

UNITY OF FAIRFAX Treasurer's Report

October 22, 2021

TO: Board of Trustees

FROM: Dave Richardson, Treasurer

SUBJECT: Current financial status and issues

This report covers financial performance through September. It includes a second-draft budget that incorporates last month's board feedback scaling back tertiary income estimates. To aid board assessment this version of the budget includes a full-year estimate for 2021.

Current Financials: Three metrics. September and year-to-date financials are appended.

- Love offerings (see attached ministry fund budget page). September love offerings were **39K**, a disappointing fallback after August's Refirement-driven performance but not entirely unusual for a September and above the summer lows.
- Operating profit/loss (at the bottom of the same budget vs actual chart). Operating loss of **14K** brings cumulative operating loss to **38K**.
- Operating Cash on hand. (reference the Statement of financial condition). With adjustments, the cash position declined just 5K to **63K**.

Montessori school was scheduled to start limited classes October 25.

Refiring campaign may have run its course but Russ and team are implementing the more aggressive continuing outreach he has described.

End of year projection. Our best guess projection through end of year is that love offerings will slightly exceed the straight line projection. We expect continuing operating losses totaling about 30-40K to end the year with an operating loss of about 70K. With adjustments, we expect to consume 20-25K of cash during the last three months of the year. This should leave operating cash (unrestricted plus reserves) of 40K going into the new year (which is more than we had entering 2021). We don't expect to have to tap capital reserves this year.

2022 budget 2nd draft projects a fairly sizeable loss. I will walk the board through several key variables: membership and love offering trends; projected expense changes; income opportunities; end-of-2021 effect; expense changes. We'll plan to present a summary version of this projection at the annual meeting.

Unity of Fairfax
Statement of Financial Position
As of September 30, 2021

| | SEPT 2021 | DEC 2020 | Change |
|-------------------------------------|------------------|------------------|-----------------|
| ASSETS | | | |
| Current Assets | | | |
| Unrestricted cash | 25,992 | 28,336 | (2,344) |
| Reserve Cash | | | |
| Security Deposits | 25,005 | 25,003 | 2 |
| Capital Reserve | 68,669 | 131,758 | (63,088) |
| Operating Reserve | 37,154 | 348 | 36,806 |
| Restricted Cash | | | |
| Benevolence Fund | 3,954 | 8,264 | (4,310) |
| Capital Improvements | 100 | 3,686 | (3,586) |
| Sacred Grounds | 2,258 | 2,170 | 88 |
| Vision 2020 | 100 | 100 | - |
| Total Bank Accounts | 163,233 | 199,665 | (36,432) |
| Other Current Assets | 12,237 | 24,493 | (12,256) |
| Total Current Assets | 175,470 | 224,158 | (48,688) |
| Fixed Assets | | | |
| Land | 419,328 | 419,328 | - |
| Building and Grounds | 4,227,741 | 4,207,336 | 20,405 |
| Equipment | 75,524 | 73,181 | 2,343 |
| Furniture, Fixtures, Software | 179,863 | 167,625 | 12,238 |
| Accumulated Depreciation | (2,139,694) | (2,039,586) | (100,107) |
| Construction In Progress | - | - | - |
| Total Fixed Assets | 2,762,763 | 2,827,883 | (65,120) |
| Mildred Park Endowment Fund | 135,351 | 119,920 | 15,430 |
| TOTAL ASSETS | 3,073,584 | 3,171,962 | (98,378) |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Total Current Liabilities | 13,410 | 14,664 | (1,254) |
| Long-Term Liabilities | | | |
| Hunter Mill Montessori Escrow | 25,000 | 25,000 | - |
| Pinnacle Academy Escrow | - | - | - |
| Mortgage Payable | 1,251,572 | 1,335,408 | (83,836) |
| Note Payable - SBA PPP Loan | - | - | - |
| Note Payable - Energy Loan | - | 6,024 | (6,024) |
| Total Long-Term Liabilities | 1,276,572 | 1,366,432 | (89,859) |
| Total Liabilities | 1,289,982 | 1,381,096 | (91,114) |
| Equity | | | |
| Net Assets | 1,776,733 | 1,758,250 | 18,483 |
| Unrealized Gain/Loss on Investments | 29,564 | 14,133 | 15,430 |
| Net Income | (22,695) | 18,483 | (41,178) |
| Total Equity | 1,783,602 | 1,790,867 | (7,265) |
| TOTAL LIABILITIES AND EQUITY | 3,073,584 | 3,171,962 | (98,378) |

