

1997 Annual Report

Intentions Transformed into Action



The Mountain Retreat & Learning Center, Inc.

PO Box 1299 Highlands, North Carolina 28741



A Message from The Board of Trustees

Hildegarde Gray, President

1997 has been an exciting year for The Mountain Retreat & Learning Center — a time of growth as we move in new directions with REFUEL and Milestone and a time of

renewal with the rebuilding and refurbishing of the cabins and the expansion of the dining hall deck. However, in my message, I'd like to discuss the role of the Board of Trustees.

We, the Trustees, come from different places. Geographically, we represent most parts of the United States: the west, midwest and southeast. We work on college campuses, in Fortune 500 corporations and churches. What unites us is our passion and love for The Mountain. We have a long history here: collectively we have been coming to The Mountain for many, many years! We are a constant group of supporters. At times we may disagree on the means to the end, but we always know the end we are seeking — the long-term health and viability of The Mountain. In seeking that end, we continue to operate under the guidelines of the governance model outlined in John Carver's ***Boards That Make a Difference***. We see our role as being removed from day-to-day governing decisions in favor of proactively formulating policy. The policies of the Board carry a long-range perspective — they constitute highly informed dreaming for our Mountain.

One of the Board's key roles is to define End Policies: What short and long-term organizational goals are we seeking? What values do we embrace and convey to the staff as central to all philosophies and practices of The Mountain Retreat & Learning Center?

In this regard, much Board time in 1997 was spent in the formulation of mission, vision and values. In the right-hand column are listed The Mountain's Core Values — an expansion on the seven purposes and principles of Unitarian Universalism. Embracing these values, the Board has developed a working mission statement: *The Mission of The Mountain Retreat & Learning Center is to embrace the diversity of life, creating an environment that energizes people to work for positive change. And our vision of where we are heading: At The Mountain Retreat & Learning Center, Inc., all of our programs, practices, policies and relationships reflect our commitment to actively participate in the creation of a society transformed — a society which affirms mercy and justice for all, promotes equal rights and removes oppression, and enhances the delicate balance of relationship between human and natural resources.*

Results for 1997 so clearly show that the staff has taken the lead in setting the stage to realize this vision: bravo and kudos to all of you! And to you, the members, who have so generously supported The Mountain — a heartfelt thanks.

It has been a privilege to be a member of the Board for the last four years. I am supremely confident in the leadership of the new Board president, John Rakestraw. So I leave with gratitude for past opportunities and anticipation of an exciting future as The Mountain moves into the new millennium.

Core Values

The Inherent Worth and Dignity of Every Individual

We embrace diversity of ability, age, class, culture, family lifestyle, gender, religious affiliation and sexual orientation and we treat one another as individuals who deserve respect and kindness.

Justice, Equity and Compassion in Human Relations

All philosophies, policies and practices underscore and reflect our commitment to ethical behavior.

Acceptance of One Another and Encouragement to Spiritual Growth

Our constituencies will be multi-faith, multi-generational and multi-cultural.

A Free and Responsible Search for Truth and Meaning

We encourage guests, staff and trustees to engage in new patterns of thinking and to continually learn together in community and as individuals to enhance their personal and professional lives.

The Right of Conscience and the Use of the Democratic Process

We challenge one another (trustees, staff and guests) to "speak our truth calmly" so that we may use our strength in the service of our values and vision; we strive to facilitate both diversity and harmony, recognizing separate paths on a common journey.

The Goal of World Community with Peace, Liberty and Justice for All

In a safe, stimulating environment, we seek to create discomfort with the status quo in order to incite actions that will make a difference — one life, one institution, one community at a time.

Respect for the Interdependent Web of All Existence of Which We are a Part

We protect the fragile environment of our site, educating one another and our guests about the uniqueness of this place with the intention of inspiring awareness and initiatives in earth stewardship wherever we live, work and play.



1997 Perspectives

Notes From The Executive Director

Tom Warth

Members, Supporters, Friends - I am proud to report to you that The Mountain Retreat & Learning Center, Inc. is doing well! In 1997, 5,132 guests stayed 17,552 nights and generated \$892,000 in revenue, the highest year in the history of The MR&LC (62% greater than six years ago with only 11% increase in price over the same period). Members and donors contributed \$305,000 in gifts, our best year ever, a 37% increase over 1996. In total, including operating revenue, general contributions, gifts to the Endowment Fund, member loans and new promissory notes, over \$1,500,000 was committed to The Mountain in 1997. This achievement is a real testament to the confidence people have in the ongoing operation of The MR&LC and to their belief in its future.

