that addresses the required subjects. The personnel policies were last reviewed in 2009. Key employees do not complete the Disclosure and Acknowledgment form annually.

**What we recommend:** We recommend that the ET establish a schedule for periodic review of the manual based on the advice of competent legal counsel. The ET should require key employees to complete the Disclosure and Acknowledgement form annually.

3.2.3 **Volunteers.** The Executive Team shall have written volunteer policies . . .

**Evaluation criteria:** Volunteer policies exist and are available for review.

**What we found:** The ET reports that a volunteer policy manual does not currently exist. Each department that uses volunteer help orients and trains its own volunteers.

**What we recommend:** Criteria not met. We recommend that PEC and ET discuss a means to address this policy.

3.2.4 **Staff and Volunteer Treatment.** The Executive Team ... shall ensure a safe working environment for staff and volunteers.

**Evaluation criteria:** Oregon OSHA regulations appear to require that all employers with more than 10 employees establish a Safety Committee or hold regular all-staff Safety Meetings

**What we found:** The ET reports that the facilities manager sees that sextons receive training, but there is no safety training for other staff or volunteers.

**What we recommend:** We recommend that the ET establish a Safety Committee or hold regular Safety Meetings for all staff in accordance with OSHA regulations. We also suggest that, given the fiscal challenges the church has faced in recent years, the ET consider the cost effectiveness of hiring a volunteer coordinator.
1. We welcomed Cindy Cumfer to our PEC group with great appreciation for her willingness to help with this year’s task of revising our Governing Policies.

2. Review of our Policies, Bylaws and Appendices: Cindy kindly gave a review of the thinking behind the establishment of our current Bylaws and Policies, noting that many things have changed since these were first set up in 2005. Some of the language used and the amount of detail described in the Policies reflected the switch at that time to policy based governance, and were meant to reassure the congregation on financial management and delegation of management to the executive team. With these ideas in mind, each of the PEC committee members had the opportunity to discuss the outcomes they would like to see from this year’s process of revising the policies. Some of the themes that emerged involved creating simpler and more accessible policies that were better organized and could be monitored more successfully. Based on these ideas, we went through Parts 1 to 7 of the Policies noting which we thought should be changed. At our next meeting, we will begin a systematic process of rewriting those that we felt needed revision, and coming up with a draft for board review. John T will contact the ET and Finance and Communications Committees to see how they would like to participate in our effort. We will investigate the use of the “Google Drive” to see if we can create our revisions on a platform that all of us can use.

3. Follow up to the 2015 Compliance Review Report: Randy explained to the group that the ET had expressed concern over the provision in our draft compliance report that used the UUA salary guidelines for policy 3.2.1. We agreed to remove the recommendation for policy 3.2.1 from our report for now, noting that we will be revisiting the issue as part of this year’s effort to revise the policies more generally. Randy agreed to alter our draft report and send this on to the BOC for review and inclusion in the October board packet.

4. Publication of the 2015 congregational survey: Ameena asked the PEC what type of information we would like to see posted on the board website from the 2015 congregational survey. We agreed that the summary details should be sufficient.
Survey Data 2015

Which version of element one do you prefer?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
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<tbody>
<tr>
<td>Revised: People who participate in the church community feel safe, experience nurturing relationships and diversity, and are challenged to grow spiritually. Original: First Unitarian Church is a welcoming and loving community that provides a safe haven where a diverse people of various ages and cultures may gather to build nurturing relationships.</td>
<td>43.4%</td>
<td>82</td>
</tr>
<tr>
<td></td>
<td>56.6%</td>
<td>107</td>
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</table>

answered question 189  
skipped question 26

Which version of element two do you prefer?

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<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
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<tbody>
<tr>
<td>Revised: Participants in lifelong religious education explore diverse points of view and gain a deeper understanding of themselves. Original: First Unitarian Church offers lifespan religious education consistent with Unitarian Universalist values, and provides a forum for exploring diverse points of view.</td>
<td>55.0%</td>
<td>104</td>
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<tr>
<td></td>
<td>45.0%</td>
<td>85</td>
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answered question 189  
skipped question 26

Which version of element three do you prefer?

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<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
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<tbody>
<tr>
<td>Revised: Participation in Sunday worship is inspiring and affirming, and deepens the spiritual lives of the participants. Original: First Unitarian Church provides worship that is inspiring and affirming, as well as a variety of experiences that invite congregants to deepen their spiritual lives.</td>
<td>54.0%</td>
<td>102</td>
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<tr>
<td></td>
<td>46.0%</td>
<td>87</td>
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answered question 189  
skipped question 26

Which version of element four do you prefer?

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<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
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<tbody>
<tr>
<td>Revised: Employing the principles of policy based governance and the Unitarian Universalist Association, ensure that all voices are heard and respected. Original: First Unitarian Church uses transparent democratic processes that maintain shared governance and ensure that all voices are heard and respected, and that clearly define the roles and responsibilities of congregants, the Board, staff, and ministers.</td>
<td>43.4%</td>
<td>82</td>
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<td></td>
<td>56.6%</td>
<td>107</td>
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</table>

answered question 189  
skipped question 26
Which version of element five do you prefer?

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<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised: First Unitarian Church ensures the continuity of leadership in the church by developing, supporting, and providing a meaningful experience for a succession of new leaders.</td>
<td>61.9%</td>
<td>117</td>
</tr>
<tr>
<td>Original: First Unitarian Church cultivates and nurtures leaders who serve and inspire the church community.</td>
<td>38.1%</td>
<td>72</td>
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</table>

answered question 189
skipped question 26

Which version of element seven do you prefer?

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<th>Answer Options</th>
<th>Response Percent</th>
<th>Response Count</th>
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<tbody>
<tr>
<td>Revised: The ministers and congregation develop and maintain relationships with other Unitarian Universalist congregations and institutions and the local interfaith community, helping to provide leadership in the larger Unitarian Universalist movement and community.</td>
<td>72.0%</td>
<td>136</td>
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<tr>
<td>Original: First Unitarian Church takes a leadership role in the larger Unitarian Universalist movement, maintaining connections with other Unitarian Universalist congregations and institutions as well as the local interfaith community.</td>
<td>28.0%</td>
<td>53</td>
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answered question 189
skipped question 26