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report

presented  
to  
members  
at  
the annual  
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The  
MICHIGAN  
COUNCIL

## from the *executive* *director*

### Tom Warth

Puzzle solving is a favorite activity of many *mountain* guests. Often we see a couple of card tables pulled together, puzzle pieces all over, many but not all finding their way into a prescribed pattern. Guests come and go from the tables, adding a piece, talking with each other, sometimes returning, sometimes moving on without ever seeing it finished. But all know that they contributed to its construction and participated in a unique community. The American Heritage Dictionary defines puzzle as "a game that tests ingenuity."

Thus our cover choice and used throughout this year's Annual Report — puzzle pieces with pictures of *mountain* "meanings," beautiful vistas, people, young and old at play and at rest, all forming a "picture" of participation, community, complexity — a place that "tests ingenuity."

1994 was one of our most challenging years. Two significant group cancellations (we've since revised our policies), staff turnover (see "*the mountain* Calling" article) the wettest summer weather in years (110 inches of rain in the year = major illnesses and equipment damages) and the first negative community reaction in some time to one of our programs.

Through it all however, I believe our guests experienced quality programs in a safe, healthy and caring environment. Revenue continued to grow (+3% over 1993, 59% since 1990), expenses were controlled to the extent possible (see finance reports), thru your gifts, work on the REC Hall resulted in restrooms, an indoor climbing wall, ramp accessibility and fully functional space on both levels and our eroding road received a "much needed" base-coat resurfacing.

Development income was below forecast. Although 1994 was our third highest "giving" year (other than the start-up years of 1979/80) we needed more. The REC Hall, facility maintenance, debt service and debt reduction — all required significant expenditures.

More must be done in 1995.

5260 guests participated in *mountain* programs including our first Young Adult Leadership School (18), Elderhostel (707), Youth Programs (636 - we had waiting lists for all three, two-week summer camps), Congregational Retreats (23), non-UU conferences (24), *mountain* designed Adult & Family programs (22), Women's Institute & Gathering (Spring & Fall), Gay Spirits Vision conference, Multicultural, Religious Education and Leadership School weeks, and the UU Musician's Network Annual Conference (125) — experiences for all ages, a living commitment to diversity!

In addition, I believe we were well served by our Board of Trustees. They made significant progress in defining their role, establishing clear governance policies and committing to practices of responsible "trusteeship." The President's report serves as a good summary of their work.

This Annual Report has been prepared for you the membership. Please take time to read it cover to cover for it is important that you stay knowledgeable about and enrolled in *the mountain*. A well respected participant in the feasibility study conducted at the time of the initial purchase of *the mountain* said, "I don't believe that there are enough Southeast UUs to support *the mountain* long term." He may be right. I am concerned that in 1994 only 6% of our guests were *mountain* members and only 33% of our members came to *the mountain*. Further, only 15% of our membership voted in the Trustee election, 13% in 1995.

We are a membership supported organization. Your ideas and participation are needed in our programs and in governance (voting) and your dollars are needed for development support. *the mountain* is a relevant institution in today's world. Now more than ever we all need to support it to ensure that *the mountain* thrives, that it is here to provide the spiritually transforming experiences that are so life-enriching. Once you've read this entire report, please call or drop us a note and share your thoughts with us. We need to hear from and see you in 1995!





## Carole Light

In 1994 the Board of Trustees devoted significant time to long range planning in addition to meeting its annual business responsibilities and completing some special projects. However, since many members may not be aware of all that the Trustees do in carrying out its governance responsibilities, I'd like to talk about them in my annual message to you this year.

We meet, as a full board, five times a year, each meeting having a full agenda of policy review/creation, performance monitoring of the institution and most specifically, assessment of Executive Director effectiveness. Twice a year, with the Director, we review progress made in carrying out *the mountain*'s mission and meeting the Director's goals, both sets of objectives established in January of each year. We annually "self-evaluate" to determine how well we are working together as a governing board and meeting our stated goals. Our policy reviews consist of making sure former policies are still relevant, re-working them if they are not. We work with the nominating/election committee, identifying for them the skill sets needed to replace trustees whose terms are expiring. We review and approve all budgets, plans and progress being made in support of our development needs and determine yearly, the need for an independent audit of our financial records. We receive reports from the staff so that we have a working knowledge of what is happening at *the mountain* throughout the year. We also communicate with as many members and guests as possible, during our meeting times at *the mountain*, the Annual Meeting in March and thru written communications such as this Annual Report.