Unity of Fairfax
Statement of Activity by Fund
YTD SEPTEMBER 2021

| | Ministry Fund | Capital Reserve | Operating Reserve | Security Reserve | Total UnRestricted | Benevolence Fund | Capital Improvement | MP Endowment Fund | Sacred Grounds | Vision 2020 | Total Restricted | TOTAL |
|-------------------------------|-----------------|-----------------|-------------------|------------------|--------------------|------------------|---------------------|-------------------|----------------|-------------|------------------|-----------------|
| | | | | | | | | | | | | |
| Income | | | | | | | | | | | | |
| LOVE OFFERING INCOME | 395,814 | | - | | 395,814 | 870 | - | - | 1,450 | - | 2,320 | 398,134 |
| EPS INCOME | 7,853 | | | | 7,853 | | | | | | - | 7,853 |
| EVENTS INCOME | - | | | | - | | | | | | - | - |
| FUNDRAISING INCOME | 1,775 | | | | 1,775 | | | | | | - | 1,775 |
| SHORT TERM RENTAL INCOME | 2,340 | | | | 2,340 | | | | | | - | 2,340 |
| LONG TERM RENTAL INCOME | 30,000 | | | | 30,000 | | | | | | - | 30,000 |
| BOOKSTORE SALES | - | | | | - | | | | | | - | - |
| GRANT INCOME * | 77,702 | | | | 77,702 | | | | | | - | 77,702 |
| OTHER INCOME | 7,886 | 181 | - | 2 | 8,069 | | | | | | - | 8,069 |
| Total Income | 523,370 | 181 | - | 2 | 523,553 | 870 | - | - | 1,450 | - | 2,320 | 525,873 |
| Expenses | | | | | | | | | | | | |
| COMPENSATION & BENEFITS | 277,233 | | | | 277,233 | | | | | | - | 277,233 |
| OCCUPANCY EXPENSE | 181,066 | 12,390 | | | 193,456 | | | | 1,362 | | 1,362 | 194,818 |
| GENERAL & ADMINISTRATIVE | 47,030 | | | | 47,030 | 5,932 | | | | | 5,932 | 52,962 |
| EPS WORKSHOPS | - | | | | - | | | | | | - | - |
| EVENTS | - | | | | - | | | | | | - | - |
| FUNDRAISING EXPENSE | - | | | | - | | | | | | - | - |
| MINISTRIES EXPENSE | 11,549 | | | | 11,549 | | | | | | - | 11,549 |
| OUTGOING TITHES | 12,005 | | | | 12,005 | | | | | | - | 12,005 |
| ALLOCATIONS TO INTERNAL FUNDS | 32,528 | (18,689) | (13,054) | | 785 | (785) | | | | | (785) | - |
| Total Expenses | 561,411 | (6,299) | (13,054) | - | 542,058 | 5,147 | - | - | 1,362 | - | 6,510 | 548,568 |
| Net Income * | (38,041) | 6,480 | 13,054 | 2 | (18,505) | (4,277) | - | - | 88 | - | (4,190) | (22,695) |

Notes to the Statement Of Activity:

Unity of Fairfax
Statement of Cash Flows - Ministry
 January - September, 2021

| | Total |
|--|-----------------|
| OPERATING ACTIVITIES | |
| Net Revenue | (38,041) |
| Adjustments to reconcile Net Revenue to Net Cash provided by operations: | |
| Draw PPP2 | 77,702 |
| Deposits in Transit | |
| Accounts Payable | (5,866) |
| United VISA | (2,511) |
| Stripe Deposits Pending | (4,826) |
| Accrued Bills Payable | (3,083) |
| Accrued Tithes | (1,775) |
| Prepaid Rental Deposits | (2,340) |
| Outreach Passthrough | 1,100 |
| YOU Rally Passthrough | (424) |
| Total Adjustments to reconcile Net Revenue to Net Cash provided by operations: | 57,977 |
| Net cash provided by operating activities | 19,936 |
| INVESTING ACTIVITIES | |
| Capital Reserve transfer | (32,528) |
| Fixed Assets:Accumulated Depreciation | 100,107 |
| Net cash provided by investing activities | 67,579 |
| FINANCING ACTIVITIES | |
| Mortgage Payable | (83,835) |
| Note Payable - Energy Loan | (6,024) |
| Net cash provided by financing activities | (89,859) |
| Net cash increase for period | (2,344) |
| Cash at beginning of period | 28,336 |
| Cash at end of period | 25,992 |

