

UNITY OF FAIRFAX Treasurer's Report

December 12, 2021

TO: Board of Trustees

FROM: Dave Richardson, Treasurer

SUBJECT: Current financial status and issues

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This report covers financial performance through November and an end-of-year/new year preview.

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

- Love offerings (see attached ministry fund budget page). November love offerings were **48K**, aided by a strong bump of 14K designated for the Refirement 65K goal. This love offering amount, while close to the average monthly goal of 50K, is well below a typical November, even with the Refirement boost. This continues the pattern of reduced offerings that began in late spring. See the end-of-year preview below.
- Operating profit/loss (at the bottom of the same budget vs actual chart). Operating loss narrowed to **4K** in November, bringing cumulative operating loss to **54K**. Remember that the PPP loan covered 77K of losses on top of this amount.
- Operating Cash on hand. (reference the Statement of financial condition). With adjustments, the operating cash position improved slightly (less than 1K) to **50K**.

**Montessori** school is operational and continuing to ramp-up rent payments, paying 7.5K in November and 8.5 in December on the way to full rent by February. The school is due also to begin paying MPC utilities. A new lease will be negotiated, primarily extending the time period and cleaning up a couple elements. The MPC HVAC system may be at the end of its lifespan. Patie W is managing that; if a new system is required it will be a capital expense.

**Refiring** campaign is ending strong, now over 63K. We should exceed the 65K target in December.

**End of year projection/preview.** If December love offerings hold close to normal, we have a chance to slightly beat the 2021 projection of a 70K loss shown in the 2022 budget, and to end the year with slightly more than the 40k of operating cash (unrestricted plus reserves) -- more than entering 2021.

Evaluating the year, it has been even more financially challenging than expected. The PPP loan covered the expected loss but love offerings are expected to be about 10% below projection (12% below 2020 and 15% below 2019). Montessori rent shortfall was mostly anticipated in the budget.

**2022 budget/projection.** Key indicators (news environment, pandemic status, attendance, love offerings) all point to continuing financial stress in 2022. The current budget projects a loss of 78K. Cash use would be lower (see the bottom of attached budget). But this budget assumes restoration of Love Offerings to near-2020 levels. If 2021 experience is repeated, the actual loss could be larger, and there is no prospect of another PPP loan on the horizon so use of cash reserves would be higher.

Recommended board actions:

- Motion: Extend the previous August 2021 board decision to designate 100% of monthly reserve allocation (\$3500) to operating reserve for the first half of 2022, with possible extension for the full year.
- Encourage, support and measure progress of Rev Russ' re-engagement and growth plans.
- Discuss and set timing of decision points (2-3 months from now) and trigger levels for financial actions including tapping capital reserves, MP endowment and especially cost cutting steps.
- Specify cost cutting contingencies.

**Unity of Fairfax**  
**Statement of Financial Position**  
**As of November 30, 2021**

	NOV 2021	DEC 2020	Change
<b>ASSETS</b>			
<b>Current Assets</b>			
Unrestricted cash	25,461	28,336	(2,875)
Reserve Cash			
Security Deposits	25,005	25,003	2
Capital Reserve	68,687	131,758	(63,071)
Operating Reserve	24,208	348	23,860
Restricted Cash			
Benevolence Fund	3,954	8,264	(4,310)
Capital Improvements	100	3,686	(3,586)
Sacred Grounds	2,008	2,170	(162)
Vision 2020	100	100	-
<b>Total Bank Accounts</b>	<b>149,523</b>	<b>199,665</b>	<b>(50,142)</b>
Other Current Assets	12,014	24,493	(12,479)
<b>Total Current Assets</b>	<b>161,537</b>	<b>224,158</b>	<b>(62,621)</b>
<b>Fixed Assets</b>			
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	181,270	167,625	13,645
Accumulated Depreciation	(2,161,729)	(2,039,586)	(122,143)
Construction In Progress	-	-	-
<b>Total Fixed Assets</b>	<b>2,742,135</b>	<b>2,827,883</b>	<b>(85,749)</b>
Mildred Park Endowment Fund	135,351	119,920	15,430
<b>TOTAL ASSETS</b>	<b>3,039,023</b>	<b>3,171,962</b>	<b>(132,939)</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Total Current Liabilities</b>	<b>6,752</b>	<b>14,664</b>	<b>(7,912)</b>
<b>Long-Term Liabilities</b>			
Hunter Mill Montessori Escrow	25,000	25,000	-
Pinnacle Academy Escrow	-	-	-
<b>Mortgage Payable</b>	<b>1,211,311</b>	<b>1,335,408</b>	<b>(124,097)</b>
Note Payable - SBA PPP Loan	-	-	-
Note Payable - Energy Loan	-	6,024	(6,024)
<b>Total Long-Term Liabilities</b>	<b>1,236,311</b>	<b>1,366,432</b>	<b>(130,120)</b>
<b>Total Liabilities</b>	<b>1,243,063</b>	<b>1,381,096</b>	<b>(138,032)</b>
<b>Equity</b>			
Net Assets	1,776,733	1,758,250	18,483
Unrealized Gain/Loss on Investments	29,564	14,133	15,430
Net Income	(10,338)	18,483	(28,820)
<b>Total Equity</b>	<b>1,795,959</b>	<b>1,790,867</b>	<b>5,093</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,039,023</b>	<b>3,171,962</b>	<b>(132,940)</b>