As you will also note in the Financial Advisor's report and the Financial Statements, expenses grew faster than revenues in 1997. Physical plant improvements, staff growth and improved compensation were all planned and in line with our long term strategic initiative of investing prudently today to ensure a viable tomorrow. As Jeannette writes in her report, "our financial house is in order."

In 1997 we also brought life to our strategic vision. First, thanks to an overwhelming vote of our members, we changed our name to one that more appropriately describes who we are - The Mountain **Retreat & Learning Center, Inc.** Secondly, Milestone Learning Center was incorporated and fourteen excellent

people signed on to its board representing many faith traditions, ethnic origins and professional/educational disciplines - all with a deep commitment to building ethical leaders within youth populations. In addition, the MR&LC, Inc. Trustees instituted a new governance model and identified three new, highly qualified candidates for the 1998 board.

Let me pause here and give a heartfelt word of appreciation to our Trustees. Four weekends a year (and many evenings in between) they voluntarily give their time to this institution, articulating its values, clarifying its mission, visioning its future and ensuring its long term viability. We all, members, staff and contributors, are served well by this group of hard working, dedicated people. Time and time again, they consistently demonstrate their deep commitment to this place, to its guests and to its values.

More about 1997. We made a difference in people's lives through our programs as borne out by the evaluations we receive and the many, many personal stories that our guests - people of all ages - share with us. In addition, we developed the REFUEL program for young adults (our first "class" graduated Sunday, May 10, 1998) and formed an alliance with an outdoor, environmental education group that will afford us the opportunity to run environmental programs for youth throughout the school year.

Last year we invested over \$125,000 in capital improvements including the first phase of a new water system, cabin upgrades, lodge carpeting, and a new (used) van. We

also installed a new telephone system and copier and upgraded our computer systems (state-of-the-art LAN operating system and desk-top publishing software, ten new printers). All of these upgrades and additions are so necessary if we are to continue to improve our services and expand our markets.

As for staff, we increased overall compensation rates, added key positions, enhanced our health care plan and implemented a long-overdue housing agreement for all employees in Mountain-provided housing. We welcomed eleven new staff members and celebrated nine year, eight year, five year and four year service anniversaries. Even with eleven new staff, the combined average service date for our staff is in excess of three years. The Mountain is gaining a reputation for attracting and retaining quality people who are invested in the mission and vision of this place and who have the requisite skills to succeed.

Most importantly, we remained true to our core ideology - our purpose and values. As authors James Collins and Jerry Porras write in their book *Built to Last*, "To pursue the vision means to create organizational and strategic alignment to preserve the core ideology (values and purpose) and stimulate progress toward the envisioned future." This past year we did successfully create the "organizational and strategic alignment" that preserves our core ideology. As members and supporters, you can be confident in and proud of the work that we are doing here at The Mountain.

We invite you to join us on our journey in 1998 as together we build a future where **all** people embrace the diversity of life and **all** communities work together to create environments that energize people to work for positive change!

Values, Mission and Vision

Staff Perspectives on Transforming Intention into Action

The Mountain Retreat & Learning Center's Mission and Values are a conscious reflection of our Vision of a society transformed – a society in which all people are recognized as having inherent worth and dignity, not just those with whom we as individuals share common opinions, values, cultures or lifestyles. Whether or not we are at a place in history where such a vision is accepted and cultivated, our Values, Mission and Vision define us institutionally and personally in the deepest sense: they express who we are at the very core of our being as people of faith and action.

Remaining steadfast in support of our Mission and Vision gives us the courage to stand up for our values and provides the impetus to continue to create programs which: **1) provide safe space** – emotionally, spiritually and physically – in order to foster the kind of personal and community transformation that can only happen in the absence of fear and in the presence of respect **2) promote learning**, insight and understanding of self and others **3) endeavor to inspire** people to experience transformations, large and small. We often say “the work of The Mountain begins when you leave here”. Our goal is that long after our guests go home they will continue to work for positive change in themselves, their families and their larger communities.

