

UNITY OF FAIRFAX Treasurer's Report

July 22, 2022

TO: Board of Trustees

FROM: Dave Richardson, Treasurer

SUBJECT: Current financial status and issues

This report covers June financial performance and cash management status.

Current Financials: Three metrics. June financials are appended.

- Love offerings. June love offerings were **28K** versus the regular monthly goal of 50K; this is a historic low monthly giving rate. Year-to-date love offerings of 226K are 25% below 300K target.
- Operating profit/loss. June showed a net operating **loss of 21K** versus a budgeted monthly loss of 2K. Under budget expenses put year-to-date expenses 24K below budget. Year-to-date operating loss is 80K versus a budgeted operating loss of 13K.
- Operating Cash. Operating cash of **31K** (20K in ministry fund and 11K operating reserves) reflects the transfer of 10K from capital reserve; 10K cash use in June/35K operating cash use since December. **Capital** reserve now 40K.

Cash management. July love offering will be better than June but still require additional use of reserves.

Motion: The Board authorizes transfer of \$10,000 from capital to operating reserve as explained in earlier policy summary.

Projecting forward, 66th birthday fundraiser starting in August is targeted to restore love offerings to at least break even levels in August and September. We will monitor but hope final quarter donations rise as they typically do.

Mildred Park Endowment. An updated draft motion to make changes to the Investment Policy and Guidelines is attached to this memo. The full marked up document will be distributed separately. I recommend the Board discuss this at the July meeting and vote on it in August.

Mildred Park Center. Recommend that the board review and approve plans for building modifications developed by the Montessori tenant, with appropriate caveats.

Unity of Fairfax
Budget vs. Actuals: Ministry Fund
June 30, 2022

	MTH Actual	MTH Budget	MTH Variance	YTD Actual	YTD Budget	YTD Variance
Income						
LOVE OFFERING INCOME	\$ 28,404	\$ 50,000	\$ (21,596)	\$ 226,128	\$ 300,000	\$ (73,872)
EPS INCOME	250	1,667	(1,417)	3,084	10,000	(6,916)
FUNDRAISING INCOME	252	1,667	(1,415)	2,170	10,000	(7,830)
SHORT TERM RENTAL	1,455	340	1,115	2,815	2,040	775
LONG TERM RENTAL	10,750	10,646	104	63,250	63,875	(625)
BOOKSTORE SALES	-	333	(333)	-	2,000	(2,000)
GRANT INCOME *	-	-	-	-	-	-
OTHER INCOME	1	191	(190)	1,493	1,145	348
Total Income	\$ 41,112	\$ 64,843	\$ (23,731)	\$ 298,940	\$ 389,060	\$ (90,120)
Expenses						
COMPENSATION & BENEFITS	28,469	29,571	(1,102)	180,466	177,425	3,041
OCCUPANCY EXPENSE	21,429	21,233	196	118,534	127,400	(8,866)
GENERAL & ADMINISTRATIVE	3,317	4,185	(868)	21,912	25,110	(3,198)
EPS WORKSHOPS	300	83	217	397	500	(103)
FUNDRAISING EXPENSE	-	-	-	-	-	-
MINISTRIES EXPENSE	-	-	-	-	-	-
Total Worship Ministry	404	567	(163)	3,246	3,400	(154)
Total Music Ministry	150	258	(108)	1,822	1,550	272
Total Youth Ministry	279	200	79	964	1,200	(236)
Total Bookstore Expenses	-	200	(200)	-	1,200	(1,200)
Total Earthcare Ministry	-	400	(400)	-	2,400	(2,400)
Total Miscellaneous Ministries	-	200	(200)	-	1,200	(1,200)
Total MINISTRIES EXPENSE	833	1,825	(992)	6,032	10,950	(4,918)
TITHES	4,098	6,484	(2,386)	29,880	38,906	(9,026)
FUNDS						
Transfer to Capital Reserves	-	-	-	-	-	-
Transfer to Operating Reserves	3,527	3,527	-	21,162	21,162	-
Transfer to Benevolence	25	167	(142)	309	1,000	(691)
ALLOCATION TO INTERNAL	3,552	3,694	(142)	21,471	22,162	(691)
Total Expenses	\$ 61,998	\$ 67,076	\$ (5,078)	\$ 378,692	\$ 402,453	\$ (23,761)
Net Income *	\$ (20,886)	\$ (2,232)	\$ (18,654)	\$ (79,752)	\$ (13,393)	\$ (66,359)

