

UNITY OF FAIRFAX Treasurer's Report

September 23, 2022

TO: Board of Trustees

FROM: Dave Richardson, Treasurer

SUBJECT: Current financial status and issues

This report covers August financial performance and it provides an initial draft estimate of annual 2022 income, expenses and cash use to help the Board begin planning for 2023.

Current Financials: Three metrics. August financials are appended.

- Love offerings. August love offerings were **56K** versus the regular monthly goal of 50K. This above-goal outcome is attributable entirely to the initial major gifts associated with the 66th Birthday fundraising campaign, with 29K of the total designated as a response to that campaign. This brings year-to-date love offerings to 316K vs the 400K target, a 21% gap.
- Operating profit/loss. July showed a net operating **gain of 1K** versus a budgeted monthly loss of 2K. YTD expenses, at 507K, are 30K (6%) under budget. Year-to-date operating loss is **90K** versus a budgeted operating loss of 37K.
- Operating Cash. (Note: there was a typo in last month's report: operating cash totaled just 12K, not the 31K shown). August closed with **31K** (25K in ministry fund and 2K operating reserves), with another **40K** in capital reserves for a total of **71K** in unrestricted and accessible reserve accounts. This over-estimates cash because current liabilities (costs incurred to be paid in future) are unusually high this month. Cash use in 2022 ytd is now 35K, though we expect it to go back up in September as liabilities smooth out.

End-of-year estimate. Current year financial results matched with activity plans provide the basis for building a budget for the new year. The always-difficult task of estimating love offerings – the main source of income – is more difficult because we continue to be in a change situation. The 2022 estimate was based on assumptions about the church being open and engagement rising that did not pan out. The question is whether to build a budget based on conservative or more aggressive assumptions.

These figures below project church financial status at end of year based on two potential scenarios for love offerings through the balance of the year. Current year actual offerings appear to provide a better basis than the original budget for estimating next year.

Ministry Fund

(numbers in thousands)

| | 2022 budget | Scenario 1 | Scenario 2 |
|-------------------|-------------|--------------|--------------|
| INCOME | | | |
| Love Offering | 600 | 480 | 510 |
| LT Rent | 128 | 128 | 128 |
| All other | 50 | 16 | 16 |
| TOTAL | 778 | 624 | 654 |
| Expenses | 834 | 762 | 765 |
| Net Income | (56) | (138) | (108) |

In calculating cash use, there are two main sets of adjustments to translate net income into cash addition/depletion. One is that the ministry budget assumes a \$3500 monthly transfer to reserves for future use; this totals 42K for the year. The second is the countervailing impacts of depreciation (a budget expense that is non-cash) and mortgage principal (a cash balance sheet expense that is not shown on the budget): this totals about 18K for the year. Together 56K. That means that an operating budget showing a net loss of 56K neither adds to or subtracts from available (unrestricted + operating and capital reserves) cash.

Taking this adjustment into account yields the following:

| | Budget | Scenario 1 | Scenario 2 |
|--------------|--------|------------|------------|
| Cash use | 0 | 82K | 52K |
| EOY cash bal | 106K | 24K | 54K |

By vote of the board last month, \$10,000 is being transferred before the end of the year from the Mildred Park Endowment to operating reserves.

Unity of Fairfax
Statement of Financial Position
As of August 31, 2022

| | AUG 2022 | DEC 2021 | Change |
|-------------------------------------|------------------|------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Unrestricted cash | 24,965 | 28,142 | (3,176) |
| Reserve Cash | | | |
| Security Deposits | 25,119 | 25,005 | 114 |
| Capital Reserve | 39,858 | 68,695 | (28,837) |
| Operating Reserve | 5,951 | 27,735 | (21,784) |
| Restricted Cash | | | |
| Benevolence Fund | 1,470 | 3,954 | (2,484) |
| Capital Improvements | 100 | 100 | - |
| Sacred Grounds | 4,008 | 4,008 | (0) |
| Vision 2020 | - | - | - |
| Total Bank Accounts | 101,471 | 157,640 | (56,168) |
| Other Current Assets | 15,303 | 12,706 | 2,597 |
| Total Current Assets | 116,774 | 170,345 | (53,571) |
| Fixed Assets | | | |
| Land | 419,328 | 419,328 | - |
| Building and Grounds | 4,246,627 | 4,227,741 | 18,886 |
| Equipment | 75,524 | 75,524 | - |
| Furniture, Fixtures, Software | 181,270 | 181,270 | - |
| Accumulated Depreciation | (2,263,278) | (2,175,137) | (88,141) |
| Construction In Progress | - | - | - |
| Total Fixed Assets | 2,659,472 | 2,728,727 | (69,255) |
| Mildred Park Endowment Fund | 121,137 | 146,918 | (25,781) |
| TOTAL ASSETS | 2,897,383 | 3,045,990 | (148,607) |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Total Current Liabilities | 29,327 | 9,165 | 20,163 |
| Long-Term Liabilities | | | |
| Hunter Mill Montessori Escrow | 25,000 | 25,000 | - |
| Pinnacle Academy Escrow | - | - | - |
| Mortgage Payable | 1,123,563 | 1,201,713 | (78,150) |
| Note Payable - SBA PPP Loan | - | - | - |
| Note Payable - Energy Loan | - | - | - |
| Total Long-Term Liabilities | 1,148,563 | 1,226,713 | (78,150) |
| Total Liabilities | 1,177,890 | 1,235,877 | (57,987) |
| Equity | | | |
| Net Assets | 1,768,982 | 1,776,733 | (7,751) |
| Unrealized Gain/Loss on Investments | 15,476 | 41,131 | (25,655) |
| Net Income | (64,965) | (7,751) | (57,214) |
| Total Equity | 1,719,493 | 1,810,113 | (90,620) |
| TOTAL LIABILITIES AND EQUITY | 2,897,383 | 3,045,990 | (148,607) |