**Unity of Fairfax**  
**Statement of Cash Flows - Ministry**  
January - November, 2021

	<b>Total</b>
<b>OPERATING ACTIVITIES</b>	
Net Revenue	(53,994)
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
Draw PPP2	77,702
Accounts Payable	(1,229)
United VISA	(2,186)
Sales Tax Payable	(42)
Stripe Deposits Pending	(478)
Accrued Tithes	(1,408)
Prepaid Rental Deposits	260
Prepaid Workshops	
Passthrough	167
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	<b>72,786</b>
Net cash provided by operating activities	<b>18,792</b>
<b>INVESTING ACTIVITIES</b>	
Capital Reserve transfer	(32,528)
Fixed Assets:Accumulated Depreciation	111,125
Net cash provided by investing activities	<b>78,597</b>
<b>FINANCING ACTIVITIES</b>	
Mortgage Payable	(94,241)
Note Payable - Energy Loan	(6,024)
Net cash provided by financing activities	<b>(100,265)</b>
Net cash increase for period	<b>(2,876)</b>
Cash at beginning of period	28,336
Cash at end of period	<b>25,461</b>

**Unity of Fairfax**  
**Statement of Activity by Fund**  
**YTD NOVEMBER 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
<b>Income</b>												
LOVE OFFERING INCOME **	486,536		-		486,536	870	21,295	-	1,450	-	23,615	510,151
EPS INCOME	9,777				9,777							9,777
EVENTS INCOME	-				-							-
FUNDRAISING INCOME	1,775				1,775							1,775
SHORT TERM RENTAL INCOME	2,860				2,860							2,860
LONG TERM RENTAL INCOME	43,500				43,500							43,500
BOOKSTORE SALES	601				601							601
GRANT INCOME *	77,702				77,702							77,702
OTHER INCOME	8,025	198	-	2	8,225							8,225
<b>Total Income</b>	<b>630,776</b>	<b>198</b>	<b>-</b>	<b>2</b>	<b>630,976</b>	<b>870</b>	<b>21,295</b>	<b>-</b>	<b>1,450</b>	<b>-</b>	<b>23,615</b>	<b>654,591</b>
<b>Expenses</b>												
COMPENSATION & BENEFITS	337,440				337,440							337,440
OCCUPANCY EXPENSE	219,189	12,390			231,579				1,362		1,362	232,941
GENERAL & ADMINISTRATIVE	59,647				59,647	5,932			250		6,182	65,829
EPS WORKSHOPS	50				50							50
EVENTS	-				-							-
FUNDRAISING EXPENSE	-				-							-
MINISTRIES EXPENSE	13,093				13,093							13,093
OUTGOING TITHES	15,576				15,576							15,576
ALLOCATIONS TO INTERNAL FUNDS	39,775	(18,689)	(20,108)		978	(978)					(978)	-
<b>Total Expenses</b>	<b>684,770</b>	<b>(6,299)</b>	<b>(20,108)</b>	<b>-</b>	<b>658,363</b>	<b>4,954</b>	<b>-</b>	<b>-</b>	<b>1,612</b>	<b>-</b>	<b>6,566</b>	<b>664,930</b>
<b>Net Income *</b>	<b>(53,994)</b>	<b>6,497</b>	<b>20,108</b>	<b>2</b>	<b>(27,387)</b>	<b>(4,084)</b>	<b>21,295</b>	<b>-</b>	<b>(162)</b>	<b>-</b>	<b>17,049</b>	<b>(10,338)</b>

Notes to the Statement Of Activity:

**Unity of Fairfax**  
**Budget vs. Actuals: FY\_2020 - Ministry Fund**  
**NOVEMBER 2021**

	MTH Actual	MTH Budget	MTH Variance	YTD Actual	YTD Budget	YTD Variance	Annual 2021 Draft Budget
<b>Income</b>							
LOVE OFFERING INCOME	\$ 48,108	\$ 50,000	\$ (1,892)	\$ 486,536	\$ 550,000	\$ (63,464)	\$ 600,000
EPS INCOME	795	1,400	(605)	9,777	15,400	(5,623)	16,800
EVENTS INCOME	-	500	(500)	-	5,500	(5,500)	6,000
FUNDRAISING INCOME	-	833	(833)	1,775	9,167	(7,392)	10,000
SHORT TERM RENTAL	260	200	60	2,860	2,200	660	2,400
LONG TERM RENTAL	7,500	5,691	1,809	43,500	62,597	(19,097)	68,288
BOOKSTORE SALES	601	300	301	601	3,300	(2,699)	3,600
GRANT INCOME *	-	-	-	77,702	-	77,702	72,000
OTHER INCOME	137	100	37	8,025	1,100	6,925	1,200
<b>Total Income</b>	<b>\$ 57,401</b>	<b>\$ 59,024</b>	<b>\$ (1,623)</b>	<b>\$ 630,776</b>	<b>\$ 649,264</b>	<b>\$ (18,488)</b>	<b>\$ 780,288</b>
<b>Expenses</b>							
COMPENSATION & BENEFITS	30,248	30,077	171	337,440	330,847	6,593	360,924
OCCUPANCY EXPENSE	17,806	19,575	(1,769)	219,189	215,325	3,864	234,900
GENERAL & ADMINISTRATIVE	6,283	6,800	(517)	59,647	74,800	(15,153)	81,600
EPS WORKSHOPS	-	280	(280)	50	3,080	(3,030)	3,360
EVENTS	-	250	(250)	-	2,750	(2,750)	3,000
FUNDRAISING EXPENSE	-	-	-	-	-	-	-
MINISTRIES EXPENSE	-	-	-	-	-	-	-
Total Worship Ministry	636	729	(93)	7,854	8,021	(167)	8,750
Total Music Ministry	-	250	(250)	924	2,750	(1,826)	3,000
Total Youth Ministry	31	150	(120)	285	1,650	(1,365)	1,800
Total Bookstore Expenses	-	180	(180)	-	1,980	(1,980)	2,160
Total Earthcare Ministry	-	458	(458)	3,295	5,042	(1,747)	5,500
Total Miscellaneous Ministries	677	50	627	735	550	185	600
<b>Total MINISTRIES EXPENSE</b>	<b>1,344</b>	<b>1,818</b>	<b>(474)</b>	<b>13,093</b>	<b>19,993</b>	<b>(6,900)</b>	<b>21,810</b>
TITHES	5,740	5,902	(162)	55,307	64,927	(9,620)	70,829
Tithes Expensed Elsewhere	(3,579)	(2,360)	(1,219)	(39,731)	(25,960)	(13,771)	(28,320)
OUTGOING TITHES	2,161	3,542	(1,382)	15,576	38,967	(23,391)	42,509
<b>FUNDS</b>							
Transfer to Capital Reserves	-	3,527	(3,527)	18,689	38,797	(20,108)	42,324
Transfer to Operating Reserves	3,527	-	3,527	20,108	-	20,108	-
Transfer to Benevolence	80	140	(60)	978	1,540	(562)	1,680
<b>FUNDS</b>	<b>3,607</b>	<b>3,667</b>	<b>(60)</b>	<b>39,775</b>	<b>40,337</b>	<b>(562)</b>	<b>44,004</b>
<b>Total Expenses</b>	<b>\$ 61,450</b>	<b>\$ 66,009</b>	<b>\$ (4,559)</b>	<b>\$ 684,769</b>	<b>\$ 726,098</b>	<b>\$ (41,329)</b>	<b>\$ 792,107</b>
<b>Net Income *</b>	<b>\$ (4,049)</b>	<b>\$ (6,985)</b>	<b>\$ 2,936</b>	<b>\$ (53,994)</b>	<b>\$ (76,834)</b>	<b>\$ 22,840</b>	<b>\$ (11,819)</b>