For the past four years we have participated in a board/staff retreat in January. This has become a time for us all to connect with one another and with ourselves as we get in touch with our deeply felt commitment to this institution and to the reasons we devote so much of our energies to it. It is a time to learn thru sharing and play, why the staff is so committed to their work and this special community; we all experience what it is that "lights our fires".

In 1994 we also spent considerable time clarifying job descriptions and work expectations for every board member and the Board's officers. We established succession plans for the orderly transfer of responsibility among trustees and a detailed suc-

## president's message

cession plan for the Executive Director when future needs require such a transition. We established "*the mountain* Policy Book" containing all Trustee policy decisions, differentiated between "Ends" Policies, Board Process, Executive Limitations and Board-Executive Relations. We also developed a mechanism to update them regularly.

Most importantly, we began the process of developing a new, long-range business plan for *the mountain*, addressing the areas of program design/marketing, land & facilities, organization & management and finance. The trustees worked collaboratively with the staff, beginning the task of articulating the values that serve as the foundation for the decisions we make regarding policies and priorities. We examined our "sacred cows" affirming among many, our continuing commitment to youth and youth programming. We acknowledged our transition from a "family-centered" institution to a "cause-centered, program driven" institution. We reaffirmed our programmatic foci of spirituality, leadership, intentional community, diversity and earth stewardship and considered ways each of these themes affect the decisions we make about program offerings, land and facility development, organization, staffing and finance. It is our intent, thru the Business Plan, to move from a "personality driven" institution to one that has a visible, articulated, program-driven focus that we all can understand.

As I leave the board, I confidently turn the leadership over to Lewis Walker. He has been on *the mountain* Board for the past two years and has served as President of the TJ District Board. He is passionate about and devoted to the well-being of *the mountain*.

In addition, Hildegard Gray has accepted the Trustee responsibility for overseeing the development, implementation and progress-monitoring of the Business Plan. She will serve *the mountain* membership well in this capacity.

I leave the board with satisfaction and a feeling of security that, at all levels, *the mountain* is in good hands.



## the mountain calling: the spirit of service

As the cover of this year's Annual Report represents, we have assembled a puzzle. The pieces all fit together, but what is the picture they are showing us? What is this vibrant, growing, nonprofit institution's calling?

Elliot Stein Jr., managing director of an investment firm in New York, recently wrote, "Increasing numbers of Americans have concluded, as the November elections reflect, that government has failed at solving social problems.... So we must consider nonprofit groups that provide services and mediate social and personal needs as an increasingly vital component of our future national well-being.... In addition nonprofit organizations incubate new ideas, help mediate social grievances, help preserve traditions and culture, find companionship for people and teach them how to participate in community life.... This is the realm that will reshape the social contract in the next century.... It is this third sector (nonprofits) that people will gravitate to in the future to address social and personal problems and needs that the marketplace and government cannot solve."

This is the essence of **the mountain** and we, members, staff and Trustees alike, must respond to our calling. Success has been defined as "preparation plus opportunity" and through our programs, facilities, staff, guests, members and finances, we can be successful in the "Spirit of Service."

Ichak Adizes, in his book *Corporate Lifecycles - How and Why Corporations Grow and Die* presents many concepts that have real applicability to **the mountain**. He writes, "organizations have lifecycles just as living organisms do; they go thru the normal struggles and difficulties accompanying each stage of the Organizational Lifecycle and are faced with the transitional problems of moving to the next phase of development." As I understand his concept, **the mountain** could be viewed as being in the Adolescence Stage.

Characteristics of this stage are: an "us versus them" mentality, old timers (founders) vs new people; leadership involved in the process of changing institutional culture; the institution becomes less intuitive in its decision-making and more opportunity-driving, rather than opportunity-driven. Adolescence, according to Adizes, is a critical transition point for any institution.

**the mountain** is in transition and is calling each of us, in different ways, to participate and to become more involved in its evolution. And as we move thru this stage of adolescence, we must all be alert to the "messages" - what are the "founders" thinking and wanting, how are we reshaping the culture, what opportunities can and must we be creating to ensure our long term viability. The Business Plan, to be presented in May 95, will address many of these issues.