Notes to the Statement Of Activity:

Unity of Fairfax
Statement of Activity by Fund
YTD JUNE 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 **	226,128				226,128	285	-	-	-	-	285	226,413
EPS INCOME	3,084				3,084							3,084
FUNDRAISING INCOME	2,170				2,170							2,170
SHORT TERM RENTAL INCOME	2,815				2,815							2,815
LONG TERM RENTAL INCOME	63,250				63,250							63,250
BOOKSTORE SALES	-				-							-
GRANT INCOME *	-				-							-
OTHER INCOME	1,493	39	-	10	1,542							1,542
Total Income	298,939	39	-	10	298,988	285	-	-	-	-	285	299,273
Expenses												
COMPENSATION & BENEFITS	180,466				180,466							180,466
OCCUPANCY EXPENSE	118,534				118,534							118,534
GENERAL & ADMINISTRATIVE	21,912				21,912	1,350					1,350	23,262
EPS WORKSHOPS	397				397							397
EVENTS	-				-							-
MINISTRIES EXPENSE	6,032				6,032							6,032
OUTGOING TITHES	29,880				29,880							29,880
ALLOCATIONS TO INTERNAL FUNDS	21,471		(21,162)		309	(309)					(309)	-
Total Expenses	378,692	-	(21,162)	-	357,530	1,041	-	-	-	-	1,041	358,571
Net Income *	(79,753)	39	21,162	10	(58,542)	(756)	-	-	-	-	(756)	(59,297)

Unity of Fairfax
Statement of Cash Flows - Ministry
June 2022

	Total
OPERATING ACTIVITIES	
Net Revenue	(79,752)
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
Bank Transfer (from Capital Reserves) *	10,000
Bank Transfer (from Operating Reserves) **	10,000
Prepays	2,586
Accounts Payable	8,247
United VISA	4,133
Stripe Deposits Pending	(2,015)
Accrued Tithes	6,949
Payroll Taxes Payable	3,009
Funds Receivable	-
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	42,909
Net cash provided by operating activities	(36,843)
INVESTING ACTIVITIES	
Fixed Assets: Accumulated Depreciation	66,105
Fixed Assets: Additions	
Transfers to Operating Reserves	21,162
Net cash provided by investing activities	87,267
FINANCING ACTIVITIES	
Mortgage Payable	(58,453)
Net cash provided by financing activities	(58,453)
Net cash increase for period	(8,028)
Cash at beginning of period	28,142
Cash at end of period	20,113