Unity of Fairfax
Budget vs. Actuals: FY_2020 - Ministry Fund
SEPTEMBER 2021

| | MTH Actual | MTH Budget | MTH Variance | YTD Actual | YTD Budget | YTD Variance | Annual 2021 Draft Budget |
|---------------------------------|--------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------------|
| Income | | | | | | | |
| LOVE OFFERING INCOME | \$ 39,397 | \$ 50,000 | \$ (10,603) | \$ 395,814 | \$ 450,000 | \$ (54,186) | \$ 600,000 |
| EPS INCOME | 1,857 | 1,400 | 457 | 7,853 | 12,600 | (4,747) | 16,800 |
| EVENTS INCOME | - | 500 | (500) | - | 4,500 | (4,500) | 6,000 |
| FUNDRAISING INCOME | - | 833 | (833) | 1,775 | 7,500 | (5,725) | 10,000 |
| SHORT TERM RENTAL | 260 | 200 | 60 | 2,340 | 1,800 | 540 | 2,400 |
| LONG TERM RENTAL | 5,000 | 5,691 | (691) | 30,000 | 51,216 | (21,216) | 68,288 |
| BOOKSTORE SALES | | 300 | (300) | | 2,700 | (2,700) | 3,600 |
| GRANT INCOME * | - | - | - | 77,702 | - | 77,702 | 72,000 |
| OTHER INCOME | 1 | 100 | (99) | 7,887 | 900 | 6,987 | 1,200 |
| Total Income | \$ 46,514 | \$ 59,024 | \$ (12,510) | \$ 523,370 | \$ 531,216 | \$ (7,846) | \$ 780,288 |
| Expenses | | | | | | | |
| COMPENSATION & BENEFITS | 30,053 | 30,077 | (24) | 277,233 | 270,693 | 6,540 | 360,924 |
| OCCUPANCY EXPENSE | 20,064 | 19,575 | 489 | 181,066 | 176,175 | 4,891 | 234,900 |
| GENERAL & ADMINISTRATIVE | 5,200 | 6,800 | (1,600) | 47,030 | 61,200 | (14,170) | 81,600 |
| EPS WORKSHOPS | - | 280 | (280) | - | 2,520 | (2,520) | 3,360 |
| EVENTS | | 250 | (250) | | 2,250 | (2,250) | 3,000 |
| FUNDRAISING EXPENSE | | | | | | | |
| MINISTRIES EXPENSE | | | | | | | |
| Total Worship Ministry | 582 | 729 | (147) | 7,018 | 6,563 | 455 | 8,750 |
| Total Music Ministry | - | 250 | (250) | 924 | 2,250 | (1,326) | 3,000 |
| Total Youth Ministry | | 150 | (150) | 255 | 1,350 | (1,095) | 1,800 |
| Total Bookstore Expenses | | 180 | (180) | | 1,620 | (1,620) | 2,160 |
| Total Earthcare Ministry | - | 458 | (458) | 3,295 | 4,125 | (830) | 5,500 |
| Total Miscellaneous Ministries | - | 50 | (50) | 58 | 450 | (392) | 600 |
| Total MINISTRIES EXPENSE | 582 | 1,818 | (1,235) | 11,549 | 16,358 | (4,808) | 21,810 |
| TITHES | 4,652 | 5,902 | (1,250) | 44,567 | 53,122 | (8,555) | 70,829 |
| Tithes Expensed Elsewhere | (3,579) | (2,360) | (1,219) | (32,562) | (21,240) | (11,322) | (28,320) |
| OUTGOING TITHES | 1,073 | 3,542 | (2,470) | 12,005 | 31,882 | (19,876) | 42,509 |
| FUNDS | | | | | | | |
| Transfer to Capital Reserves | - | 3,527 | (3,527) | 18,689 | 31,743 | (13,054) | 42,324 |
| Transfer to Operating Reserves | 3,527 | | 3,527 | 13,054 | | 13,054 | |
| Transfer to Benevolence | 170 | 140 | 30 | 785 | 1,260 | (475) | 1,680 |
| FUNDS | 3,697 | 3,667 | 30 | 32,528 | 33,003 | (475) | 44,004 |
| Total Expenses | \$ 60,669 | \$ 66,009 | \$ (5,340) | \$ 561,412 | \$ 594,080 | \$ (32,669) | \$ 792,107 |
| Net Income * | \$ (14,155) | \$ (6,985) | \$ (7,170) | \$ (38,041) | \$ (62,864) | \$ 24,823 | \$ (11,819) |

