



All Souls Church Unitarian

ANNUAL REPORT

June 2023

All Souls Board of Trustees

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ALL SOULS BOARD AND OFFICERS

Church Year July 1, 2022- June 30, 2023

Board of Trustees

Cait Clarke, *Vice President*

Joe Feuer

Sophia Fisher, *Secretary*

Gretta Goodwin

Maya Hermann

Neil Manzullo, *President*

Bernard Mustafa, *Treasurer*

Clair Null

Justis Tuia, *Vice President*

Chuck Wooldridge

Reverend Bill Sinkford, *ex officio*

Executive Director Traci Hughes-Trotter, *ex officio*

Church Officers

Donna Olsen, *Membership Secretary*

Brian Petruska, *Assistant Treasurer*

Julia Washburn, *Moderator*

MISSION AND CHURCH GOALS

Mission

The mission of All Souls Church, Unitarian is to create a diverse, spirit-growing, justice-seeking Beloved Community that transforms ourselves and our world into one great family of all souls.

Church Goals

The people of All Souls Church will use our time, talent, and treasure to:

- ***Become*** a multi-cultural, multi-racial, multi-generational spiritual community that is grounded in authentic relationships, trust, and belonging.
- ***Welcome*** all people of good will with radical hospitality and inclusion.
- ***Deepen*** our spiritual lives through learning and creative expression.
- ***Act*** accountably to dismantle racism and other oppressions in ourselves and our institutions.
- ***Connect*** with each other and our neighbors in new ways and in a well-maintained historic building.
- ***Serve*** the needs of those in our city in partnership with local organizations.
- ***Love*** and care for one another across the lifespan in times of joy, sorrow, and transition.

INTRODUCTION

“The next years, as we see how COVID-19 has transformed All Souls, will likely challenge us, and it is only your work—your time, talent, and treasure—that can create the church to come.”

Board of Trustees, Annual Report (June 2022)

This year did, in fact, challenge us. Throughout the year, however, congregants and staff again and again did the work of creating a church for our future. In introducing our third annual report, I’d like to reflect briefly on that work, as it relates to our Church Goals.

The product of thousands of hours spent last year asking for, listening to, and responding to congregants’ voices, **Church Goals center the church and the work of the Board of Trustees.** Those goals define what it means to be a member of this covenantal community. Unlike other organizations, where membership might just involve a promise of money and the receipt of services, membership at All Souls requires more than a transaction. **We owe each other promises of the heart, and we are owed promises of the heart.**

Showing up on a Sunday as a member, you are surrounded by people who have made promises *to you*. There is power in that, if we can live into it. And at the end of a year of challenges, three promises we have made to each other stand out.

Church Goal #5: We promise to connect with each other and our neighbors in new ways and in a well-maintained historic building.

Our building means a lot to us. Last church year, after we listened to hundreds of congregants talk about their memories of the building and hopes for its future, the Board proposed this goal, knowing that the “well-maintained historic building” phrase might have some immediacy. At the time, Executive Director Traci Hughes-Trotter had just recommended the church have an architectural assessment done to identify our building’s physical needs, since creeping water damage seemed unsustainable. That assessment has now led to a major shift in our plans for a ministerial search.

You can read about that shift later in this report, but **I just want to honor the wisdom and flexibility of the Ministerial Search Committee**—Nadine Bowden, Morgan Duncan, Mark Ewert, Gregory Ford,Carolynn Fowler-Smith, Paula Cole Jones, Jennifer Keller, Erika Landberg, T Vatnick, and Traci Hughes-Trotter (*ex officio*).

That committee formed after a phone bank reached out to every congregant, asking **who do you trust to serve on behalf of the congregation on a Ministerial Search Committee?** And that trust has paid off. A year ago, we thought we would be celebrating with them at this time, after they had found a new

settled minister for our church. But this year has called for clear eyes about the state of the church, especially our building, and the Search Committee is now pointed in a different direction. I admire their wisdom and their willingness to humbly set aside any personal disappointment in service of the larger community. I am so thankful they will be with us next year.

Church Goal #7: We promise to love and care for one another across the lifespan in times of joy, sorrow, and transition.

Congregants and staff members needed love and care this year. Saying goodbye to long-tenured staff hurts. Whether through their administrative work, their music, their community-building, or just their presence, we have been ministered to by Dolores Miller, Lenard Starks, James Ploeser, Jen Hayman, Rochelle Rice, and Gary Penn. We'll miss them.

A couple months ago, Rev. Bill Sinkford preached that living into our promises can transform us. **Being a member here, even in sorrow, we are surrounded by people who have promised to care for us and to love us.** We often talk about 'shared ministry,' and one way that manifests is this—loving people when we see them in pain. There is no reason to welcome pain, but there is power in knowing we are with people who have promised to hold us through it, and transformation in keeping that promise.

Church Goal #1: We promise to become a multi-cultural, multi-racial, multi-generational community that is grounded in authentic relationships, trust, and belonging.

Like many other communities **living through a global pandemic, we have experienced unforeseen and wrenching external stresses, as well as more than our fair share of internal stresses.** Those stresses present potential fractures. Authenticity, trust, and belonging do not come easily in that environment, and **the diverse community we want takes relational work.** That means one-on-one conversations. It means seeing someone on Zoom and emailing them how grateful you were to see them. It means dropping off food at the house of someone who is sick. It means noticing when you have not seen someone at church in a while and reaching out. It means apologizing when you have hurt someone.