As we began our journey thru this lifecycle in 1994, we experienced many changes in our staff and these need to be acknowledged. All of us, Trustees, staff, guests and members, realize that one of the critically important elements of **the mountain**'s successes of the past and future is the staff. Staff come to **the mountain** when their personal path and the needs of the institution merge; they leave when the needs of



each are no longer compatible. Staff turnover at *the mountain* is inevitable, normal, and healthy. But each time we experience staff leaving we feel an unsettling combination of excitement for them as they embark on their new path, mixed with the heavy responsibility of filling the holes they leave. And so in 1994 we wished good luck to the following staff members who moved on to other opportunities: Dan King & Nina Benedetto, Lee Knight, René Cline, Ken Kortemeir, Dick White, Jim Ingram, Laura Black, Kay McGonnel, Shannon McNally and Shane McGee. They all contributed much and will be missed.

Likewise, we are energized by new staff who make their commitments to this institution and its mission. In 1994 we welcomed: Robert E. Smith, Bill Harouff, Chuck & Karen Willhide, Judy Galdon, Bruce Dills, Shannon Hession, Galen McGee, David Kotinsley and David Parker. They are all truly valued.

And while we are experiencing this "turn" we can also celebrate the continuity; Richard Arends celebrated his 6th anniversary, Shelley & Ian Denham their 5th and Joe Tomczyk and Tom Warth their 4th.



We live in a changing world, in a changing country, in changing communities and changing institutions. The changes must be embraced, the good must be done. *the mountain*

is vital to this process. "It is the third sector that people will gravitate to in the future to address social and personal problems, and needs that the marketplace and government cannot solve."

Author Robert Coles (*The Call of Service*) quotes his father as saying, "I don't think it matters why we do something -but it does matter a lot that what we try to do is right and good. We've got to keep ourselves busy with the worthwhile."

We appeal to you our members, to hear *the mountain* calling, to join us in a spirit of service, to give of your energies, your dollars and your support in what is worthwhile. For in the final analysis *the mountain* is what we make it; and we are those who answer the *call to service!*



recycled materials are used, whenever available,  
in all *mountain* publications.

Earth Stewardship





# finance & development

## Joe Tomczyk

At *the mountain* in 1994, the hurdles were again raised. They're the challenges of obtaining and coordinating resources here to pursue and grow in our mission. The REC Hall renovation begun in 1993 hit some speedbumps which strained our human and financial resources.

Its enlargement increased our activities space to facilitate bigger and/or multiple groups, especially youth, who previously couldn't consider meeting at *the mountain*. Therefore, such reservations were made for 1994 and fulfilled while completion continued.

Since 1992 to date, 135 visionaries have donated a total of \$220,597 toward the REC Hall plus Thanksgiving auctions for furnishings. Along with our commitment to reduce debt by 20% of the total cost, from 1994 forward, about \$68,000 in gifts is still needed and sought to complete it. Meantime, bank financing has been obtained to finish construction before Memorial Day and the beginning of our 1995 busy season.

While that proceeds, the ongoing financial needs of *the mountain* persist. During 1994, we welcomed 15 new Life Members, in addition to appreciating annual member renewals who continue to pay their life, patron, and/or sustaining pledges.

The 5-year lodge fire moratorium suspending interest and payments on the Veatch/Shelter Rock loan expired at the end of 1994. That increases our debt service as 1995 begins.

Promissory Notes payable totalling \$31,788 matured in 1994, some including accrued interest. All were paid except one for \$15,000 uncalled to date. Investors, thru these notes, truly "Bond With *the mountain*".

Designated gifts totalling \$7,390 were received toward the \$16,218 road base resurfacing in 1994. Another \$68,000 is needed to complete the project including the mountaintop part of the road and for the final layer overall. In-kind gifts included a used trailer and pianos.

*the mountain* Endowment Fund received a substantial challenge commitment for future annual gifts beginning in 1995. Look for more information in forthcoming issues of *the mountain* Matters newsletter.

*the mountain's* mission principle of financial responsibility is now reenforced by the February, 1995, inaugural convening of its Financial Planning Council. In addition to two staff, the eight other members include major long-term leadership here and a broad range of financial backgrounds from around the country. We plan to meet semi-annually.