Notes to the Statement Of Activity:

* Grant Income

The SBA paid off our \$77,702 PPP2 loan to United Bank

2022 Ministry Fund Draft Budget Projection

| Income | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>Budget 2021</u> | <u>EAC 2021</u> | <u>Draft 2022</u> |
|---|-------------------|-------------------|--------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
| Love Offering Income | \$ 656,753 | \$ 669,803 | \$ 635,954 | \$ 634,119 | \$ 614,054 | \$ 600,000 | \$ 544,000 | \$ 600,000 |
| EPS Workshop Income | (14,458) | 6,822 | 11,587 | 26,870 | 17,413 | 16,800 | 11,000 | 20,000 |
| Events Income | 18,771 | 11,974 | 10,584 | 20,413 | 0 | 6,000 | 0 | 0 |
| Fundraising Income | | | | 23,483 | 10,929 | 10,000 | 1,775 | 20,000 |
| Short Term Rental Income | 18,163 | 11,489 | 7,451 | 4,997 | 3,311 | 2,400 | 3,000 | 3,000 |
| Long Term Rental Income | 177,034 | 185,894 | 195,186 | 204,943 | 61,701 | 68,288 | 50,000 | 129,000 |
| Bookstore Sales | 17,610 | 13,833 | 11,995 | 11,658 | 1,902 | 3,600 | 0 | 0 |
| Other Income | <u>1,324</u> | <u>7,814</u> | <u>4,322</u> | <u>1,628</u> | <u>6,298</u> | <u>1,200</u> | <u>8,000</u> | <u>6,000</u> |
| Total Income | \$ 875,197 | \$ 907,629 | \$ 877,079 | \$ 928,111 | \$ 715,608 | \$ 708,288 | \$ 617,775 | \$ 778,000 |
| Expenses | | | | | | | | |
| Compensation & Benefits | | | | | | | | |
| Salaries | 320,339 | 336,522 | 284,692 | 344,060 | 311,024 | 277,980 | 267,800 | 278,000 |
| Health Insurance | 13,063 | 17,744 | 31,988 | 21,203 | 18,059 | 17,136 | 19,200 | 22,000 |
| Housing & Retirement | 38,700 | 38,760 | 47,670 | 47,764 | 47,808 | 47,808 | 61,000 | 67,000 |
| Payroll Taxes | <u>20,343</u> | <u>21,522</u> | <u>17,651</u> | <u>26,190</u> | <u>16,118</u> | <u>18,000</u> | <u>19,000</u> | <u>18,000</u> |
| Total Compensation & Benefits | \$ 392,445 | \$ 414,548 | \$ 382,001 | \$ 439,217 | \$ 393,009 | \$ 360,924 | \$ 367,000 | \$ 385,000 |
| Occupancy Expense | | | | | | | | |
| Amort, Depre, & Interest Exp | \$ 201,419 | \$ 189,282 | \$ 193,076 | \$ 188,885 | \$ 188,657 | \$ 188,400 | \$ 186,000 | \$ 195,600 |
| Property Maintenance | 47,933 | 53,883 | 59,981 | 38,097 | 29,636 | 30,000 | 30,000 | 40,200 |
| Utilities | 36,347 | 32,613 | 34,426 | 34,805 | 23,299 | 24,000 | 25,000 | 24,200 |
| Lease Expense Reimbursement | <u>(22,095)</u> | <u>(21,134)</u> | <u>(26,484)</u> | <u>(23,947)</u> | <u>(16,294)</u> | <u>(2,000)</u> | <u>0</u> | <u>0</u> |
| Total Occupancy Expense | \$ 263,604 | \$ 254,644 | \$ 260,999 | \$ 237,840 | \$ 225,298 | \$ 240,400 | \$ 241,000 | \$ 260,000 |
| General & Administrative | | | | | | | | |
| Staff & Support Expenses | \$ 15,412 | \$ 11,356 | \$ 2,890 | \$ 26,203 | \$ 18,452 | \$ 18,000 | \$ 18,000 | \$ 18,000 |
| Finance, Insur, Legal Expense | 10,341 | 8,264 | 11,246 | 42,364 | 27,282 | 27,600 | 23,000 | 24,740 |
