

## UNITY OF FAIRFAX Treasurer's Report

May 23, 2021

TO: Board of Trustees

FROM: Dave Richardson, Treasurer

SUBJECT: Current financial status and issues

---

This report updates key financial metrics through April, and it focuses on some priority action steps to assure financial health.

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

- Love offerings (see attached ministry fund budget page). Love offerings remained stable at 45K in April; year-to-date contributions average 45K, 90% of our monthly target of 50K. The failure to break out of this zone over four months is a caution signal. see discussion below.
- Operating profit (at the bottom of the same budget vs actual chart). Under-budget expenses continue to mitigate revenue shortfalls. The April loss of 7K is lower than prior months, primarily because of a one-time income infusion of \$5000 from the sale of the abandoned Pinnacle classroom trailer. The church has incurred a \$40,000 operating loss (before PPP adjustment) through April, which is about 10K higher than anticipated. see discussion below.
- Operating Cash on hand. (reference the Statement of financial condition). Unrestricted operating cash was 20K at the end of the April. Operating reserves are 46K. (Correcting last month's report) this reflects the transfer of \$31,000 of the PPP loan funds from reserves to unrestricted.

**Capital budget and capital reserve.** The church's 2021 capital budget is separate from the operating budget, just as the capital reserve is separate from the operating reserve. The capital reserve has been funded by a continuous allocation from the operating budget. The capital reserve is meant for major repairs or improvements to the facility and has been increased over the last several years in anticipation of the transition following the departure of Pinnacle School from the property. The 2021 capital budget is funded from the capital reserve. Repairs and improvements are going to make the church beautiful for re-opening. it will sparkle!

**Managing the Operating budget.** Ideally the church should maintain at least 20K in operating cash and a healthy operating reserve. We entered the year with no operating reserves and a significant projected operating loss for the year, much of which was offset by the PPP loan obtained in January. Based on lower love offerings than planned, slight operating cost increases associated with reopening and somewhat faster consumption of the PPP loan than anticipated, it's a good time to take stock and examine our projections.

There continue to be lots of moving pieces and factors that could move this projection up or down. Three scenarios have been projected, using end-of-April status with starting assumptions 1) the current operating loss (40K); 2) love offerings ytd down 20K; 3) operating costs from reopening (cleaning) up about 12K.



Scenario 1: (presents some problems) Love offerings average 100% of plan for balance of year but don't replace the 20K shortfall already incurred; operating costs 12K higher: Projected YTD loss 29K (after complete PPP use); full depletion of operating reserves in September.

Scenario 2: (lots of problems) Love offerings stay at 90% of plan for balance of year; operating costs 12K higher: Projected YTD loss 69K (after complete PPP use); full depletion of operating reserves in August.

Scenario 3: (better situation) Love offerings not only improve but make up for the early shortfall, achieving the annual goal; operating costs 12K higher: Projected YTD loss 7K (after complete PPP use); full depletion of operating reserves in November.

We can identify further factors that would lead to either best or worst case scenarios.

**Specific priorities:** Three immediate actions seem prudent:

1. **Love offerings.** This is the biggest budget factor. Recommend a congregational letter from Rev Russ/board in June, associated with physical re-opening and re-invigoration, to encourage love offerings as the church reopens. Financial team will pursue analyses to assist this.
2. **Montessori School.** This already is a top priority and is being managed. The current projection is based on the assumption that the school begins paying full rent in September. Our goal is to help the school get cleared to open and to move toward increased/full rent before September.
3. **Monthly reserve set-aside.** The current monthly set-aside of \$3500 has been building the church capital reserve fund substantially. There is no comparable source for the operating reserve. if we switch this allocation, we can build up the operating reserve to preserve operating cash, with only a modest decrease in capital reserve. **Motion: for the balance of 2021 commit 2K of that monthly amount to operating reserve.** This would cover the current 2021 financial shortfall projected in scenario 3, and it would move the ongoing monthly budget close to breakeven.

Other actions may be appropriate. Since early action usually helps ease the pain, this should be a board priority into the early summer, possibly setting the August Community Dialogue as a milestone.



