

June 19, 2023

TO: Board of Trustees

FROM: Dave Richardson, Treasurer

SUBJECT: Current financial status and issues

This report presents May 2023 and year-to-date financial metrics.

Summary. Second quarter love offerings so far this quarter continue to be low vs budget and even below 2022. Other income is somewhat stronger, making up part of the shortfall. But cash balances are impacted, as anticipated. Recall that last year cash balances hit their nadir in July.

Current Financials: Four metrics. May financials are appended.

- Love offerings. (GOAL: 42K/mo) May: **34K**. YTD: 168K (vs 210K goal) (197K in 2022). • Other income. (GOAL: 7.5K/mo) May **10K**. YTD: 38K (vs 37.5K goal) (includes total 21K from 10- Year Tenure campaign – which could be classified as Love Offerings)
- Operating profit/loss. (GOAL: max 5k/mo operating loss) May: **11K loss**. YTD: 52K loss (vs goal for YTD of 22K loss); comparison 2022 ytd loss 59K.
- Operating Cash. (Goal: Maintain stable (above 53K) cash position in operating and two reserve funds) May: **15K** cash used (cumulatively, 31k); **cash balance 59K** (11K Ministry fund; 8K operating reserve; 40K capital). The 15K cash use includes movement of the Boeing 9K grant money into a separate limited use account, so actual cash use is 6K this month.

Cash management: A number of cash moves have been made this month (June) to assure sufficient funds in our operating account. Based on anticipated cash needs and market valuations it appears prudent to exercise the Board's authority to make a normal annual cash withdrawal from the Mildred Park Endowment. As reminder, here is the statement from the Investment Policy adopted last year:

“The Board is empowered, at its discretion, to use earnings in support of Unity of Fairfax, so long as the \$100,000 balance is maintained. Positive investment earnings will be used from the endowment to fund the operating budget. As of 2022 ratification of this document, The Board's intent is to execute annual withdrawals that are the larger of 10% of fund assets, or 75% of the prior year's investment gains.”

As of early June the MPE has a balance of \$115,000. **MOTION:** The Board approves the 2023 annual withdrawal from the Mildred Park Endowment of \$11,500 to be transferred to the unrestricted operating account.”

Recall that the Board also has authority under the investment policy to make extraordinary withdrawals from the MPE if necessary.

Partial Sale Due Diligence and recommendation: The draft summary document is being reviewed by the Board team. Its summary says that the Board has “concluded that, while feasible, it is neither necessary or desirable to initiate this process now.” We propose to communicate that conclusion to the congregation at our next Community Dialogue. We also did a quick assessment of a potential mortgage loan re-finance, concluding that it is not prudent to consider such an action at this time.

Montessori School. We have had a conversation with the Montessori school owner about the timing and scale of the rent escalation that has been deferred to this point. The school has requested that we consider further deferring a rent escalation to the beginning of the 24/25 school year, at which point we would impose a larger catch-up escalation to bring the rent in line with the original schedule. (We need to confirm and add specifics to this). There are several reasons to approve this arrangement which the board can discuss (slow ramp-up of school enrollment; upkeep expenditures handled by the school; our own capacity to manage cash during the interim and have a larger payment when the escalation takes effect; market dynamics).

DRAFT MOTION: The board approves a deferral of rent escalation terms in the Montessori School lease agreement to September 2024, at which time the rent escalation will go into effect at higher rates designed to bring the rental rate up to date with the lease agreement.