| Office & Facilities Expense | 40,267 | 37,738 | 45,512 | 47,658 | 29,549 | 36,000 | 25,000 | 23,050 |
| Marketing | | | | | 4,638 | | 5,000 | 6,480 |
| Total General & Administrative | \$ 66,020 | \$ 57,358 | \$ 59,648 | \$ 116,225 | \$ 79,921 | \$ 81,600 | \$ 71,000 | \$ 72,270 |
| EPS Workshops Expense | \$ 7,386 | \$ 6,049 | \$ 9,025 | \$ 18,473 | \$ 105 | \$ 3,360 | \$ - | \$ - |
| Events Expense | \$ 5,813 | \$ 1,525 | \$ 2,044 | \$ 4,837 | \$ 1,442 | \$ 3,000 | \$ - | \$ - |
| Fundraising Expense | \$ - | \$ - | \$ - | \$ - | \$ 977 | \$ - | \$ - | \$ - |
| Ministries Expense | | | | | | | | |
| Worship Ministry | \$ 11,036 | \$ 8,447 | \$ 11,144 | \$ 9,350 | \$ 6,392 | \$ 8,750 | \$ 9,000 | \$ 3,900 |
| Music Ministry | 14,087 | 20,406 | 19,689 | 13,636 | 3,992 | 3,000 | 1,200 | 3,100 |
| Youth Ministry | 4,809 | 4,548 | 6,408 | 4,031 | 972 | 1,800 | 800 | 2,400 |
| Bookstore Expenses | 7,565 | 9,539 | 7,543 | 7,994 | 2,160 | 2,160 | 300 | 0 |
| Earthcare Ministry | | | | | 8,188 | 0 | 3,500 | 4,800 |
| Miscellaneous Ministries | <u>3,990</u> | <u>1,270</u> | <u>0</u> | <u>360</u> | <u>792</u> | <u>600</u> | <u>200</u> | <u>1,320</u> |
| Total Ministries Expense | \$ 41,487 | \$ 44,210 | \$ 44,784 | \$ 35,371 | \$ 22,496 | \$ 16,310 | \$ 15,000 | \$ 15,520 |
| Tithes | \$ 87,520 | \$ 90,763 | \$ 87,825 | \$ 92,811 | \$ 71,560 | 70,829 | 71,000 | 77,800 |
| Tithes Expensed Elsewhere | | | | | <u>(21,898)</u> | <u>(28,320)</u> | <u>(43,300)</u> | |
| Outgoing Tithes | \$ 87,520 | \$ 90,763 | \$ 87,825 | \$ 92,811 | \$ 49,662 | \$ 42,509 | \$ 27,700 | \$ 77,800 |
| Allocation To Internal Funds | | | | | | | | |
| Transfer to Reserves | | | \$ 42,324 | \$ 42,324 | \$ 42,324 | \$ 42,324 | \$ 42,300 | \$ 42,410 |
| Transfer to Benevolence Fund | | | <u>12,049</u> | <u>2,687</u> | <u>1,741</u> | <u>1,680</u> | <u>1,700</u> | <u>3,000</u> |
| Total Allocation to Internal Funds | \$ - | \$ - | \$ 54,373 | \$ 45,011 | \$ 44,065 | \$ 44,004 | \$ 44,000 | \$ 45,410 |
| Total Expenses | \$ 864,275 | \$ 869,097 | \$ 900,699 | \$ 989,785 | \$ 816,975 | \$ 792,107 | \$ 765,700 | \$ 856,000 |
| Net Income from Operations | \$ 10,922 | \$ 38,532 | \$ (23,620) | \$ (61,674) | \$ (101,367) | \$ (83,819) | \$ (147,925) | \$ (78,000) |
| SBA Grant Income | | | | | \$ 87,000 | \$ 77,702 | \$ 77,702 | \$ - |
| Target Net Income | | | | | \$ (14,367) | \$ (6,117) | \$ (70,223) | \$ (78,000) |
| Cash Basis Adjustments | | | | | | | | |
| Transfers to Reserves | | | | | \$ 42,324 | \$ 42,324 | \$ 42,324 | \$ 42,410 |
| Depreciation | | | | | \$ 132,277 | \$ 142,000 | \$ 142,000 | \$ 144,000 |
| Mortgage Principal Payments | | | | | \$ (53,378) | \$ (122,000) | \$ (122,000) | \$ (115,200) |
| Adjusted Cash Basis Net Income | | | | | \$ 106,856 | \$ 56,207 | \$ (7,899) | \$ (6,790) |