

UNITY OF FAIRFAX Treasurer's Report

November 12, 2023

TO: Board of Trustees

FROM: Dave Richardson, Treasurer

SUBJECT: Current financial status and issues

This note focuses on the projection of end-of-year financial status and implications for the 2024 budget.

2023 End of Year Projection

Last month's Treasurer Report outlined two scenarios estimating a projected higher and lower financial outcome for the year based on slightly different assumptions about the final quarter.

With October income figures in hand, I have updated those scenarios, yielding a slightly more conservative projection for 2023 final figures. It's still just a projection.

- Love offerings are now projected to be 470K-500K, with 495K "most likely".
- Total income is projected around 662K (versus 727K budgeted)
- Operating loss is projected to be 80K to 90K (versus 52K budgeted)
- Cash use is projected to be in the 40K-50K range (vs 0 budgeted) (the difference in cash use vs operating loss is primarily due to about 50K of operating expenses being internal transfers from the Ministry fund to operating reserves).

Observations about the projections

1. Love offerings. While growth/stability has not yet been restored, the rate of decline in love offerings appears to be slowing (declines of 70K in 2021; 29K in 2022; projected 20K in 2023).
2. Fund raising. Our experience over the last several years is that special appeals are required to maintain love offering levels. In 2023, we have engaged in two significant campaigns: the spring 10 for 10 and the fall 67th/Big Magic.

Fundraising has revolved around both events and appeals for direct contributions/love offerings. Our operating assumption is that while the majority of money raised comes from direct contributions, events have a multiplier effect beyond simply the money raised for the event per se.

Through October, the two special fundraising efforts have added 48K to love offerings, or an average of 5K/month. Through October, total love offerings have averaged 39K/month vs the 42K budgeted. We're guessing that by December that average will rise to 42K.

Based on love offerings during the periods when we've made special appeals for contributions above-and-beyond 'regular' offerings, there actually is a cannibalization effect; regular love offerings decline.

3. The TBD/Aspirational target. We identified a gap of 64K in the 2023 budget that we could not attribute to any planned source. We will fall short of filling that gap. However, every non-love offering income source (EPS, Events, Short term rentals, bookstore, miscellaneous) will exceed budget (totaling at least 10K over budget) and expenses are projected to be another 20K below budget.
4. Cash and cash use. We entered 2023 with 53K in cash in our three main accounts (Ministry fund, operating and capital reserves), having used 53K in cash during the course of 2022. Our goal was to maintain that 53K level of cash.

The Board authorized the transfer of 30K from the Endowment fund (19K in January, which was the 2022 authorization, and 11.5K in July, which was the 2023 authorization). Both of these were regular annual authorizations. In July the Board made a further contingent emergency authorization to withdraw up to 20K if the combined three accounts decline to below 25K. Fortunately that contingency will not have to be executed in 2023. The Board can make a regular annual transfer in 2024.

Our best-guess projection at this point is that we will have used between 35K and 45k cash in 2023 and will conclude the year with approximately 45K to 55K in the three main accounts.

In addition to the Endowment as a backup, generous matching gifts from Boeing have allowed us to create a separate Secular account for use on qualifying expenditures, which offers some supplement to normal church expenditures.

2024 Budget

The 2023 experience provides the basis and rationale for the 2024 budget.

The appended 2024 draft 3 budget does not change from draft 2, but figures for 2023 year-to-date income have been updated to show more clearly the justification for increasing several income line items over 2023. Income figures are through October; expenses through September.

There again is a significant TBD income goal (55K versus the 64K in 2023) that is aspirational. The 2023 results suggest this is a challenge but potentially achievable, especially if we are correct that the negative pandemic-era trend in love offerings can be reversed.

The 2024 expense budget is largely stable with a small increase for staff compensation voted this year, higher tithes based on income expectations, and an allocation of 15K for an audit.