As always, *the mountain* can accomodate your donative intent now and/or in the future. Many mutually-beneficial and tax-minimizing devices are available. *the mountain* truly "Exists Through Its Supporters". Trustees and staff strive to convert your convictions here into the leading "Center for humankind to experience Unitarian Universalism."

## Board of Trustees

### Officers

Carole Light, President (appointed)  
Bill Pulgram, Secretary (At Large)  
Tony Stringer, Assistant Secretary (appointed)  
Randy Whitt, Financial Advisor (appointed)  
June Cravens Sholin, Rec. Secretary (appointed)

### Board Members

Liz McMaster (At Large)  
Lewis Walker (Thomas Jefferson District)  
Hildegard Gray (At Large)  
Linda Plummer (appointed)  
Rachel Lawrence (appointed)  
Tom Warth (ex officio)

## Randy Whitt

In 1994, Total Assets and Fund/Equity increased 8% as shown in the Financial Summary on the back of this Annual Report. While fund accounting is reflected, this narrative addresses the consolidated totals.

As for the numbers themselves, operating revenue was up 2.7% over 1993, with the largest growth, 23.7%, in Adult & Family Programs. Though we forecasted a larger overall revenue increase, two weeklong groups (\$25,000) cancelled with little time to replace them.

While over \$20,000 was cut from the budgeted operating expense, it increased by 7.1%, down one-half of the 1993 increase of 14% over 1992. Although payroll increased proportionately at 7.8%, it's still difficult to attract and retain enough quality staff.

Less labor was capitalized on the REC Hall since needed material purchases were curtailed by insufficient donations. Because staff functions vary by category between years, operating expense comments below exclude payroll. The 14% increase in marketing and program design expense reflects our commitment to pursue business year-round. Administrative expense was up 4.4% and food service down by 4%.

Maintenance and housekeeping expense increased 16%. The factors are numerous including upgraded guest service standards in ageing cabins with more linens laundered at 7% higher rates, transporting rubbish six miles incurring landfill fees instead of for free near our entrance, and catch-up after REC Hall work.

Store sales, after a slow start in the first six months, were up 9.7% for the year. Our mid-year investment in an experienced retail person is expected to further improve that performance.

Elderhostel revenue increased 8.7% with a 4% increase in expense. Since they reduced the age limit and the number of sites, we look forward to further attendance growth here by this international group which adds so richly to the diversity of guests experiencing UUism.

Operations lost \$18,187 in 1994, compared to the \$18,554 operating income in 1993, as a result of the above.

Depreciation increased by \$6,811 which includes \$2,433 for the road's 1994 base repaving. Weather

## financial advisor's report

conditions accelerated the necessity for that. Until the final surface can be applied, the base layer has only a 3 year estimated life thus depreciating faster.

Development support exceeded 1993 by 26.4% including \$72,909 from the following. GAAP (Generally Accepted Accounting Principles) changes now require revenue recognition of certain volunteer labor and the estimated collectible net present value of donor pledges. The latter is a change from not doing so until payment was received. We also adopted the proper accounting method of actuarially reducing the liability for promissory notes which will revert to *the mountain* upon their holder's death.

REC Hall gifts received and expended of \$97,868, were 7.9% down from 1993. Rushing to complete the REC Hall as needed for varying gatherings scheduled in 1994, along with trying to make up for the group cancellations was adverse to many aspects of operations and our development thrust.

Development expense, primarily payroll allocation, increased by 4.4%. It continues to be 19% of funds raised.

Financial & interest expense increased due to higher interest rates, short-term borrowing, and the annual actuarial adjustment to our liability for charitable gift annuities (CGA). The latter consists effectively of interest which in 1994 was \$14,955 expense, and which in 1993, offset by the differential of a new CGA, netted to a \$15,213 gain.

