

UNITY OF FAIRFAX Treasurer's Report

August 20, 2021

TO: Board of Trustees

FROM: Dave Richardson, Treasurer

SUBJECT: Current financial status and issues

We are in the early stage of turning around a serious income decline and managing operating deficits.

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

- Love offerings (see attached ministry fund budget page). July love offerings were **36K**, including just over 4K of offerings specifically in response to the Refirement campaign. This is a small improvement over June, but only 4K better and still 14K below our monthly target of 50K (and well below typical UFF July offerings).
- Operating profit/loss (at the bottom of the same budget vs actual chart). Expenses were on budget but the continued depressed income contributed to a loss for the **month of 25K**. Cumulative operating loss before PPP adjustment is 104K; after the PPP adjustment of 77K, operating loss YTD is 27K.
- Operating Cash on hand. (reference the Statement of financial condition). Combined unrestricted and operating reserve cash declined from 41K to 21K. The last tranche of the PPP loan was transferred into unrestricted cash in July. (End of June: Unrestricted operating cash 15K; operating reserves 6K).

Actions

- The Refiring campaign is underway and gaining some traction in August.
- The ministers continue reaching out to individual members.
- Montessori increased its August payment and hopes to open in late September.
- The attached Policy Statement introduces two board motions related to reserves.
- See the July Treasurer report for a reminder of longer term financial plans.
- It's a good time to think imaginatively about other income strategies.

UFF Board Policy Statement regarding Cash Reserve Accounts - August 20, 2021

Due to the continuing disruption of Unity income sources, including recently lower-than-anticipated love offerings, church expenses are significantly exceeding income. The unrestricted operating fund is below its minimum safe level. Operating reserves, including the PPP loan, are fully depleted.

This document presents motions to re-allocate capital and operating reserve accounts to align more closely with goals and needs.

Background. A prior board exercised an option on the church's mortgage to reduce mortgage payments, allocating the savings (approximately \$3500/month) to build a reserve fund. At the time, the church had no other reserve funds. That reserve fund had grown about \$42,000/year to over \$130,000 at the end of 2020.

In an exercise to envision what UFF would be after the anticipated departure of the Pinnacle School in summer of 2020, a plan was developed that assumed the main church building would be re-purposed for a variety of new mission-driven actions. It assumed that this transformation would entail significant capital expenditures, and that operating expenses would be covered by growing love offerings. Consequently the entire reserve was allocated to capital expenses.

Circumstances and that vision have changed. The transformation has begun, in 2021, and a capital budget was established (\$41,000 in 2021) to facilitate both the new Montessori school opening and church re-opening as we emerge from the pandemic. More importantly, the pandemic has put further pressure on our operating budget. Income has not risen as anticipated; rather it has declined. The vision also may have changed in line with the hybrid church idea that we have begun to conceptualize. While it is very helpful to have a strong capital reserve, we have a large capital reserve and no operating reserve. The following motions are meant to address the near-term need and uncertainties.

Motion 1: Re-allocate \$40,000 of the capital reserve fund to operating reserves immediately. Be prepared to make a second re-allocation from capital to operating reserves before the end of 2021, that amount to be determined through a separate board motion at the point of consideration.

Motion 2: Through the balance of 2021, shift the monthly allocation to reserves from the current distribution of \$1500 to capital/\$2000 operating reserves to direct all \$3500 to operating reserves. Reconsider 2022 allocations as part of 2022 budget deliberations.

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

	JULY 2021	DEC 2020	Change
ASSETS			
Current Assets			
Unrestricted cash	15,416	28,336	(12,920)
Reserve Cash			
Security Deposits	25,004	25,003	1
Capital Reserve	108,648	131,758	(23,110)
Operating Reserve	6,100	348	5,752
Restricted Cash			
Benevolence Fund	3,861	8,264	(4,403)
Capital Improvements	100	3,686	(3,586)
Sacred Grounds	1,808	2,170	(362)
Vision 2020	100	100	-
Total Bank Accounts	161,038	199,665	(38,627)
Other Current Assets	18,522	24,493	(5,971)
Total Current Assets	179,560	224,158	(44,598)
Fixed Assets			
Land	419,328	419,328	-
Building and Grounds	4,225,241	4,207,336	17,905
Equipment	75,524	73,181	2,343
Furniture, Fixtures, Software	179,863	167,625	12,238
Accumulated Depreciation	(2,116,647)	(2,039,586)	(77,061)
Construction In Progress	-	-	-
Total Fixed Assets	2,783,310	2,827,883	(44,574)
Mildred Park Endowment Fund	134,195	119,920	14,274
TOTAL ASSETS	3,097,065	3,171,962	(74,898)
LIABILITIES AND EQUITY			
Liabilities			
Total Current Liabilities	15,203	14,664	539
Long-Term Liabilities			
Hunter Mill Montessori Escrow	25,000	25,000	-
Pinnacle Academy Escrow	-	-	-
Mortgage Payable	1,270,270	1,335,408	(65,138)
Note Payable - SBA PPP Loan	77,702	-	77,702
Note Payable - Energy Loan	-	6,024	(6,024)
Total Long-Term Liabilities	1,372,972	1,366,432	6,541
Total Liabilities	1,388,175	1,381,096	7,079
Equity			
Net Assets	1,776,733	1,758,250	18,483
Unrealized Gain/Loss on Investments	28,408	14,133	14,274
Net Income	(96,251)	18,483	(114,734)
Total Equity	1,708,890	1,790,867	(81,977)
TOTAL LIABILITIES AND EQUITY	3,097,065	3,171,962	(74,898)