Unity of Fairfax
Statement of Financial Position
OCTOBER 2023

	OCT 2023	DEC 2022	Change
ASSETS			
Current Assets			
Unrestricted cash	19,528	12,320	7,208
Reserve Cash			
Security Deposits	27,290	25,150	2,140
Capital Reserve	19,912	21,175	(1,263)
Operating Reserve	15,329	20,059	(4,730)
Restricted Cash			
Benevolence Fund	2,285	2,737	(452)
Capital Improvements	6,815	100	6,715
Sacred Grounds	5,758	3,758	2,000
Total Bank Accounts	96,918	85,300	11,618
Deposit In Transit	-	11,726	(11,726)
Other Current Assets	15,947	11,386	4,561
Total Current Assets	112,865	108,412	4,453
Fixed Assets			
Land	419,328	419,328	-
Building and Grounds	4,246,627	4,246,627	-
Equipment	76,524	75,524	1,000
Furniture, Fixtures, Software	183,246	181,270	1,976
Accumulated Depreciation	(2,419,175)	(2,309,237)	(109,938)
Total Fixed Assets	2,506,550	2,613,512	(106,962)
Mildred Park Endowment Fund	101,708	123,827	(22,119)
TOTAL ASSETS	2,721,123	2,845,751	(124,628)
LIABILITIES AND EQUITY			
Liabilities			
Total Current Liabilities	32,484	17,076	15,408
Long-Term Liabilities			
Hunter Mill Montessori Escrow	25,000	25,000	-
Committee for Helping Others	2,000	-	2,000
Mortgage Payable	981,859	1,083,782	(101,923)
Total Long-Term Liabilities	1,008,859	1,108,782	(99,923)
Total Liabilities	1,041,343	1,125,859	(84,516)
Equity			
Net Assets	1,701,726	1,768,982	(67,256)
Unrealized Gain/Loss on Investments	26,447	18,166	8,281
Net Income	(48,394)	(67,255)	18,861
Total Equity	1,679,780	1,719,893	(40,113)
TOTAL LIABILITIES AND EQUITY	2,721,123	2,845,751	(124,629)

Unity of Fairfax
Statement of Cash Flows - Ministry
OCTOBER 2023

	Total
OPERATING ACTIVITIES	
Net Revenue	(93,610)
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
Bank Transfer (from Capital Reserves) *	20,000
Bank Transfer (from Operating Reserves) **	40,000
Accounts Payable	9,306
VISA Payable	2,185
Payroll Taxes Payable	12,978
Stripe Deposits Pending	(3,821)
Accrued Tithes	13,760
Miscellaneous	290
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	94,698
Net cash provided by operating activities	1,088
INVESTING ACTIVITIES	
Fixed Assets: Accumulated Depreciation	109,938
Fixed Assets: Additions	2,976
Transfers from Vanguard MPE	30,400
Transfers to Operating Reserves	(35,270)
Net cash provided by investing activities	108,044
FINANCING ACTIVITIES	
Mortgage Payable	(101,923)
Net cash provided by financing activities	(101,923)
Net cash increase for period	7,208
Cash at beginning of period	12,320
Cash at end of period	19,528

* transferred June 2023

** transferred Jan2023 & May2023 & Oct2023

Unity of Fairfax
Statement of Activity by Fund
YTD OCTOBER 2023

	Ministry Fund	Capital Reserve	Operating Reserve	Security Reserve	Total UnRestricted	Benevo lence Fund	Capital Improve ment	MP Endowm ent Fund	Sacred Grounds	Vision 2020	Total Restricted	TOTAL
Income												
LOVE OFFERING INCOME	345,740				345,740	785	-	-	2,600	-	3,385	349,125
EPS INCOME	5,389				4,014						-	4,014
EVENTS INCOME	7,545				7,545						-	7,545
FUNDRAISING INCOME	56,881				56,881						-	56,881
SHORT TERM RENTAL INCOME	10,535				10,535						-	10,535
LONG TERM RENTAL INCOME	107,500				107,500						-	107,500
BOOKSTORE SALES	3,270				3,270						-	3,270
GRANT INCOME	-				-						-	-
OTHER INCOME	2,160	35	-	83	2,278		9,000				9,000	11,278
Total Income	539,020	35	-	83	539,138	785	9,000	-	2,600	-	12,385	551,523
Expenses												
COMPENSATION & BENEFITS	297,796				297,796						-	297,796
OCCUPANCY EXPENSE	189,011				189,011						-	189,011
GENERAL & ADMINISTRATIVE	37,131				37,131	3,096			-		3,096	40,227
EPS WORKSHOPS	350				350						-	350
EVENTS	5,287				5,287						-	5,287
FUNDRAISING EXPENSE	1,300				1,300						-	1,300
MINISTRIES EXPENSE	12,044				12,044						-	12,044
OUTGOING TITHES	53,902				53,902						-	53,902
ALLOCATIONS TO INTERNAL FUNDS	35,809	-	(35,270)		539	(539)					(539)	-
Total Expenses	632,630	-	(35,270)	-	597,360	2,557	-	-	-	-	2,557	599,917
Net Income	(93,610)	35	35,270	83	(58,222)	(1,772)	9,000	-	2,600	-	9,828	(48,394)