* transferred June 2022

** transferred April 2022

Unity of Fairfax
Statement of Financial Position
As of June 30, 2022

	JUNE 2022	DEC 2021	Change
ASSETS			
Current Assets			
Unrestricted cash	20,113	28,142	(8,029)
Reserve Cash			
Security Deposits	25,115	25,005	110
Capital Reserve	39,848	68,695	(28,847)
Operating Reserve	11,262	27,735	(16,473)
Restricted Cash			
Benevolence Fund	3,519	3,954	(435)
Capital Improvements	100	100	-
Sacred Grounds	4,008	4,008	-
Vision 2020	-	-	-
Total Bank Accounts	103,965	157,640	(53,674)
Other Current Assets	13,351	12,706	645
Total Current Assets	117,316	170,345	(53,029)
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	(2,241,242)	(2,175,137)	(66,105)
Construction In Progress	-	-	-
Total Fixed Assets	2,681,508	2,728,727	(47,219)
Mildred Park Endowment Fund	121,137	146,918	(25,781)
TOTAL ASSETS	2,919,961	3,045,990	(126,029)
LIABILITIES AND EQUITY			
Liabilities			
Total Current Liabilities	26,540	9,165	17,375
Long-Term Liabilities			
Hunter Mill Montessori Escrow	25,000	25,000	-
Pinnacle Academy Escrow	-	-	-
Mortgage Payable	1,143,260	1,201,713	(58,453)
Note Payable - SBA PPP Loan	-	-	-
Note Payable - Energy Loan	-	-	-
Total Long-Term Liabilities	1,168,260	1,226,713	(58,453)
Total Liabilities	1,194,800	1,235,877	(41,077)
Equity			
Net Assets	1,768,982	1,776,733	(7,751)
Unrealized Gain/Loss on Investments	15,476	41,131	(25,655)
Net Income	(59,297)	(7,751)	(51,546)
Total Equity	1,725,161	1,810,113	(84,952)
TOTAL LIABILITIES AND EQUITY	2,919,961	3,045,990	(126,029)

Unity of Fairfax proposed Investment policy modification

Draft Motion: The Unity of Fairfax Mildred Park Endowment Fund shall be designated as the primary investment fund for the church, and the Investment Policy and Guidelines (the Guidelines) General Investment Principles shall be modified to connect the Fund more directly to other UFF financial activities – allowing withdrawals of 10% of fund value/year with some limitations as noted below and in the revised Guidelines document.

Background.

The following is from the purpose statement of the Guidelines

The purpose of the Unity of Fairfax Investment Policy Statement and Guidelines, which are to be reviewed annually by the Board of Directors and the Investment Committee of The Unity of Fairfax, is to establish procedures that will govern the investment activities of The Unity of Fairfax and The Mildred Park Endowment Fund... The guidelines set forth herein are intended to be sufficiently specific to be meaningful and to demonstrate prudent investment management but flexible to permit the Board and the Investment Committee to exercise informed decision making and discretion necessary to achieve the requirements of the Investment Objective of the managed asset accounts.

The original 2015 Guidelines have been reviewed and updated by the investment team.

Details of change

Two primary modifications are proposed:

1. Consolidate references to the two accounts referred to (Unity of Fairfax Reserve Investment Accounts and the Mildred Park Endowment Fund) into a single account to be called the Mildred Park Endowment Fund. In recent history there has been no other investment account, and there are no plans to establish such. All other operating, reserve and restricted accounts are cash accounts.
2. Modify Guiding Principle 5 to connect the Fund more clearly with other financial resources of Unity.
 - a. Change the minimum target for the endowment from \$1 million to \$100,000 (existing wording: "After the fund reaches \$1 million, except under extraordinary circumstances, only the interest will be used from the endowment to fund the operating budget."). would not go into effect for an unknown number of years in the future. The Investment Team (which was on the board/part of the endowment fund team) doesn't believe that was the original intent.
 - b. Clarify and broaden the latitude for withdrawals up to 10% of the total fund value in any one year guided by annual gain (existing wording: "At this point, it is the intention of the

endowment fund to pay out a minimum of 5% annually of positive investment earnings to the church operating budget.”) Rationale: This revision continues to adhere to the notion of an endowment that provides a continuous payout over a period of years, and assumes a fund that grows by virtue of bequest contributions rather than simply investment gains.

Additional clarifications have been made to the authorized investment mix based on best practices.

Rationale

This change is meant to retain the original endowment intent while making it more immediately relevant to potential donors and to current-day considerations of the congregation.

Based on recent bequests and conversations about future bequests with congregants, the Board perceived some confusion among donors about how they should designate bequests and other long term contributions as well as some concern about giving to a fund so future-bound.

Once this motion passes, it would be wise to update bequest communications for congregants to convey clearly how and where to direct significant contributions to Unity. The Board retains the prerogative for future changes regarding amount of annual withdrawal and designation of use. The Guiding Principles continue to give the Board discretion to tap this fund in an emergency.