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

	Total
OPERATING ACTIVITIES	
Net Revenue	(103,847)
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
Draw PPP2	77,702
Deposits in Transit	7,063
Accounts Payable	5,225
Other Current Liabilities	5,947
Accrued Bills Payable	1,197
Prepaid Rental Deposits	1,300
Accrued Tithes	3,280
Outreach Passthrough	1,707
YOU Rally Passthrough	1,870
Stripe Deposits Pending	4,426
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	109,717
Net cash provided by operating activities	5,870
INVESTING ACTIVITIES	
Capital Reserve transfer	(24,689)
Fixed Assets:Accumulated Depreciation	77,060
Net cash provided by investing activities	52,371
FINANCING ACTIVITIES	
Mortgage Payable	(65,138)
Note Payable - Energy Loan	(6,024)
Net cash provided by financing activities	(71,162)
Net cash increase for period	(12,921)
Cash at beginning of period	28,336
Cash at end of period	15,416

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

	MTH Actual	MTH Budget	MTH Variance	YTD Actual	YTD Budget	YTD Variance	Annual 2021 Draft Budget
Income							
LOVE OFFERING INCOME	\$ 36,228	\$ 50,000	\$ (13,772)	\$ 296,300	\$ 350,000	\$ (53,700)	\$ 600,000
EPS INCOME	380	1,400	(1,020)	6,146	9,800	(3,654)	16,800
EVENTS INCOME	-	500	(500)	-	3,500	(3,500)	6,000
FUNDRAISING INCOME	-	833	(833)	1,775	5,833	(4,058)	10,000
SHORT TERM RENTAL	260	200	60	1,820	1,400	420	2,400
LONG TERM RENTAL	3,000	5,691	(2,691)	21,000	39,835	(18,835)	68,288
BOOKSTORE SALES		300	(300)		2,100	(2,100)	3,600
GRANT INCOME *		-	-		-	-	72,000
OTHER INCOME	66	100	(34)	6,256	700	5,556	1,200
Total Income	\$ 39,933	\$ 59,024	\$ (19,091)	\$ 333,297	\$ 413,168	\$ (79,871)	\$ 780,288
Expenses							
COMPENSATION & BENEFITS	30,591	30,077	514	217,047	210,539	6,508	360,924
OCCUPANCY EXPENSE	23,546	19,575	3,971	141,819	137,025	4,794	234,900
GENERAL & ADMINISTRATIVE	6,173	6,800	(627)	37,198	47,600	(10,402)	81,600
EPS WORKSHOPS	-	280	(280)	-	1,960	(1,960)	3,360
EVENTS		250	(250)		1,750	(1,750)	3,000
FUNDRAISING EXPENSE			-				
MINISTRIES EXPENSE			-				
Total Worship Ministry	786	729	57	6,236	5,104	1,132	8,750
Total Music Ministry		250	(250)	789	1,750	(961)	3,000
Total Youth Ministry		150	(150)	255	1,050	(795)	1,800
Total Bookstore Expenses		180	(180)		1,260	(1,260)	2,160
Total Earthcare Ministry	-	458	(458)	500	3,208	(2,708)	5,500
Total Miscellaneous Ministries	-	50	(50)	58	350	(292)	600
Total MINISTRIES EXPENSE	786	1,818	(1,032)	7,837	12,723	(4,885)	21,810
TITHES	3,994	5,902	(1,908)	33,330	41,317	(7,987)	70,829
Tithes Expensed Elsewhere	(3,590)	(2,360)	(1,230)	(25,392)	(16,520)	(8,872)	(28,320)
OUTGOING TITHES	404	3,542	(3,139)	7,938	24,797	(16,859)	42,509
FUNDS							
Transfer to Capital Reserves	1,527	3,527	(2,000)	18,689	24,689	(6,000)	42,324
Transfer to Operating Reserves	2,000		2,000	6,000		6,000	
Transfer to Benevolence	38	140	(102)	615	980	(365)	1,680
FUNDS	3,565	3,667	(102)	25,304	25,669	(365)	44,004
Total Expenses	\$ 65,065	\$ 66,009	\$ (944)	\$ 437,144	\$ 462,062	\$ (24,919)	\$ 792,107
Net Income *	\$ (25,131)	\$ (6,985)	\$ (18,147)	\$ (103,847)	\$ (48,894)	\$ (54,953)	\$ (11,819)