Unity of Fairfax
Budget vs. Actuals: Ministry Fund
OCTOBER 2023

	MTH Actual	MTH Budget	MTH Variance	YTD Actual	YTD Budget	YTD Variance
Income						
LOVE OFFERING INCOME	\$ 20,992	\$ 41,667	\$ (20,675)	\$ 345,740	\$ 416,667	\$ (70,927)
EPS INCOME	585	333	252	5,389	3,333	2,056
EVENTS INCOME	540	-	540	7,545	-	7,545
FUNDRAISING INCOME	19,017	833	18,184 *	56,881	8,333	48,548
SHORT TERM RENTAL	1,150	833	317	10,535	8,333	2,202
LONG TERM RENTAL	10,750	10,750	-	107,500	107,500	-
BOOKSTORE SALES	246	300	(54)	3,270	3,000	270
TO BE DETERMINED *	-	5,333	(5,333)	-	53,333	(53,333)
OTHER INCOME	18	167	(149)	2,160	1,667	493
Total Income	\$ 53,298	\$ 60,217	\$ (6,919)	\$ 539,020	\$ 602,167	\$ (63,147)
Expenses						
COMPENSATION & BENEFITS	30,500	30,704	(204)	297,796	307,041	(9,245)
OCCUPANCY EXPENSE	20,434	18,863	1,572	189,011	188,625	386
GENERAL & ADMINISTRATIVE	4,103	3,804	299	37,131	38,036	(905)
EPS WORKSHOPS	-	-	-	350	-	350
EVENTS	1,378	-	1,378	5,287	-	5,287
FUNDRAISING EXPENSE	880	-	880	1,300	-	1,300
MINISTRIES EXPENSE						
Total Worship Ministry	753	517	236	4,135	5,167	(1,032)
Total Music Ministry	260	255	5	2,990	2,550	440
Total Youth Ministry	263	313	(50)	990	3,125	(2,135)
Total Bookstore Expenses	58	150	(92)	1,405	1,500	(95)
Total Earthcare Ministry	-	250	(250)	1,916	2,500	(584)
Total Miscellaneous Ministries	150	100	50	608	1,000	(392)
Total MINISTRIES EXPENSE	1,484	1,584	(100)	12,044	15,842	(3,798)
TITHES	5,333	6,022	(689)	53,902	60,217	(6,315)
ALLOCATION TO INTERNAL						
Transfer to Capital Reserves	-	-	-	-	-	-
Transfer to Operating Reserves	3,527	3,527	0	35,270	35,267	3
Transfer to Benevolence	59	33	26	539	333	206
ALLOCATION TO INTERNAL	3,586	3,560	26	35,809	35,600	209
Total Expenses	\$ 67,698	\$ 64,536	\$ 3,162	\$ 632,630	\$ 645,360	\$ (14,030)
Net Income	\$ (14,400)	\$ (4,319)	\$ (10,081)	\$ (93,610)	\$ (43,193)	\$ (49,117)

Notes to the Statement Of Activity:

* \$56,881 includes the \$20k from our 10YR/10K Fundraiser earlier in the year

Also note that Occupancy Expense includes extra repairs & maintenance costs