Transformation is born of passion and discomfort with the status quo. We who participate in the creation of an environment and programs which incite such loving discomfort are ourselves often moved and changed by guest experiences. We know that our setting – the natural glory of The Mountain itself – resonates within the human spirit. As caring, committed staff members, we are an integral part of the experience, and our programs range from powerful to playful. Mountain experiences make a difference in people's lives – guests, staff and trustees. Together, the *setting*, the *experiences*, and the *difference* combine to create tremendous *potential* for the extraordinary to emerge from the ordinary. The potential for transformation knows no boundary of class, creed, age, lifestyle or culture.

As a staff, we search for the issues; we listen and learn. Often we hear stories from our guests – tales of transformation and consequence. These stories not only contribute to our sense of accomplishment in our work – they affirm the purpose of The Mountain Retreat & Learning Center and our roles in it. All of us who have invested



time and energy here share a place in the history of The Mountain. It is a privilege to be part of an institution which does not waiver in its commitment to its purpose. We who have experienced The Mountain and understand the potential of all that is implicit and explicit in its Values, Mission and Vision have a responsibility to assure that this institution remains strongly committed to its goals, through any controversy and struggle we face. Our Values, Mission and Vision are profoundly moving in their intention: we will assure that these intentions are brought to life through our programs, practices and policies.

Pursuing a goal of contributing to a society transformed, The Mountain will be reaching out at times to serve controversial markets. It is often difficult and uncomfortable to be on the “cutting edge” of such service, especially when we are testing the boundaries of conservatism. The Mountain *will* contribute to civil rights, equal rights, and acceptance of the inherent worth and dignity of every person. Whether we battle racism, sexism, homophobia, ageism, classism, violence, abuse, it is often controversial and uncomfortable to pursue the vision of a world free of oppression. We will face the issues, with care, realism and determination; we will do what is right. To do this, we must act on our passionate belief that The Mountain can and will make a difference in the world!

The Mountain Endowment Fund, Inc.

1997 Annual Report

The Mountain Endowment Fund, incorporated in the state of North Carolina March 8, 1996, convened the first formal meeting of its Board of Directors April 18, 1997, appointing members and officers. A second meeting was subsequently held on November 14, 1997.

The Directors established the following mission statement for the Endowment Fund: "The Corporation shall be operated exclusively to enhance the current and long term financial viability of The Mountain Retreat & Learning Center, Inc." In support of the mission, they established three long range goals: 1) to provide a safety net to maintain Mountain investments 2) to provide funds for capital improvements 3) to provide seed money for future program development.

The Board also spent time discussing investment and funds distribution policies. Although policies were not formulated in all areas, the following was agreed upon: "The Fund shall

make a distribution to The Mountain Retreat & Learning Center, Inc. no less frequently than annually." For 1998, the distribution will be based upon a payment of 5% of the total value of the Endowment on December 31, 1997 (a value of \$143,867). The 1998 distribution is, therefore, \$7,193. It is anticipated that further policy statements will be developed during the Board's meetings in 1998. In addition, strategies for fund raising and publicity were discussed and will be finalized in 1998.

The Board also agreed to make a loan of \$112,500, plus any additional contributions to the Fund, to The MR&LC, Inc., at 7% interest to assist that organization in making the capital improvements so necessary to its current growth strategies (as of December 31, 1997 a total of \$143,867 has been loaned). A portion of these funds helped launch the renovations of Cabins 13 through 19.

The next meeting of the Endowment Fund Board is scheduled for May 24, 1998 at The Mountain Retreat & Learning Center, Inc. in conjunction with that corporation's annual meeting.

— Bill Pulgram, President

The Board of Directors

President

Bill Pulgram

Atlanta, GA 2 year term

Vice President

Dan Boyce

Bloomfield Hills, MI 1 year term.

Secretary

Ann Creech

Roswell, GA 2 year term

Members

Lewis Walker

Richmond, VA

June Sholin

Marietta, GA 1 year term

Jeri Moulder

Santa Barbara, CA 1 year term

(liaison from The Mountain Retreat & Learning Center, Inc. Board of Trustees)

Ad-hoc Members

(appointed by the Endowment Board)

Claire Keane, Recording Secretary

Neal Resch, Treasurer

MR&LC Finance Director

Robert E. Smith, Staff Support

MR&LC Human Resources Director

Tom Warth, ex-officio

MR&LC Executive Director



The project to revitalize Cabins 13 through 19 continues with the help of The Mountain Endowment Fund, Inc. Contributions from members and friends of The Mountain have provided critical additional support.