We are now inching towards a post-COVID church, and **this year's proposed bylaw changes for the first time define some spiritual expectations of membership.** Those expectations commit us to building community. This year, we have gone to church with people walking in a park in Arizona, sitting at home in Oakland, and swaying in a pew on Harvard Street. If we want to thrive in that kind of church, **we must learn new ways of being in community,** and this goal keeps calling us back into relational ways of being, even when the road is unclear.

Conclusion

This is now the third year in a row that the Board has published a comprehensive report on our work. I hope you have read them, as well as this year's report on the Transformation Team. I decided to join

the Board in December 2019 because I deeply cared about governance and accountability, and I have had the honor of serving as Vice President from June 2020-21 and now President from June 2021-23. I am pleased that **the past few years have seen All Souls take deliberative steps towards better governance**—clearer roles, the development of accountability tools, and a focus on collaborating towards a shared vision of ministry. There is more work to do, but there will always be.

Even more than developing a process for better governance, I am filled with joy that the Board helped provide an answer for that question we all get: *What do you even believe if you're a Unitarian?* **As a covenantal community, we are grounded by a belief in our Church Goals and in a community that lives into our promises.** When I look back at the people I have worked with since 2019 and the work we did, I am proud that we helped our church name this covenant. Thank you for allowing me to serve.

Before I go, I want to thank Board members for their work throughout a year of extraordinary demand. **Cait Clarke** leads directly from her values. After a dinner at my house, I found that she'd added to a grocery list on my fridge: "Sixth Amendment Protectant." I left it up for months because it reminded me to foreground values (and good humor), not just process. **Joe Feuer** brings a meditative spirit to his work. We profited from his embodiment of slowing down, taking a breath, and discerning the best path when faced with serious obstacles. **Sophia Fisher** shows passion not just for music but for justice. She immediately agreed to spend hours doing important interviews needed to maintain trust within the church because she knew it was the right thing to do. **Gretta Goodwin** always finds the best readings to ground us. Her work on what it means to be a "member" of this church found roots in values, not legalism, and was invaluable. **Maya Hermann** works for open, democratic process. She spent countless hours this year drafting updates to our bylaws, and that work stemmed directly from her belief that clear rules can increase and better democratic governance. **Bernard Mustafa** is a gifted explainer. As Treasurer since June 2020, he has not seen a calm financial year for the church or world, and he repeatedly grounded Board discussions of finances, steadily walked us through monetary ups and downs, and developed a system to help the Board understand the long-term trajectory of our financial health. **Clair Null** always asks the right questions. She blessed us with her ability to approach Board work both analytically and from her heart. **Justis Tuia** leads with precision and kindness. That gift helped with the mundane (like technical edits) but also by naming values in play. In a year where we needed it, he repeatedly showed up with gentle compassion. And, finally, **Chuck Wooldridge**. His wisdom, his depth of experience at All Souls, the breadth of trust congregants and staff have in him, and his non-reactive discernment and judgment were what we needed this year.

I would also like to thank our congregational officers. **Brian Petruska** (Assistant Treasurer) not only served well assisting Bernard, but has agreed to be nominated for Treasurer, which will bring much-needed longevity to congregational review of our finances. **Donna Olsen** (Membership Secretary) knows her calling. She continued to connect congregants with each other and was a cheerleader for the promise of community and the power of our Church Goals. And **Julia Washburn** (Moderator) is one of the best meeting facilitators I have ever met. She brought an open heart and clear eyes to a difficult job. My post-Board plan is to work for her in the church lunch group.

A Challenge for Our Future

In April 2022, when the Board introduced these new Church Goals during a service, we issued a challenge during the “Beholding.” Instead of just saying, “Hi, my name is _____” to a few different people, we asked people to do this: invite someone out for coffee, invite someone to the park, invite someone to your home for dinner. **Step out of your comfort zone, connect, and build a relationship.** That was hard! But it bore fruit, and I heard from people who made new connections because of that challenge.

As a church, we are about to slow down for the summer. We will go to the beach. We will read (wonderfully) trashy novels. We will go to backyard barbeques. We will absolutely intend to rest, but somehow fill every weekend on our calendar.

And I hate to add to your busy summers, but **here is one more challenge.** Read through our Church Goals. Maybe even do it as a group, with your family or your friends or a church community. And then **ask yourself questions** like this:

In the year ahead, how will I create a space of authenticity, of trust, of belonging?

In the year ahead, how will I understand and dismantle racism within myself and my church?

In the year ahead, how will I love and care for congregants and staff?

And do not just ask yourself those questions. **Come back in the fall, ready to do the work.** All Souls has changed, and it will keep changing, and that will continue to challenge us. Even as it changes though, even as we are challenged, the dream of All Souls is alive and well when we exercise our power by living up to the promises we owe one another. This church can be a hard place, sure, as well as a joyous one. Which is not surprising. Life mixes hardship and joy. But **committing to the promises of All Souls transforms us.** It nudges us towards wholeness.

Neil Manzullo
President, All Souls Board of Trustees

MESSAGE FROM THE EXECUTIVE TEAM

Ministry at All Souls this church year has been one unexpected challenge after another:

The unanticipated budget deficit announced last summer.

Then the surprise that overdue building repairs required immediate attention.

Finally the staff departures of this spring.

As the old joke goes, “If you want to make God laugh, tell her your plans.” Responding to the unexpected challenges of this year was not optional.

Dealing with the Deficit

From a \$400,000 deficit in June of 2022, All Souls is now operating “in the black” for the first time in many years. Financially, All Souls has moved from “unsustainable” to healthier than most other UU congregations.

One year cannot change the culture of generosity. The proposed budget for 2024, based now on actual pledges rather than hopes, does not include everything we wanted. There is more to do, but significant progress was made.