Unity of Fairfax
Statement of Cash Flows - Ministry
August 2022

| | Total |
|--|-----------------|
| OPERATING ACTIVITIES | |
| Net Revenue | (90,364) |
| Adjustments to reconcile Net Revenue to Net Cash provided by operations: | |
| Bank Transfer (from Capital Reserves) * | 10,000 |
| Bank Transfer (from Operating Reserves) ** | 20,000 |
| Accounts Payable | 8,963 |
| United VISA | 2,557 |
| Payroll Taxes Payable | 2,962 |
| Stripe Deposits Pending | 218 |
| Accrued Tithes | 8,912 |
| Deposits in Transit | (2,033) |
| Prepaid Expenses | (2,426) |
| Deferred Revenue | (795) |
| Total Adjustments to reconcile Net Revenue to Net Cash provided by operations: | 48,358 |
| Net cash provided by operating activities | (42,005) |
| INVESTING ACTIVITIES | |
| Fixed Assets: Accumulated Depreciation | 88,141 |
| Fixed Assets: Additions | |
| Transfers to Operating Reserves | 28,837 |
| Net cash provided by investing activities | 116,978 |
| FINANCING ACTIVITIES | |
| Mortgage Payable | (78,150) |
| Net cash provided by financing activities | (78,150) |
| Net cash increase for period | (3,177) |
| Cash at beginning of period | 28,142 |
| Cash at end of period | 24,965 |

* transferred June 2022

** transferred April 2022 & July 2022

Unity of Fairfax
Statement of Activity by Fund
YTD AUGUST 2022

| | 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 | 316,492 | | | | 316,492 | 475 | - | - | - | - | 475 | 316,967 |
| EPS INCOME | 3,184 | | | | 3,184 | | | | | | | 3,184 |
| FUNDRAISING INCOME | 2,702 | | | | 2,702 | | | | | | | 2,702 |
| SHORT TERM RENTAL INCOME | 6,745 | | | | 6,745 | | | | | | | 6,745 |
| LONG TERM RENTAL INCOME | 84,750 | | | | 84,750 | | | | | | | 84,750 |
| BOOKSTORE SALES | - | | | | - | | | | | | | - |
| GRANT INCOME | - | | | | - | | | | | | | - |
| OTHER INCOME | 2,555 | 49 | - | 14 | 2,617 | | | | | | | 2,617 |
| Total Income | 416,427 | 49 | - | 14 | 416,490 | 475 | - | - | - | - | 475 | 416,965 |
| Expenses | | | | | | | | | | | | |
| COMPENSATION & BENEFITS | 236,859 | | | | 236,859 | | | | | | | 236,859 |
| OCCUPANCY EXPENSE | 161,644 | | | | 161,644 | | | | | | | 161,644 |
| GENERAL & ADMINISTRATIVE | 28,162 | | | | 28,162 | 3,674 | | | | | 3,674 | 31,836 |
| EPS WORKSHOPS | 497 | | | | 497 | | | | | | | 497 |
| EVENTS | 300 | | | | 300 | | | | | | | 300 |
| MINISTRIES EXPENSE | 9,153 | | | | 9,153 | | | | | | | 9,153 |
| OUTGOING TITHES | 41,642 | | | | 41,642 | | | | | | | 41,642 |
| ALLOCATIONS TO INTERNAL FUNDS | 28,535 | - | (28,216) | | 319 | (319) | | | | | (319) | - |
| Total Expenses | 506,791 | - | (28,216) | - | 478,575 | 3,355 | - | - | - | - | 3,355 | 481,931 |
| Net Income | (90,364) | 49 | 28,216 | 14 | (62,085) | (2,880) | - | - | - | - | (2,880) | (64,965) |