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

	APR 2021	DEC 2020	Change
<b>ASSETS</b>			
<b>Current Assets</b>			
Unrestricted cash	20,472	28,336	(7,865)
<b>Reserve Cash</b>			
Security Deposits	25,003	25,003	0
Capital Reserve	145,960	131,758	14,203
Operating Reserve	47,174	348	46,826
<b>Restricted Cash</b>			
Benevolence Fund	7,314	8,264	(950)
Capital Improvements	100	3,686	(3,586)
Sacred Grounds	2,170	2,170	-
Vision 2020	100	100	-
<b>Total Bank Accounts</b>	<b>248,294</b>	<b>199,665</b>	<b>48,629</b>
<b>Other Current Assets</b>	<b>19,434</b>	<b>24,493</b>	<b>(5,059)</b>
<b>Total Current Assets</b>	<b>267,728</b>	<b>224,158</b>	<b>43,570</b>
<b>Fixed Assets</b>			
Land	419,328	419,328	-
Building and Grounds	4,207,336	4,207,336	-
Equipment	75,524	73,181	2,343
Furniture, Fixtures, Software	172,325	167,625	4,700
Accumulated Depreciation	(2,083,594)	(2,039,586)	(44,008)
Construction In Progress	-	-	-
<b>Total Fixed Assets</b>	<b>2,790,919</b>	<b>2,827,883</b>	<b>(36,964)</b>
<b>Mildred Park Endowment Fund</b>	<b>125,293</b>	<b>119,920</b>	<b>5,373</b>
<b>TOTAL ASSETS</b>	<b>3,183,940</b>	<b>3,171,962</b>	<b>11,978</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Total Current Liabilities</b>	<b>13,260</b>	<b>14,664</b>	<b>(1,404)</b>
<b>Long-Term Liabilities</b>			
Hunter Mill Montessori Escrow	25,000	25,000	-
Pinnacle Academy Escrow	-	-	-
<b>Mortgage Payable</b>	<b>1,298,362</b>	<b>1,335,408</b>	<b>(37,046)</b>
<b>Note Payable - SBA PPP Loan</b>	<b>77,702</b>	<b>-</b>	<b>77,702</b>
<b>Note Payable - Energy Loan</b>	<b>2,588</b>	<b>6,024</b>	<b>(3,436)</b>
<b>Total Long-Term Liabilities</b>	<b>1,403,651</b>	<b>1,366,432</b>	<b>37,220</b>
<b>Total Liabilities</b>	<b>1,416,912</b>	<b>1,381,096</b>	<b>35,816</b>
<b>Equity</b>			
Net Assets	1,776,733	1,758,250	18,483
Unrealized Gain/Loss on Investments	19,506	14,133	5,373
Net Income	(29,211)	18,483	(47,694)
<b>Total Equity</b>	<b>1,767,028</b>	<b>1,790,867</b>	<b>(23,839)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,183,940</b>	<b>3,171,962</b>	<b>11,977</b>



**Unity of Fairfax**  
**Statement of Activity by Fund**  
**YTD APRIL 2021**

	Ministry Fund	Capital Reserve	Operating Reserve	Security Reserve	Total UnRestricted	Benevo	Capital	MP	Sacred Grounds	Vision 2020	Total Restricted	TOTAL
						lence Fund	Improv ement	Ent Fund				
<b>Income</b>												
LOVE OFFERING INCOME	179,666		-		179,666	190	-	-	-	-	190	179,856
EPS INCOME	4,746				4,746							4,746
EVENTS INCOME	-				-							-
FUNDRAISING INCOME	-				-							-
SHORT TERM RENTAL INCOME	1,040				1,040							1,040
LONG TERM RENTAL INCOME	12,000				12,000							12,000
BOOKSTORE SALES	-				-							-
GRANT INCOME *	-				-							-
OTHER INCOME	5,214	95	-	-	5,308							5,308
<b>Total Income</b>	<b>202,666</b>	<b>95</b>	<b>-</b>	<b>-</b>	<b>202,760</b>	<b>190</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190</b>	<b>202,950</b>
<b>Expenses</b>												
COMPENSATION & BENEFITS	119,047				119,047							119,047
OCCUPANCY EXPENSE	77,568				77,568							77,568
GENERAL & ADMINISTRATIVE	21,463				21,463	4,000						21,463
EPS WORKSHOPS	-				-							-
EVENTS	-				-							-
FUNDRAISING EXPENSE	-				-							-
MINISTRIES EXPENSE	4,481				4,481							4,481
OUTGOING TITHES	5,603				5,603							5,603
ALLOCATIONS TO INTERNAL FUNDS	14,568	(14,108)			460	(460)						460
<b>Total Expenses</b>	<b>242,730</b>	<b>(14,108)</b>	<b>-</b>	<b>-</b>	<b>228,622</b>	<b>3,540</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>228,622</b>
<b>Net Income *</b>	<b>(40,064)</b>	<b>14,203</b>	<b>-</b>	<b>-</b>	<b>(25,862)</b>	<b>(3,350)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,350)</b>	<b>(29,212)</b>

Notes to the Statement Of Activity:

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

	<b>Total</b>
<b>OPERATING ACTIVITIES</b>	
Net Revenue	(40,064)
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
Draw PPP2	30,876
Deposit In Transit	-
Prepays	(4,554)
Accounts Payable	3,362
Accrued Tithes	2,493
Deferred Revenue	2,080
Outreach Passthrough	1,948
Stripe Deposits Pending	(139)
<b>Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:</b>	<b>36,066</b>
<b>Net cash provided by operating activities</b>	<b>(3,998)</b>
<b>INVESTING ACTIVITIES</b>	
Fixed Assets: Computer Equipment	(2,343)
Fixed Assets:Furniture, Fixtures, Software	(4,700)
Fixed Assets:Accumulated Depreciation	44,008
<b>Net cash provided by investing activities</b>	<b>36,965</b>
<b>FINANCING ACTIVITIES</b>	
Mortgage Payable	(37,395)
Note Payable - Energy Loan	(3,436)
<b>Net cash provided by financing activities</b>	<b>(40,831)</b>
<b>Net cash increase for period</b>	<b>(7,864)</b>
Cash at beginning of period	28,336
<b>Cash at end of period</b>	<b>20,472</b>



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

							<i>Annual 2021 Draft</i>
	<b>MTH Actual</b>	<b>MTH Budget</b>	<b>MTH Variance</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>YTD Variance</b>	<b>Budget</b>
<b>Income</b>							
LOVE OFFERING INCOME	\$ 45,020	\$ 50,000	\$ (4,980)	\$ 179,666	\$ 200,000	\$ (20,334)	\$ 600,000
EPS INCOME	139	1,400	(1,261)	4,746	5,600	(854)	16,800
EVENTS INCOME	-	500	(500)	-	2,000	(2,000)	6,000
FUNDRAISING INCOME	-	833	(833)	-	3,333	(3,333)	10,000
SHORT TERM RENTAL	260	200	60	1,040	800	240	2,400
LONG TERM RENTAL	3,000	5,691	(2,691)	12,000	22,763	(10,763)	68,288
BOOKSTORE SALES	-	300	(300)	-	1,200	(1,200)	3,600
GRANT INCOME *	-	-	-	-	-	-	72,000
OTHER INCOME	5,001	100	4,901	5,214	400	4,814	1,200
<b>Total Income</b>	<b>\$ 53,420</b>	<b>\$ 59,024</b>	<b>\$ (5,604)</b>	<b>\$ 202,666</b>	<b>\$ 236,096</b>	<b>\$ (33,430)</b>	<b>\$ 780,288</b>
<b>Expenses</b>							
COMPENSATION & BENEFITS	29,277	30,077	(800)	119,047	120,308	(1,261)	360,924
OCCUPANCY EXPENSE	19,157	19,575	(418)	77,568	78,300	(732)	234,900
GENERAL & ADMINISTRATIVE	5,274	6,800	(1,735)	21,463	27,200	(5,737)	81,600
EPS WORKSHOPS	-	280	(280)	-	1,120	(1,120)	3,360
EVENTS	-	250	(250)	-	1,000	(1,000)	3,000
FUNDRAISING EXPENSE	-	-	-	-	-	-	-
<b>MINISTRIES EXPENSE</b>							
Total Worship Ministry	1,629	729	899	3,487	2,917	570	8,750
Total Music Ministry	-	250	(250)	284	1,000	(716)	3,000
Total Youth Ministry	53	150	(97)	211	600	(389)	1,800
Total Bookstore Expenses	-	180	(180)	-	720	(720)	2,160
Total Earthcare Ministry	-	458	(458)	500	1,833	(1,333)	5,500
Total Miscellaneous Ministries	-	50	(50)	-	200	(200)	600
<b>Total MINISTRIES EXPENSE</b>	<b>1,682</b>	<b>1,818</b>	<b>(136)</b>	<b>4,481</b>	<b>7,270</b>	<b>(2,789)</b>	<b>21,810</b>
TITHES	5,311	5,902	(591)	20,235	23,610	(3,375)	70,829
Tithes Expensed Elsewhere	(3,529)	(2,360)	(1,169)	(14,632)	(9,440)	(5,192)	(28,320)
<b>OUTGOING TITHES</b>	<b>1,782</b>	<b>3,542</b>	<b>(1,760)</b>	<b>5,603</b>	<b>14,170</b>	<b>(8,566)</b>	<b>42,509</b>
<b>FUNDS</b>							
Transfer to Capital Reserves	3,527	3,527	-	14,108	14,108	-	42,324
Transfer to Benevolence	-	140	(140)	460	560	(100)	1,680
<b>FUNDS</b>	<b>3,527</b>	<b>3,667</b>	<b>(140)</b>	<b>14,568</b>	<b>14,668</b>	<b>(100)</b>	<b>44,004</b>
<b>Total Expenses</b>	<b>\$ 60,698</b>	<b>\$ 66,009</b>	<b>\$ (5,519)</b>	<b>\$ 242,730</b>	<b>\$ 264,036</b>	<b>\$ (21,306)</b>	<b>\$ 792,107</b>
<b>Net Income *</b>	<b>\$ (7,278)</b>	<b>\$ (6,985)</b>	<b>\$ (85)</b>	<b>\$ (40,064)</b>	<b>\$ (27,940)</b>	<b>\$ (12,124)</b>	<b>\$ (11,819)</b>