Unity of Fairfax
Budget vs. Actuals: Ministry Fund
MAY 31, 2023

	MTH Actual	MTH Budget	MTH Variance	YTD Actual	YTD Budget	Var
Income						
LOVE OFFERING INCOME	\$ 33,539	\$ 41,667	\$ (8,128)	\$ 167,672	\$ 208,333	\$ (40,661)
EPS INCOME	(73)	333	(406)	3,888	1,667	2,221
EVENTS INCOME	5,140	-	5,140	5,550	-	5,550
FUNDRAISING INCOME	-	833	(833)	20,535	4,167	16,368
SHORT TERM RENTAL	3,900	833	3,067	5,535	4,167	1,368
LONG TERM RENTAL	10,750	10,750	-	53,750	53,750	-
BOOKSTORE SALES	409	300	109	1,180	1,500	(320)
TO BE DETERMINED *	-	5,333	(5,333)	-	26,667	(26,667)
OTHER INCOME	358	167	191	1,378	833	545
Total Income	\$ 54,023	\$ 60,217	\$ (6,194)	\$ 259,487	\$ 301,083	\$ (41,596)
Expenses						
COMPENSATION & BENEFITS	29,635	30,704	(1,069)	147,017	153,520	(6,503)
OCCUPANCY EXPENSE	17,844	18,863	(1,018)	92,746	94,313	(1,567)
GENERAL & ADMINISTRATIVE	4,128	3,804	325	18,142	19,018	(876)
EPS WORKSHOPS	-	-	-	350	-	350
EVENTS	2,772	-	2,772	3,737	-	3,737
FUNDRAISING EXPENSE	-	-	-	-	-	-
MINISTRIES EXPENSE						
Total Worship Ministry	288	517	(229)	1,736	2,583	(847)
Total Music Ministry	896	255	641	2,283	1,275	1,008
Total Youth Ministry	178	313	(135)	483	1,563	(1,080)
Total Bookstore Expenses	416	150	266	839	750	89
Total Earthcare Ministry	-	250	(250)	-	1,250	(1,250)
Total Miscellaneous Ministries	29	100	(71)	341	500	(159)
Total MINISTRIES EXPENSE	1,806	1,584	222	5,683	7,921	(2,238)
TITHES	5,292	6,022	(730)	25,948	30,108	(4,160)
ALLOCATION TO INTERNAL						
Transfer to Capital Reserves	-	-	-	-	-	-
Transfer to Operating Reserves	3,527	3,527	0	17,635	17,633	2
Transfer to Benevolence	(7)	33	(40)	388	167	221
ALLOCATION TO INTERNAL	3,520	3,560	(40)	18,023	17,800	223
Total Expenses	\$ 64,999	\$ 64,536	\$ 463	\$ 311,646	\$ 322,680	\$ (11,034)
Net Income	\$ (10,976)	\$ (4,319)	\$ (6,657)	\$ (52,159)	\$ (21,597)	\$ (30,562)

Notes to the Statement Of Activity:

The total for the FUNraiser is \$20,535 - \$2821 cash still due from FB

Statement of Activity by Fund
YTD MAY 2023

	Ministry Fund	Capital Reserve	Operating Reserve	Security Reserve	Total UnRestricted	Benevo lence Fund	Capital Improve ment	MP Endow ment Fund	Sacred Grounds	Vision 2020	Total Restricted	TOTAL
Income												
LOVE OFFERING INCOME	167,672				167,672	565	-	-	2,000	-	2,565	170,237
EPS INCOME	3,888				4,014						-	4,014
EVENTS INCOME	5,550				5,550						-	5,550
FUNDRAISING INCOME	20,535				20,535						-	20,535
SHORT TERM RENTAL INCOME	5,535				5,535						-	5,535
LONG TERM RENTAL INCOME	53,750				53,750						-	53,750
BOOKSTORE SALES	1,180				1,180						-	1,180
GRANT INCOME	-				-						-	-
OTHER INCOME	1,377	24	-	55	1,456	9,000					9,000	10,456
Total Income	259,487	24	-	55	259,566	565	9,000	-	2,000	-	11,565	271,131
Expenses												
COMPENSATION & BENEFITS	147,017				147,017						-	147,017
OCCUPANCY EXPENSE	92,746				92,746						-	92,746
GENERAL & ADMINISTRATIVE	18,142				18,142	1,796					1,796	19,938
EPS WORKSHOPS	350				350						-	350
EVENTS	3,737				3,737						-	3,737
MINISTRIES EXPENSE	5,683				5,683						-	5,683
OUTGOING TTTHES	25,948				25,948						-	25,948
ALLOCATIONS TO INTERNAL FUNDS	18,023				388	(388)					(388)	-
Total Expenses	311,646	-	(17,635)	-	294,011	1,408	-	-	-	-	1,408	295,419
Net Income	(52,159)	24	17,635	55	(34,445)	(843)	9,000	-	2,000	-	10,157	(24,288)