Fundraising has consumed 1/3 of Rev. Sinkford’s time and energy this year overall, and more than half during the most intense periods. Executive Director Hughes-Trotter’s time commitments to fundraising are similar. Program, Communications and Membership staff contributed significant time as well. Volunteer energy was critical. The Stewardship Committee has been a partner in leadership every step of the way. This spring, over 30 Visiting Stewards reached out to almost every family in the church.

The Historic Building

In December, it became apparent that efforts at waterproofing, designed to hold the church for several years, had failed. We had to close some spaces in the lower level and move directly into a planning phase for major repairs.

An architectural assessment completed in 2022, allowed Traci to make significant progress on planning for water mitigation and repair work needed. The assessment will allow the church to proceed to an inspection of the foundation damage, prior to final contractor estimates. The Finance Committee is in conversation with our banks. The success of fundraising means that borrowing can be part of the financial solution. We are exploring phasing some of this work.

In April 2023, Traci secured an \$800,000 grant to support this work. With receipt of the Employee Retention Tax Credit and reserving some endowment distributions (made possible by our fundraising success), we have a great start on funding these repairs. However, the total cost for just the water infiltration repairs will be significantly more than the church has available from all these sources. There

are also other safety issues identified by the architectural assessment. And, in 2026, the existing mortgage taken out to complete the work of the last capital campaign comes due, with a balance over \$2,000,000.

The most pressing work now is the development of a long-term financial plan to deal with these building challenges. Capital fundraising will almost certainly be part of that plan.

Staffing Transitions

Since January, six members of the staff have left or announced that they will leave at the end of the church year. In all churches, and in larger churches in particular, congregants come to love and rely on the staff that serve them. Dolores, Lenard, James, Jen, Rochelle and Gary were all important to the ministry of All Souls. They will all be missed.

The reasons for their departures vary greatly, and UUA staff tell us this level of leaving is not unusual, especially given that Covid “froze” the staff system just as Rob Hardies ended his 20-year ministry. Though we believe all that to be true, there will be many empty chairs at the staff table. There will also be many new faces to welcome in the months ahead. For several reasons, outside consultancy might benefit the church through this period. The Board and Executive Team will consider that possibility as we move forward.

Hiring of new permanent or “acting” staff is already underway. That process will be a central focus as we move through the next year.

Other Priorities

Regathering is still a work in process. Virtual “attendance” is averaging 40% or more of total. In person attendance peaked at Easter at just over 400 adults, still well within the capacity of the sanctuary to hold in one service.

Yearning for connection is voiced often and by many. Staff has worked to support more opportunities: new covenant groups, a new social justice lecture series, return of lunches after worship, and others. The new Core Connections programs, piloted this spring, will roll out in the fall.

Yearning for leadership opportunities is a more complicated question. The Board recommendation to end the Council structure and the Leadership Development & Nominating Committee decision that they are not able to manage leadership development would seem to invite greater concentration of leadership in the staff.

Staff is working to create and expand opportunities for collaboration with lay leaders. The Stewardship Committee, mentioned above, is one example. The Congregational Care Advisory Committee, the new Music Council and the Advisory Search Committees are others. Perhaps the 8 Team, from which the Core Connections programs have emerged, is the best example. All of these examples invite lay leadership into the doing of ministry, rather than into control of the ministry done by staff.

Congregational Identity

This is the most complicated area to discuss, in large part because of stress in the congregational system around staff departures.

Questions of governance and the location of authority are much in question.

Questions of just how large All Souls now is are in the conversation. Both the size of the community overall and the proportion of virtual participation have impacts on the structures All Souls may need going forward.

Questions of racial and cultural identity also are pressing. Language of diversity leads off the congregational mission statement, but racial diversity is named as much more important by white-identified members than by BIPOC members. Long-time members look back to a time when the congregation, during David Eaton's ministry, became significantly bi-racial.

By any counting, All Souls is now, and has been for some time, predominantly white. The church also has, or has had, a worship culture intentionally welcoming to the spirit of the Black church, and a commitment to Black or BIPOC leadership, both lay and ordained. But recent stresses have at least raised questions by persons of color within the congregation about the welcome of BIPOC leadership. These questions are emotionally and spiritually "loaded." It should be no surprise that they are hard to engage openly.

We hope that whatever consultancy All Souls engages can help the congregation shape an identity that points toward the future, rather than yearning for the past, and encourages the truth telling that will be required. The most useful outside consult will be one that companions All Souls over time.

Transitional Ministry

Last fall, as the degree of financial challenge became apparent, the Board decided to delay the search for settled ministry and asked Rev. Sinkford to stay an additional year (through June 2024).

Now, recognizing the building and staffing challenges, the imagination for Senior Ministry has shifted toward what is called Developmental Ministry and away from a standard search process. The multiple challenges facing All Souls cannot all be addressed, let alone solved, quickly. This argues for taking one step at a time and one year at a time. It also argues for finding ways to make each step contribute to the deepening of spirit that will make all of the labor worthwhile.

It is our privilege to serve, with all of you, through the hard work and healing that will be required in this next year.

Bill and Traci

REPORT OF THE BOARD OF TRUSTEES

Background and Purpose

Under our system of governance, which is called “policy governance,” the Board of Trustees (Board) is the **steward** for the values of All Souls. The Board acts as a steward by writing policies, like Church Goals, that name and describe our values, as well as by monitoring the church’s progress towards our Church Goals, our financial health, and the church’s compliance with policies that limit executive action.

Each year, the Board has the responsibility of making two reports to the Congregation on its role as a steward of All Souls’ values: a **Church Goals Report** and a **Policy Compliance Report**. In addition to reporting on Church Goals and policies, this Annual Report includes information on the decision to refocus the **Ministerial Search Committee**.