The Mountain Endowment Fund, Inc.

Financial Report 1997

Statements of Financial Position

(Unaudited)

	Year Ended Dec. 31, 1997	Year Ended Dec. 31, 1996
Assets		
Investment in The Mountain	\$ 143,867	\$ 92,867
Endowment pledges receivable	0	20,000
Total assets	<u>\$ 143,867</u>	<u>\$ 112,867</u>

Liabilities and Net Assets

Total liabilities	\$ 0	\$ 0
Permanently restricted net assets	143,867	112,867
Total net assets	<u>143,867</u>	<u>112,867</u>
Total liabilities & net assets	<u>\$ 143,867</u>	<u>\$ 112,867</u>

*The Mountain staff has provided administrative services at no cost to The Endowment Fund.

Available notes are an important part of these financial statements.

Statements of Activities

(Unaudited)

Year Ended
Dec. 31, 1997

Year Ended
Dec. 31, 1996

Changes in permanently restricted net assets

Revenue

Contributions	\$ 31,000	\$ 57,500
Total permanently restricted revenue	<u>31,000</u>	<u>57,500</u>

Expenses

Increase in permanently restricted net assets	<u>None*</u>	<u>None*</u>
	<u>31,000</u>	<u>57,500</u>

Changes in temporarily restricted net assets

Revenue

Investment income received from The Mountain	7,771	3,224
Contributions of Board travel expenses	<u>374</u>	<u>n/a</u>
Total unrestricted revenue	<u>8,145</u>	<u>3,224</u>

Expenses

Administration	<u>None*</u>	<u>None*</u>
Board members travel expenses	<u>880</u>	<u>n/a</u>

Support

Direct support to The Mountain	<u>7,265</u>	<u>3,224</u>
Total expenses and support	<u>8,145</u>	<u>3,224</u>
Changes in unrestricted net assets (ALL unrestricted revenue was committed to direct support of The Mountain.)	<u>0</u>	<u>0</u>
Total increase in net assets	<u>31,000</u>	<u>57,500</u>
Net assets at beginning of year	<u>112,867</u>	<u>55,367</u>
Net assets at end of year	<u>\$ 143,867</u>	<u>\$ 112,867</u>

The Board of Trustees

1997 – 1998

The Mountain Retreat & Learning Center, Inc.

Gretchen Bremer-Hosken

Daytona Beach, FL

Elected-At-Large

Hildegard Gray

President

Atlanta, GA

Elected-At-Large

Claire Keane

Recording Secretary

Clarkston, GA

Board Appointment

John Lantz

Avondale Estates, GA

Elected-At-Large

Jeanette Manning

Financial Advisor

Charlotte, NC

Board Appointment

Jeri Moulder

Santa Barbara, CA

Elected-At-Large

John Rakestraw

President Elect

Nashville, TN

Elected-At-Large

Robert Sorrells

Corporate Secretary

Rochester, MN

Elected-At-Large

Melanie Morel Sullivan

Chattanooga, TN

Elected-At-Large

Tom Warth

Executive Director

Highlands, NC

Ex Officio



A Message from the Financial Advisor to the Board

Jeanette Manning

From a financial perspective, 1997 was a good year for The Mountain Retreat & Learning Center, Inc. Both Operating Revenue and Development Receipts were up over the previous year. These increases reflect growing interest in program offerings and a broader base of support for capitalization needs.

Operating revenues were 2% or \$15,000 greater than 1996. Although the budget planned a larger increase (+8%), a few key programs did not fill to capacity or were canceled due to low enrollments. However, during the year the process was begun to develop a full-time marketing team, positioning The Mountain well for future, sustained growth.

Development receipts were 37% or \$83,000 greater than 1996. In addition, 1997 was the highest year in the MR&LC's history, even though there were no major capital projects underway to heighten donor interest. During the year, the development effort was reorganized: it was given additional staff attention and sound development practices were implemented. These changes clearly contributed to the successes throughout the year. Also, The Mountain Endowment Fund began to have a significant impact by contributing, from its earnings, twice as much in 1997 as in 1996, or \$7,265 and \$3,224 respectively.