## new life members in 1994

Rebecca Baum	G. Chase Robinson, Jr.
Ira Estis	Robbin Ryan
Nancy Hall	Penny Snyder &
Carolyn & Bob Hargrove	Sue Ann Lott
John & Kathleen Harkey	Dr. Leon Spencer
Shane McGee	Carey Rahn Tucker
Phil & Dorothy Oliver	Donna Waddell
Bob & Jeanne Reed	David Watkins





# FINANCIAL SUMMARY

## Highlands Camp & Conference Center, Inc.

*a not-for-profit corporation*

### Balance Sheet

December 31, 1994 & 1993

	Operating Fund	Facility & Development Fund	Special Proj (REC) Fund	Gift Annuities Fund	Endowment Fund	1994	1993
Cash	\$ 0	1,025			1,278	2,303	53,045
Inventories	26,839					26,839	26,889
Prepaid expense	17,115					17,115	14,233
Interfund receivable (payable)	(29,803)	(54,200)	45,520	38,245	50	0	0
Accounts receivable - trade & other	54,463					54,463	12,571
Accounts receivable - donor pledges, net		52,214				52,214	0
<b>Current assets</b>	<b>68,810</b>	<b>(967)</b>	<b>45,520</b>	<b>38,245</b>	<b>1,328</b>	<b>152,935</b>	<b>106,668</b>
Land, buildings & equipment - net		1,238,652	212,636	156,491		1,607,779	1,524,855
<b>Total assets</b>	<b>68,810</b>	<b>1,237,685</b>	<b>258,156</b>	<b>194,736</b>	<b>1,328</b>	<b>1,760,714</b>	<b>1,630,793</b>
Cash overdrawn	18,117					18,117	0
Current portion of long-term debt		65,798				65,798	65,963
Accounts payable & accrued expenses	59,044					59,044	53,831
Loans payable			47,700			47,700	0
<b>Current liabilities</b>	<b>77,161</b>	<b>65,798</b>	<b>47,700</b>	<b>0</b>	<b>0</b>	<b>190,659</b>	<b>119,794</b>
Long-term debt - net of current part above		858,907				858,907	640,153
<b>Total liabilities</b>	<b>77,161</b>	<b>924,705</b>	<b>47,700</b>	<b>0</b>	<b>0</b>	<b>1,049,566</b>	<b>959,947</b>
Gift annuities				188,528		188,528	191,718
Deferred revenues/designated support	19,248	400	4,679			24,325	17,155
Fund/Equity balance	(27,597)	312,580	205,777	6,208	1,328	498,295	481,974
<b>Total liabilities &amp; fund/equity balance</b>	<b>\$ 68,810</b>	<b>1,237,685</b>	<b>258,156</b>	<b>194,736</b>	<b>1,328</b>	<b>1,760,714</b>	<b>1,630,793</b>

### Statement of Revenue, Support & Expense

Years Ended December 31, 1994 & 1993

Operating revenue	876,944	0	0	0	0	876,944	854,023
Operating costs & expense	902,121	0	0	(6,990)	0	895,131	835,469
Operating income(loss)	(25,177)	0	0	6,990	0	(18,187)	18,554
Board expense	7,369					7,369	8,394
Depreciation		68,242		5,896		74,138	67,317
<b>Income(loss) before development income</b>	<b>(32,546)</b>	<b>(68,242)</b>	<b>0</b>	<b>1,104</b>	<b>0</b>	<b>(99,684)</b>	<b>(57,158)</b>
Development support		164,926			1,077	166,002	131,290
Gifts earned - REC Hall			97,868			97,868	106,315
Less: Development expense		30,491	18,094			48,585	46,518
Financial & interest expense		64,326		14,955		79,281	43,485
Interfund interest expense	2,354	3,472	(2,516)	(3,258)	(51)	0	0
<b>Development income (loss)</b>	<b>(2,354)</b>	<b>68,637</b>	<b>82,291</b>	<b>(11,699)</b>	<b>1,126</b>	<b>136,005</b>	<b>147,533</b>
<b>Excess (deficiency) of revenue and support over expense</b>	<b>(34,900)</b>	<b>(1,605)</b>	<b>82,291</b>	<b>(10,592)</b>	<b>1,126</b>	<b>36,332</b>	<b>90,375</b>
Fund/Equity balance - beginning	7,303	314,165	123,486	16,800	200	481,974	371,568
<b>Fund/Equity balance - ending</b>	<b>\$ (27,597)</b>	<b>312,580</b>	<b>205,777</b>	<b>6,208</b>	<b>1,328</b>	<b>498,295</b>	<b>481,974</b>

For a complete copy of the financial statements including cash flows and footnotes, write to:

Financial Development  
**the mountain**  
 PO Box 1299  
 Highlands, NC 28741