Church Goals Report

This is our first year with new Church Goals in place; these seven goals represent our values and aspirations. The **congregation overwhelmingly adopted** these new goals in April 2022, and you can read them at the start of this report. Since it was our first year with those Church Goals, **we had to decide how to approach them**. At a retreat early in the year, we agreed to a shared understanding with the Executive Team of how to do so.

The first step in approaching them was for the Executive Team to work with staff, board members, and other congregants to figure out **what these goals mean in practice**. That is the first step because the Congregation delegated to the Board the responsibility for “proposing goals,” which we did last year, and to the Executive Team the responsibility for “coordinating the implementation of those goals and policies in a spirit of shared ministry.” *All Souls Bylaws, Art. II, Sec. 3*. Throughout the Church Year, the Executive Team had **collaborative discussions** about **what it would mean to make these goals real** in our church, and they also had discussions about what **data** the board might look at to **monitor** whether we are making progress towards these goals. That culminated in a long set of written interpretations of these new goals, and they will use those next year to help guide our programs.

Further, in April, the Board held a mini-retreat where one of the topics for discussion was for each of us to share our observations about **how fully embodied we thought the seven goals currently were**. We discussed which goals we have less work to do to fully embody, and which goals we have more work to do to fully embody. Next year, the Board and Executive Team will be able to build on that work, talking not just about what the goals mean but about actual tracking of our progress.

As Board members, we also agreed at the start of the year that **we must personally live into these goals**. We agreed to talk about them internally at our meetings, talk about them with the Congregation, and just be present in our church groups, discussing the goals as appropriate. In a year that has seen some strain, it was valuable work to be able to name our covenantal goals.

Policy Compliance Report

The Executive Team has broad discretion to creatively determine the best way to pursue our Church Goals. The Board, however, is required to establish policies that limit the Executive Team’s discretion by **naming values that govern our church’s actions**. For instance, the Board prohibits the Executive Team from allowing an “unsafe” work environment because a value of our church—which has been especially important during the pandemic—is to allow church staff to work safely. As the Executive Team pursues our Church Goals, they need to be mindful of these policies that **limit** what the church can do.

This year, the Board continued to **work on its role as an accountability partner** for the Executive Team. The Board set a schedule for receiving policy compliance **monitoring reports**, worked with the Executive Team to receive and discuss **written interpretations** of our policies, and discussed with the Executive Team the church’s compliance with policies.

The Board has received and discussed, or will receive and discuss, **monitoring reports** on:

- Protection of Assets (September 2022)
- Staff & Volunteer Treatment (April 2023)
- Communications (May 2023)
- Anti-Racism, Anti-Oppression (discussed in December 2022, and will likely be discussed again in June 2023 with the “8 Team”)
- Financial Management (scheduled for June 2023)

The monitoring determined that the church complies with most, but not all, policies. For instance, one policy that we have is that staff salaries must comply with the UUA’s Compensation Guidelines. This fall, we learned that last year the budget delivered to the Board did not fully comply with this policy, since the UUA had recommended cost of living adjustments, which our budget did not include. That decision—whether it is financially feasible to include those cost of living adjustments to keep track with the guidelines—is a values decision for the Board to make. Because the budget did not comply with this policy, the Board did not have the chance to make that values decision. This year’s budget does include cost of living adjustments and salaries within UUA guidelines.

Another area of non-compliance sparked a Board motion to **create a method for tracking compliance action deadlines**. At All Souls, the Board sets broad, top-level policies (such as not allowing unsafe working conditions, requiring annual evaluations, etc.) and the Executive Team drafts operational procedures and policies (such as a COVID policies, Religious Education policies, financial procedures, etc.). In February 2022, the Executive Team identified that the church was out of compliance with a policy interpreted to require a comprehensive collection of these operational policies, and set a May 2022 compliance date for itself. The non-compliance was not surprising; the church has been working to become better organized and to greater clarify, such as with the proposed bylaw changes, who is responsible for what kind of policy. That takes time. However, the Executive Team did not bring the church into compliance with this policy by May 2022, and that was not discovered until spring 2023,

when there was a confusion about which religious education policies did or did not apply. Compliance here could have led to greater clarity about an important issue that caused a lot of confusion and distress. In May 2023, the Board asked the Governance Committee to work with the Executive Team to track compliance deadlines. While a benefit of the past few years has been **systematically identifying, for the first time in many years, when the church is out of compliance with its policies**, we also must follow-up and track efforts to bring the church into compliance.

To help ourselves and the Executive Team better understand the staff experiences when it comes to how we are embodying our goals and policies around staff treatment, late last year and this year, the Board conducted a **survey of staff**. Some of the survey results showed improvement from last year. Some of the survey results also suggested that the Executive Team should review systems and policies around topics such as conflict resolution, professional development opportunities, and mentoring. We will be engaged with the Executive Team on these issues.

The monitoring also showed the church **making progress toward new policies**. In April 2021, we added a policy requiring the church to have accessibility guidelines for individuals with disabilities. While those have not yet been fully developed, the church now has a webpage full of accessibility options at church.

The Board this year added **two new executive limitation policies**. The first requires the church to have a comprehensive and professional fundraising development ministry. This year saw great success with a broadly-based stewardship effort, but it is important to maintain the quality of our fundraising efforts, including through professional help. The second requires the church to have guidelines for electronic communications with youth. It is important for staff, adult volunteers, youth, and parents to know the church's norms for these communications, since they aim to set clear boundaries and prevent problems before they happen. Church staff are now working with families to bring the church into compliance.