Therefore, total unrestricted revenues grew 9% or \$98,000 over the previous year, with a total expense growth of 7% or \$81,000. Although this was movement in the right direction (revenue growth exceeding expense growth), it was not enough to generate positive net income. The decrease in unrestricted net assets was \$47,140, an improvement of more than \$16,000 over the previous year's decrease of \$63,709. Total net assets

decreased by \$54,589 versus \$56,360 in 1996. (The MR&LC, Inc. uses the accrual basis of accounting in accordance with GAAP—Generally Accepted Accounting Principles—and reports its financial statements in the format required of not-for-profit organizations.)

The MR&LC was managed responsibly, responding in a timely manner to changing revenues and making the appropriate investments to position it well for future years (increases in staff compensation and size, marketing research and publications). And, it is anticipated that expenses will continue to grow somewhat faster than revenues in 1998 as improvements will continue to be made in staff compensation, benefit plans and housing.

In addition to the financial performance, The MR&LC, in 1997, significantly upgraded its accounting software to a fully integrated, multi-user networked system, a major accomplishment for the Finance Department. And, with their guidance, The MR&LC implemented a two-year budget planning, preparation and approval process. Both of these changes are in line with sound fiscal management.

As Financial Advisor to the Board, I was asked last spring how the Trustees might assess the financial status of The Mountain. I responded that there are many variables to be looked at but one strong indicator would be the opinion of our major commercial creditor. In the fall, we heard from them as we renegotiated our long and short-term notes. They renewed The Mountain's long term note at the prime interest rate (given to only their "best" customers), increased the short term line of credit and offered new, short term financing for capital projects. I believe the message was clear—our financial "house is in order."



The Mountain Retreat & Learning Center, Inc. Financial Report 1997

Statements of Financial Position (Unaudited)

	Year Ended Dec. 31, 1997	Year Ended Dec. 31, 1996
Assets		
Cash and cash equivalents	\$ 8,759	\$ 22,373
Donor pledges receivable, net	118,501	105,595
Inventories, net	20,466	28,301
Prepaid expenses	9,461	10,126
Other current assets	10,731	16,461
	<u>167,918</u>	<u>182,856</u>
Property and equipment, net	1,737,523	1,657,628
Total assets	\$ 1,905,441	\$ 1,840,484
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 122,073	\$ 104,885
Notes payable-bank, current	74,000	73,000
Current portion of long-term debt	149,156	156,850
Deferred revenue	58,003	58,667
Other current liabilities	15,382	0
Total current liabilities	<u>418,614</u>	<u>393,402</u>
Long-term debt	1,173,922	1,079,588
Total Liabilities	1,592,536	1,472,990
Net Assets		
Unrestricted	312,905	360,045
Temporarily restricted	0	7,449
Total net assets	312,905	367,494
Total liabilities & net assets	1,905,441	1,840,484

Statements of Activities (Unaudited)

	Year Ended Dec. 31, 1997	Year Ended Dec. 31, 1996
Changes in unrestricted net assets		
Revenue		
Conference Center	\$ 249,388	\$ 230,180
Elderhostel	249,462	225,134
Youth Programs	212,215	219,044
Retreats & Conferences	94,483	117,213
Drop In	36,451	28,025
Store Sales	19,690	25,404
Publishing	403	7,582
Other	29,454	24,155
Contributions	305,637	222,827
Total unrestricted revenue	1,197,183	1,099,564
Expenses		
Programs:		
Conference Center	\$ 170,084	\$ 158,828
Elderhostel	204,704	170,962
Youth Programs	261,446	242,091
Retreats & Conferences	78,499	104,757
Drop In	39,251	17,647
Store cost of sales	17,452	22,090
Publishing costs	112	3,858
Total program expenses	771,548	720,233
Administration	180,967	203,618
Development	115,096	63,404
Depreciation	73,421	75,093
Interest	103,291	100,925
Total expenses	1,244,323	1,163,273
(Decrease) in net assets	(47,140)	(63,709)
Changes in temporarily restricted net assets		
Contributions	0	7,449
Net assets released from restrictions	(7,449)	(100)
Increase (decrease) in temporarily restricted assets	(7,449)	(7,349)
(Decrease) in net assets	(54,589)	(56,360)
Net assets at beginning of year	367,494	423,854
Net assets at end of year	\$ 312,905	\$ 367,494

Available notes are an important part of these financial statements.