Unity of Fairfax
Budget vs. Actuals: Ministry Fund
August 31, 2022

| | MTH Actual | MTH Budget | MTH Variance | YTD Actual | YTD Budget | YTD Variance | Annual 2022 Draft Budget |
|---------------------------------|-----------------------|-----------------------|-------------------------|--------------------|-----------------------|-------------------------|---|
| Income | | | | | | | |
| LOVE OFFERING INCOME | \$ 55,782 | \$ 50,000 | \$ 5,782 | \$ 316,492 | \$ 400,000 | \$ (83,508) | \$ 600,000 |
| EPS INCOME | - | 1,667 | (1,667) | 3,184 | 13,333 | (10,150) | 20,000 |
| FUNDRAISING INCOME | 532 | 1,667 | (1,135) | 2,702 | 13,333 | (10,632) | 20,000 |
| SHORT TERM RENTAL | - | 340 | (340) | 6,745 | 2,720 | 4,025 | 4,080 |
| LONG TERM RENTAL | 10,750 | 10,646 | 104 | 84,750 | 85,167 | (417) | 127,750 |
| BOOKSTORE SALES | - | 333 | (333) | - | 2,667 | (2,667) | 4,000 |
| GRANT INCOME * | - | - | - | - | - | - | - |
| OTHER INCOME | 1,061 | 191 | 870 | 2,555 | 1,527 | 1,028 | 2,290 |
| Total Income | \$ 68,125 | \$ 64,843 | \$ 3,282 | \$ 416,427 | \$ 518,747 | \$ (102,320) | \$ 778,120 |
| Expenses | | | | | | | |
| COMPENSATION & BENEFITS | 28,081 | 29,571 | (1,490) | 236,859 | 236,567 | 292 | 354,850 |
| OCCUPANCY EXPENSE | 23,326 | 21,233 | 2,093 | 161,644 | 169,867 | (8,223) | 254,800 |
| GENERAL & ADMINISTRATIVE | 3,048 | 4,185 | (1,137) | 28,162 | 33,480 | (5,318) | 50,220 |
| EPS WORKSHOPS | 100 | 83 | 17 | 797 | 667 | 130 | 1,000 |
| FUNDRAISING EXPENSE | - | - | - | - | - | - | - |
| MINISTRIES EXPENSE | - | - | - | - | - | - | - |
| Total Worship Ministry | 238 | 567 | (329) | 4,307 | 4,533 | (227) | 6,800 |
| Total Music Ministry | 99 | 258 | (159) | 1,930 | 2,067 | (136) | 3,100 |
| Total Youth Ministry | 270 | 200 | 70 | 1,414 | 1,600 | (186) | 2,400 |
| Total Bookstore Expenses | - | 200 | (200) | - | 1,600 | (1,600) | 2,400 |
| Total Earthcare Ministry | 1,502 | 400 | 1,102 | 1,502 | 3,200 | (1,698) | 4,800 |
| Total Miscellaneous Ministries | - | 200 | (200) | - | 1,600 | (1,600) | 2,400 |
| Total MINISTRIES EXPENSE | 2,109 | 1,825 | 284 | 9,153 | 14,600 | (5,447) | 21,900 |
| TITHES | 6,826 | 6,484 | 342 | 41,642 | 51,875 | (10,233) | 77,812 |
| FUNDS | | | | | | | |
| Transfer to Capital Reserves | - | - | - | - | - | - | - |
| Transfer to Operating Reserves | 3,527 | 3,527 | - | 28,216 | 28,216 | - | 42,324 |
| Transfer to Benevolence | - | 167 | (167) | 319 | 1,333 | (1,014) | 2,000 |
| ALLOCATION TO INTERNAL | 3,527 | 3,694 | (167) | 28,535 | 29,549 | (1,014) | 44,324 |
| Total Expenses | \$ 67,017 | \$ 67,076 | \$ (59) | \$ 506,791 | \$ 536,604 | \$ (29,813) | \$ 804,906 |
| Net Income * | \$ 1,108 | \$ (2,232) | \$ 3,340 | \$ (90,364) | \$ (17,857) | \$ (72,506) | \$ (26,786) |

Notes to the Statement Of Activity:

Electricity costs covered for MPC increased Occupancy Expense for August