Refocusing the Ministerial Search Committee

This year, the Board, working with the Search Committee formed by the Congregation last year, decided to refocus the search for our next minister. The following letter explains that decision.

May 18, 2023 Letter to the Congregation from the Board of Trustees

Dear All Souls,

After several months of discernment, the Ministerial Search Committee and Board of Trustees have decided on a major shift in the church's plans for its next ministry, and we are writing to update you on that shift.

The Search Committee had planned to search for a new settled senior minister next church year (July 2023-June 2024), which would have led to a new settled minister starting with us in August 2024. However, the Search Committee and Board have jointly decided to pursue a different kind of lead minister who will focus on specific areas of pressing work. This type of ministry is sometimes known as

“developmental ministry,” and it allows a congregation to confront long-held challenges. The Board voted on May 17, 2023 to refocus the Search Committee on this goal.

While the church will likely work next year to name the specific challenges, the most pressing work is already clear to Board members: structurally, our historic building needs significant, costly repairs, and, spiritually, our connections with each other are frayed and need restoration. We believe we must pursue that work to ensure the integrity of our home and our hearts, prior to being ready for a new settled minister.

We are writing at some length to give you background about this decision.

All Souls' Search for a New Minister

Settled ministers are called by a formal congregational vote, usually after a year-long search process. Unlike other types of ministers, settled ministers serve indefinitely, and congregations in search for one consider a wide variety of ministers, including fairly junior ministers, with the hope that their ministry will be long-lasting. Our last settled senior minister, Rev. Rob Hardies, served for about 20 years, completing his time with us in July 2020. He joined us before his 30th birthday.

Following Rev. Hardies' tenure, we entered a transitional period between settled ministries, sometimes known as the “interim period.” Congregations use this time to hire by contract, rather than congregational vote, short-term ministers (1-2 years) to help the congregation do internal work to prepare for their next settled ministry. Initially, Rev. Kathleen Rolenz served as our Interim Minister from August 2020 to July 2022. Rev. Bill Sinkford is currently serving a two-year stint as our Transitional Minister that is anticipated to conclude in July 2024. Both have worked as part of a co-equal Executive Team with Executive Director Traci Hughes-Trotter.

In the spring of 2022, the Board worked with the Congregation to create a Ministerial Search Committee, with the expectation that this committee would find a settled minister. To form that committee, the Board organized a phone bank and contacted every member of the church to ask: “*Who do you trust to be on the search committee for a new settled minister?*” Those phone calls resulted in hundreds of nominations for congregants to be on the search committee. The Board asked the congregation to vote in April 2022 on a ballot created from the names of people nominated many times who were willing to serve on the search committee. The ballot represented people democratically selected and deeply trusted by the Congregation.

After that vote, the Board reviewed the results and used them to create the Ministerial Search Committee. The congregants on it include Nadine Bowden, Morgan Duncan, Mark Ewert, Gregory Ford, Carolynn Fowler-Smith, Paula Cole Jones, Jen Keller, Erika Landberg, and T Vatnick, with Executive Director Traci Hughes-Trotter as an ex officio member. Their wisdom and experience with the church are immense.

Reasons to Postpone the Search

In conversation with the UUA's Transitions Office, the Search Committee and Board now think the church should initially pursue another type of ministry, something like what is known as "developmental ministry," and the Board has voted to refocus the Search Committee on this goal. The Board and Search Committee now plan to work extensively next year with the congregation to pursue that kind of ministry.

Developmental ministry is meant for congregations that have serious, and often chronic, structural or spiritual issues. Congregations work to identify the deeper issues that have led to symptoms like burnout, conflict, and turnover. After identifying the needed work, congregations hire by contract a minister to serve for a finite period of time (often approximately five years) and help the congregation focus on that work. Ministers hired to do this type of work are seasoned ministers, ready to help a congregation take on big challenges that might be beyond the limits of a more junior settled minister. If you are interested in more information about developmental ministry, you can read about it in the [UUA's Transitional Ministry Handbook](#) (p19-24). That is the UUA's description, but our approach will be flexible. All Souls is a big, unique church, and the key will be finding the right person to do the right work after Rev. Sinkford leaves, which he expects to do in the summer of 2024.

Right now, the Board sees some pressing developmental work that the church needs to make progress on before we are ready to call a settled minister.

We have immediate structural work to do on our building. Over the past few years, our building has suffered escalating amounts of water damage from water entering in through exterior areas, including the courtyard. Spot repairs to staunch the flow of water have not succeeded. Notably, in the winter of 2021-22, the church hired a landscaping firm to do waterproofing repairs on the courtyard, with the understanding that those repairs would hold for about five years. They lasted only one year, forcing the closure at the start of 2023 of multiple rooms used by youth in the basement of the church, after water damage made their use unsafe.

In the spring of 2022, the Board retained an architectural firm to do a full architectural assessment of the building and to estimate the cost of repairs. That work was completed in the fall of 2022, and church staff, the Treasurer, and Finance Committee have been discussing the assessment, ways to triage repairs, and financing options over the course of the year. The full scope of the water damage will not be known until later this summer, and the Board has just authorized a major inspection of the building, which will involve opening up some walls to survey the water damage behind them. We do not expect this work to impact facility use by the church or our tenant.

The current projected cost to repair the water damage is several million dollars, and the architectural firm has also recommended we consider other repairs, such as addressing the damaged steeple. We also have heard from congregants interested in exploring other building upgrades, such as advanced air filtration systems. While Executive Director Traci Hughes-Trotter recently helped secure an

\$800,000 grant to perform needed repairs, this grant alone will not be sufficient. And another financial challenge sits on the horizon—in 2013, the congregation voted to take out a loan, using the building as collateral. A balloon payment of approximately \$2 million comes due on that loan in 2026, and we do not currently have adequate reserves to pay it.