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>
<b>Total Income</b>	<b>\$ 875,197</b>	<b>\$ 907,629</b>	<b>\$ 877,079</b>	<b>\$ 928,111</b>	<b>\$ 715,608</b>	<b>\$ 708,288</b>	<b>\$ 617,775</b>	<b>\$ 778,000</b>
<b>Expenses</b>								
<b>Compensation &amp; Benefits</b>								
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>
<b>Total Compensation &amp; Benefits</b>	<b>\$ 392,445</b>	<b>\$ 414,548</b>	<b>\$ 382,001</b>	<b>\$ 439,217</b>	<b>\$ 393,009</b>	<b>\$ 360,924</b>	<b>\$ 367,000</b>	<b>\$ 385,000</b>
<b>Occupancy Expense</b>								
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>(23,941)</u>	<u>(16,294)</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>
<b>Total Occupancy Expense</b>	<b>\$ 263,604</b>	<b>\$ 254,644</b>	<b>\$ 260,999</b>	<b>\$ 237,840</b>	<b>\$ 225,298</b>	<b>\$ 240,400</b>	<b>\$ 241,000</b>	<b>\$ 260,000</b>
<b>General &amp; Administrative</b>								
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
<b>Total General &amp; Administrative</b>	<b>\$ 66,020</b>	<b>\$ 57,358</b>	<b>\$ 59,648</b>	<b>\$ 116,225</b>	<b>\$ 79,921</b>	<b>\$ 81,600</b>	<b>\$ 71,000</b>	<b>\$ 72,270</b>
<b>EPS Workshops Expense</b>	<b>\$ 7,386</b>	<b>\$ 6,049</b>	<b>\$ 9,025</b>	<b>\$ 18,473</b>	<b>\$ 105</b>	<b>\$ 3,360</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Events Expense</b>	<b>\$ 5,813</b>	<b>\$ 1,525</b>	<b>\$ 2,044</b>	<b>\$ 4,837</b>	<b>\$ 1,442</b>	<b>\$ 3,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fundraising Expense</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 977</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Ministries Expense</b>								
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>
<b>Total Ministries Expense</b>	<b>\$ 41,487</b>	<b>\$ 44,210</b>	<b>\$ 44,784</b>	<b>\$ 35,371</b>	<b>\$ 22,496</b>	<b>\$ 16,310</b>	<b>\$ 15,000</b>	<b>\$ 15,520</b>
<b>Tithes</b>	<b>\$ 87,520</b>	<b>\$ 90,763</b>	<b>\$ 87,825</b>	<b>\$ 92,811</b>	<b>\$ 71,560</b>	<b>70,829</b>	<b>71,000</b>	<b>77,800</b>
Tithes Expensed Elsewhere					<u>(21,898)</u>	<u>(28,320)</u>	<u>(43,300)</u>	
<b>Outgoing Tithes</b>	<b>\$ 87,520</b>	<b>\$ 90,763</b>	<b>\$ 87,825</b>	<b>\$ 92,811</b>	<b>\$ 49,662</b>	<b>\$ 42,509</b>	<b>\$ 27,700</b>	<b>\$ 77,800</b>
<b>Allocation To Internal Funds</b>								
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>
<b>Total Allocation to Internal Funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 54,373</b>	<b>\$ 45,011</b>	<b>\$ 44,065</b>	<b>\$ 44,004</b>	<b>\$ 44,000</b>	<b>\$ 45,410</b>
<b>Total Expenses</b>	<b>\$ 864,275</b>	<b>\$ 869,097</b>	<b>\$ 900,699</b>	<b>\$ 989,785</b>	<b>\$ 816,975</b>	<b>\$ 792,107</b>	<b>\$ 765,700</b>	<b>\$ 856,000</b>
<b>Net Income from Operations</b>	<b>\$ 10,922</b>	<b>\$ 38,532</b>	<b>\$ (23,620)</b>	<b>\$ (61,674)</b>	<b>\$ (101,367)</b>	<b>\$ (83,819)</b>	<b>\$ (147,925)</b>	<b>\$ (78,000)</b>
SBA Grant Income					\$ 87,000	\$ 77,702	\$ 77,702	\$ -
<b>Target Net Income</b>					<b>\$ (14,367)</b>	<b>\$ (6,117)</b>	<b>\$ (70,223)</b>	<b>\$ (78,000)</b>
<b>Cash Basis Adjustments</b>								
Transfers to Reserves				\$ 42,324	\$ 42,324	\$ 42,324	\$ 42,324	\$ 42,410
Depreciation				\$ 132,277	\$ 142,000	\$ 142,000	\$ 142,000	\$ 144,000
Mortgage Principal Payments				\$ (53,378)	\$ (122,000)	\$ (122,000)	\$ (122,000)	\$ (115,200)
<b>Adjusted Cash Basis Net Income</b>				<b>\$ 106,856</b>	<b>\$ 56,207</b>	<b>\$ (7,899)</b>	<b>\$ (6,790)</b>	