Unity of Fairfax
Statement of Cash Flows - Ministry
MAY 2023

	Total
OPERATING ACTIVITIES	
Net Revenue	(52,159)
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
Bank Transfer (from Capital Reserves) *	10,000
Bank Transfer (from Operating Reserves) **	40,000
Accounts Payable	4,394
VISA Payable	9,391
Payroll Taxes Payable	3,020
Stripe Deposits Pending	(1,195)
Accrued Tithes	9,186
Uncleared Checks	4,290
Prepaid Expenses	(3,901)
Miscellaneous	2,875
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	78,060
Net cash provided by operating activities	25,901
INVESTING ACTIVITIES	
Fixed Assets: Accumulated Depreciation	54,969
Fixed Assets: Additions	
Transfers to Operating Reserves	(31,089)
Net cash provided by investing activities	23,880
FINANCING ACTIVITIES	
Mortgage Payable	(50,648)
Net cash provided by financing activities	(50,648)
Net cash increase for period	(867)
Cash at beginning of period	12,320
Cash at end of period	11,453

* transferred June 2022

** transferred April 2022 & July 2022 & May2023

Unity of Fairfax
Statement of Financial Position
May 31, 2023

	MAY 2023	DEC 2022	Change
ASSETS			
Current Assets			
Unrestricted cash	11,453	12,320	(867)
Reserve Cash			
Security Deposits	25,217	25,150	68
Capital Reserve	39,899	21,175	18,724
Operating Reserve	7,694	20,059	(12,365)
Restricted Cash			
Benevolence Fund	1,687	2,737	(1,050)
Capital Improvements	9,000	100	8,900
Sacred Grounds	5,758	3,758	2,000
Total Bank Accounts	100,710	85,300	15,410
Deposit in Transit	-	11,726	(11,726)
Other Current Assets	13,950	11,386	2,564
Total Current Assets	114,660	108,412	6,249
Fixed Assets			
Land	419,328	419,328	-
Building and Grounds	4,246,627	4,246,627	-
Equipment	75,524	75,524	-
Furniture, Fixtures, Software	183,246	181,270	1,976
Accumulated Depreciation	(2,364,206)	(2,309,237)	(54,969)
Total Fixed Assets	2,560,520	2,613,512	(52,993)
Mildred Park Endowment Fund	110,282	123,827	(13,544)
TOTAL ASSETS	2,785,462	2,845,751	(60,289)
LIABILITIES AND EQUITY			
Liabilities			
Total Current Liabilities	26,368	17,076	9,292
Long-Term Liabilities			
Hunter Mill Montessori Escrow	25,000	25,000	-
Pinnacle Academy Escrow	-	-	-
Mortgage Payable	1,033,135	1,083,782	(50,648)
Note Payable - SBA PPP Loan	-	-	-
Note Payable - Energy Loan	-	-	-
Total Long-Term Liabilities	1,058,135	1,108,782	(50,648)
Total Liabilities	1,084,502	1,125,859	(41,356)
Equity			
Net Assets	1,701,726	1,768,982	(67,256)
Unrealized Gain/Loss on Investments	23,522	18,166	5,356
Net Income	(24,288)	(67,255)	42,967
Total Equity	1,700,960	1,719,893	(18,933)
TOTAL LIABILITIES AND EQUITY	2,785,462	2,845,751	(60,289)