These financial challenges are manageable but require immediate attention. Next church year, the Executive Team anticipates exploring long-term capital fundraising, such as through a capital campaign, to identify the fundraising capacity of the church. That work will be time consuming and require significant congregational effort, and it is work that we should do before expecting a settled minister to want to join us.

We have immediate spiritual work to do in our community. Interim periods are intended to let congregations tune up their spiritual lives, grapple with their identity, emotionally process changes to their church, and set their sights forward. This work prepares a church to have a new, successful settled ministry.

As a church, we have spiritual work to do here before we are ready for a settled minister. At times, we seem locked in cycles of unhealthy conflict. When we question and criticize leaders—which we absolutely should do—we struggle to find healthy ways to engage with each other. In response to valid questions, defensive hackles too easily go up. Past traumas quickly surface, suggesting they were never resolved. Toxic complaints fill vacuums left by an inability to engage in conflict well. And those raising questions and complaints out of a love for each other and a belief in the dream of All Souls feel sidelined and ignored, worried that a respectful question or criticism will be construed as a racist attack. This is not healthy. To be a church, and especially to be a multi-racial church, we must directly address our troubled cycles of conflict before we are ready to welcome a settled minister.

Beyond those cycles of conflict, our identity—in terms of race, size, and the hybrid environment—has dramatically changed, often in ways that are not fully understood and that cause friction. We aim to be a “community of communities,” and our communities bring us so much joy and belonging. But we easily silo into those smaller communities and can feel stuck there, with our connections to each other and to other communities frayed. And we, at times, expect staff to act far beyond their capacity to care for us, and to form and maintain the connections between us. Departures of beloved staff lead not just to grief and questions about work culture and church structures, but to an almost existential dread about whether communities will survive without the tender care of staff.

These fault lines were present before COVID, but COVID deepened them. We have seen successes pushing back against that fracturing—our re-gathering continues, our GeoGroups are a success—but our connections still feel strained, and sometimes more transactional than relational. Although we know our responsibility as congregants is to care for each other, we find it difficult, wondering, “Who do I even go to church with? Who’s behind the Zoom window? Do they care about our children? Can All Souls survive this?”

Conclusion

Though we have work to do, the answer is yes—All Souls will survive, and thrive. Our highest purpose as a Board is to listen to the Congregation, be its voice and name our mission, and then steward that mission. Last year, we helped congregants spend thousands of hours imagining our future, re-committing to a mission, and naming the [Church Goals](#) that define that mission. Those Goals embody our hopes—love, care, diversity, justice, community. They are the covenant that holds us and that can transform us. This year, as our re-gathering has continued, we see a congregation ready to face hard truths and commit to the structural and spiritual work required to manifest the church of our future. We hope you will talk with us about the decision to intentionally pursue that work.

The Board of Trustees

APPENDIX 1: BOARD COMMITTEE REPORTS

While most committees and groups within the church are not Board committees, the Board does have several committees that report to it, advise it, and help it conduct its work.

This appendix contains reports submitted by Board committees to describe their work during the past year as well as some of their upcoming work.

Report from the Committee on Finance

The Treasurer, Bernard Mustafa, has overall responsibility for the congregation’s financial activities and is a voting member of the Board of Trustees. The Finance Committee (led by the Treasurer) oversees the financial affairs of the church and is an advisory committee to the Board of Trustees. Finance Committee members are Brian Petruska (Assistant Treasurer), Pamela Amos (Investment Sub Committee), and Traci Hughes-Trotter (Executive Director). The Finance Committee meets the third Monday of each month to review the financial results of the previous month. The treasurer provides a written report to Board of Trustees monthly. At the end of each quarter the treasurer provides the Board with an analysis of financial performance and trends.

April YTD 2023 BOT Income Statement

	Apr 23	Budget	\$ Over Budget	Jul '22 - Apr 23	YTD Budget	\$ Over Budget	Annual Budget
Ordinary Income/Expense							
Income							
4000 · Core Donations	115,903	112,933	2,970	1,536,926	1,314,135	222,791	1,540,000
4100 · Contributions	90	583	-493	24,399	5,833	18,566	7,000
4300 · Investment Income	6	0	6	134,982	75,000	59,982	100,934
4400 · Facilities Usage	23,695	23,691	4	263,137	236,907	26,230	284,288
4500 · Core Program Revenues	0	1,250	-1,250	9,805	32,500	-22,695	35,000
4600 · Other Program/Committee Reven	719	380	339	4,708	3,800	908	29,560
4700 · Fundraisers	0	67	-67	9,596	25,667	-16,071	25,800
4800 · Grant Revenue	0	11,032	-11,032	3,000	110,317	-107,317	132,380
4900 · Endowment Distributions	0	0	0	247,971	165,421	82,550	165,421
Total Income	140,413	149,936	-9,523	2,234,524	1,969,580	264,944	2,320,383
Gross Profit	140,413	149,936	-9,523	2,234,524	1,969,580	264,944	2,320,383
Expense							
5000 · Personnel	117,172	122,452	5,280	1,248,065	1,277,305	29,240	1,574,997
6000 · Building Expenses	15,749	22,651	6,902	148,493	226,508	78,015	271,810
6500 · Operating Expenses	26,248	21,595	-4,653	286,266	215,953	-70,313	259,143
6800 · Denominational Support	5,000	6,667	1,667	50,000	66,667	16,667	80,000
7000 · Core Program Expenses	11,161	10,406	-755	99,540	104,062	4,522	124,875
8100 · Other Programs/Activities Exps	2,568	2,052	-516	26,866	20,525	-6,341	49,630
8600 · Fundraising Expenses	0	225	225	11,473	2,250	-9,223	2,700
9500 · Beckner & Shively Expenses	0	0	0	503	0	-503	0
9700 · Transfer Clearing Acct	0	0	0	-188	0	188	0
9800 · Third Century Campaign	3,459	3,838	379	36,948	38,375	1,427	46,050
9808 · Capital Reserve	833	833	0	8,333	8,333	0	10,000
Total Expense	182,190	190,719	8,529	1,916,299	1,959,978	43,679	2,419,205
Net Ordinary Income	-41,777	-40,783	-994	318,225	9,602	308,623	-98,822
Net Income	-41,777	-40,783	-994	318,225	9,602	308,623	-98,822

Endowments & Investments

Endowment Performance

The Treasurer prepared a financial performance analysis of endowments, using Investment Manager reports. Below is summary analysis of All Souls’ investments and endowments returns for 1,2&3-year periods as of **December 31, 2022**.

Year 2022	TIFF MAF	UUCEF	Vanguard	Total
1 Year Return				
Starting balance	\$ 3,069,814	\$ 1,887,040	\$ 1,503,596	\$ 6,460,450
Ending balance	\$ 2,455,277	\$ 1,422,350	\$ 1,319,732	\$ 5,197,360
Withdrawals	\$ 147,655	\$ 274,659	\$ 31,247	\$ 453,561
Rate of Return	-15.2%	-10.1%	-10.2%	-12.5%
2 Year Return				
Rate of Return	-1.8%	-1.1%	1.0%	-1.0%
3 Year Return				
Rate of Return	2.8%	-1.9%	2.1%	1.4%

The Treasurer attended Unitarian Universalist Common Endowment Fund (UUCEF) & TIFF quarterly investor calls. During 2023 there have been updates to allocations of the UUCEF endowment funds among investment vehicles. The finance committee conducted triannual reviews of UUCEF and TIFF.

Here is an excerpt from the TIFF Q4 2022 analysis:

2022 is a year most investors will be glad to put in the rearview mirror. Capital markets were unkind, almost all of them. Rather than try and dig into all the reasons why, we’ll summarize by saying that anything that could create inflation did – money printing, war, supply chain bottlenecks, slow response from the Fed, etc. – and the subsequent rise in rates derailed stocks, bonds, and just about everything else. If one could have known in advance just how high rates might go, then 2022 might not have been such a surprise, and maybe it could have been navigated better. With correlations high, it still would not have been easy, but maybe a bit easier.

What about 2023? Will there be a “big event” that will define 2023 in the way that inflation became the hallmark of 2022. Only time will tell, but we’ll try to identify some of the important debates and give you a sense of what we expect might happen as we look forward here at year end. We certainly don’t presume to be right about all of these topics and we may not foresee something that proves to be even more important. As always, though, we will try to identify pockets of opportunity where we can seek out great partners with specific knowledge to search for above average returns for the risk they are taking.

What Do We Know?

We know that 2022 was one of the worst years ever for returns of a 60% MSCI All Country World Index/40% Bloomberg US Aggregate Bond Index portfolio (60/40). Returns through the first three quarters of 2022 were the second worst in the past 96 years. On the two other occasions when market returns for this simple portfolio were comparably as bad (and for the next five worst cases, too!), subsequent returns were pretty good. Small sample size to be sure – but encouraging.

Community Investments

Our Community Investments target is currently at least one percent of total endowment funds. The All Souls Investment Policy defines community investing as providing access to capital for low-income entities and individuals in the Washington, DC metropolitan area.

In 2022 All Souls invested \$30,000 into the Washington Area Community Investment Fund (Wacif) for a 3-year term at 1.25% annum. In addition, All Souls requested a \$10,000 matching contribution from the UUCEF.

Wacif's mission statement is: "Established in 1987, the Washington Area Community Investment Fund's mission is to increase equity and economic opportunity in underserved communities in the Washington, DC area by investing knowledge, social, and financial capital in low- and moderate-income entrepreneurs. Our mission is driven by three strategic pillars: inclusive entrepreneurship, community wealth building, and equitable economic development, and is fulfilled by providing access to capital products and services, and capacity building technical assistance to low- and moderate-income entrepreneurs."

For 2023 All Souls did not make additional investments.

Annual Distribution

The Finance Committee recommended the level of distribution from Church endowments for the 2024 budget to be up to 6% of the endowment.

Independent Accountants' Audit Year Ended June 30, 2022

Ubelhart, Rogstad & Associates, P.C. conducted the audit in accordance with auditing standards generally accepted in the United States of America. Their responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. They are required to be independent of All Souls Church, Unitarian and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. They believe that the audit evidence they have obtained is sufficient and appropriate to provide a basis for their audit opinion.

The Accountants' Conclusion was “We have audited the accompanying financial statements of *All Souls Church, Unitarian* (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *All Souls Church, Unitarian* as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

Report from the Governance Committee

The Governance Committee is a committee of the Board that advises the Board on governance topics. The primary work of the Governance Committee this church year was to complete a full review of All Souls' Bylaws. The Board created a Bylaws Review Team in June 2022. The members of the review team are Brenda Barbour, Chuck Dulaney, Gretta Goodwin, Maya Hermann, and Neil Manzullo.

In order to complete its review, the team consulted an analysis conducted by Rev. David Pyle, a governance expert from the UUA, as well as the UUA's guidance on writing bylaws. The Leadership Development and Nominating Committee provided invaluable feedback in the form of recommendations on portions of the bylaws regarding nominations and elections. The team also reviewed DC's law that governs nonprofit corporations as well as the bylaws of 12 similarly-sized UU churches. And throughout the process, the team held open discussion sessions with congregants, solicited ideas and feedback by emails, and held small-group and one-on-one conversations with current and former officers, current and former board members, and the Executive Team.

In March, the Bylaws Review Team submitted a final report to the Board of Trustees that included its final recommendations for revamped bylaws. After making a few additional changes, the Board voted to propose updated bylaws to the congregation for final approval at the annual meeting.

The proposed bylaws make a variety of changes, from a new article describing the church's organization and governance structure, to a new definition of membership, to a removal of the Church Council from the bylaws to allow greater flexibility and creativity in how we gather church leaders. The proposed bylaws also aim to be clearer and more understandable than the church's current bylaws to encourage greater participation in church governance by members.

Throughout the process, the Review Team focused on drafting bylaws that reflect the way the church really works, that comply with applicable laws, and that provide accountable and transparent governance as we re-gather this community.

Report from the Committee on Right Relations

The Committee on Right Relations is a committee created by the Board to support and strengthen All Souls' realization of our Covenant of Right Relations, educate the congregation about the Covenant,

provide training for church leaders, recruit and train facilitators, solicit input from congregants on the state of Right Relations, and process requests for assistance in managing conflict. Its members are: Macani Toungara, chair, Taylor Johnson, Sharon Kniss, Kyla Dixon, and Kim Vitelli.

For the 2022-2023 church year, the CRR's main activity was supporting the development of a Transformative Justice practice within All Souls. The CRR raised funds from the Beckner Fund and the UUA to hire consultants to develop this practice. The committee worked in conjunction with church leadership to hire consultants Em Morrison, Richael Faithful, and Lasitha Ranatunga to create a framework and timeline for implementation. This included recruiting church members to join an inaugural practice group of participants for Transformative Justice. Starting in January, a joint staff and congregant practice group, composed of 16 members, met in-person 6 times with the consultants to identify and practice competencies and skills that are particularly needed for All Souls at this time. The CRR in conjunction with a Steering Committee, which included Reverend Keithan and Executive Director Traci Hughes-Trotter, met regularly to receive updates from the consultants and guide this process.

From late April and through May 2023, the CRR found itself amongst those trying to hold space as the congregation faced mounting tension and frustration due to a number of staff changes and communication around the changes. During this time, the CRR offered a centering practice for a board meeting, facilitated space on April 30 to support the congregation to slow-down and center as conflict evolved, facilitated a session between youth & Rev. Bill, Rev. Rob and other church leaders, and (as previously planned) supported the organization of Transformative Justice Sunday on May 21 with a sermon by Rev. Bill Sinkford and the introduction of Transformative Justice practices with All Souls congregants.

During this time, the CRR has found it challenging to discern the best way to support the congregation. Its role has traditionally been to help facilitate individual conflicts, not to support congregation-wide needs, but the situation required attention to congregation-wide needs, and CRR had members with professional and intuitive gifts and insights that were appropriate for meeting the moment.

The CRR, as a lay-led committee, sees limits to being able to support congregation-wide processing needs over the medium to long term. The CRR anticipates that the congregation will continue to need support for navigating church wide tensions and recommends the congregation engage an external consultant to help hold the myriad needs emerging at this time. We would be open to sharing further with the board some of our insights from engaging with the congregation and its leaders over the past two months.

Final Report on the Transformation Team

Last church year, the Board and Transformation Team collaborated to decide to wind down the Transformation Team as a committee of the Board. This church year, the Board published a comprehensive report on the work of the Transformation Team. That is available on our church website, and we encourage you to read it on our [website](#).

APPENDIX 2: REVEREND SINKFORD'S WORK

Reverend Bill Sinkford will continue to serve as our Transitional Minister during Church Year 2023-24. In addition to the regular duties of a senior minister, he and the Board agreed to the following scope of work.

Interim Period, 2023-24, Scope of Work

During the first two years of the interim ministry period (August 2020-July 2022) at All Souls Church Unitarian ("the Church"), the Board of Trustees ("the Board") worked with Reverend Kathleen Rolenz on the typical Interim Tasks of UUA Interim Ministry. During the following year (August 2022-July 2023), the Board continued to work on typical areas of Interim Ministry, such as reviewing the Church's bylaws, and also worked with the Transitional Minister, Reverend Bill Sinkford, on the Scope of Work outlined in Attachment A to his prior contract.

During the year covered by this contract (August 2023-July 2024), the Board commits to working with the Transitional Minister, Reverend Bill Sinkford, as he pursues the following areas of focus:

- **Staffing:** the Transitional Minister will work to hire, on-board, and covenant with both new permanent and acting program staff. The search and hiring processes for most positions will continue through the fiscal year, as staff positions move from acting to permanent hires.
- **Historic Building:** the Transitional Minister will work on the development of a long-term plan to deal with repairs to the historic facility, including the role of long-term debt and capital fundraising. This may include initial capital fundraising, contingent on a feasibility study (Fall 2023).
- **Individuals and Communities:** the Transitional Minister will work to initiate process(es) to clarify expectations and relationships, honor differences, and re-covenant as individuals and as a community of communities. This can carry forward and deepen the work begun on congregational identity. The Transitional Minister will encourage and support connections between communities within the larger church community, and work with Board members to help re-write policies that imagine how communities in a large, hybrid church can be organized, stay connected, and support each other.
- **Re-Gathering:** the Transitional Minister will work to maintain the momentum of re-gathering, membership growth, and the development of a culture of generosity, and the Transitional Minister will also work to minimize the drag on positive energy from the stresses of re-staffing and the focus on fundraising.