

## UNITY OF FAIRFAX Treasurer's Report

July 18, 2023

TO: Board of Trustees

FROM: Dave Richardson, Treasurer

SUBJECT: Current financial status and issues

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

**First-Half Summary.** We have reached the point in the year when Love Offerings and Other income should and must increase to restore the financial health of the church. First half income covered only 81% of expenses. Love Offerings through June were 43% of the annual budget; a 2<sup>nd</sup> half comeback is quite possible but it needs to match or exceed the comeback experienced in 2022.

**Current Financials: Four metrics.** June financials are appended.

- Love offerings. (GOAL: 42K/mo) June: **28K**. YTD: 216K (vs 250K straight-line goal) (comparison 226K in 2022). \*NOTE: For tracking purposes, we have switched the 10-Year Tenure income of \$20,500 to Love Offerings.
- Other income. (GOAL: 7.5K/mo) June **1K**. YTD: 19K (vs 46.8K straight-line goal) (see above; 20.5K from 10-Year Tenure campaign re-classified as Love Offerings). Comparison 2022: 9.5K.
- Operating profit/loss. (GOAL: max 5k/mo operating loss) June **18K loss**. YTD: 71K loss (vs goal for YTD of 26K loss); comparison 2022 ytd loss 80K. Lower 2023 expenses account for the difference year-to-year.
- Operating Cash. (Goal: Maintain stable (above 53K) cash position in operating and two reserve funds) June: **17K** cash used (cumulatively, 42k); **cash balance 42K** (11K Ministry fund; 11K operating reserve; 20K capital).

**Cash management:** Cash was moved from capital reserve to operating to assure adequate day to day reserves given heavy cash use. The annual transfer of \$11,500 from the Mildred Park Endowment, authorized in June meeting, was executed in early July. Based on the typical pattern of lower summer contributions, I suggest that the board authorize an extraordinary cash withdrawal from the MPE of \$20,000, to be triggered if combined assets in our three main accounts dip below \$25,000. This vote will be presented to the Finance Committee for confirmation, as required by our Investment Policy.

**MOTION:** The Board authorizes an Extraordinary withdrawal from the Mildred Park Endowment of \$20,000 to be transferred to the unrestricted operating account at such point as the combined balances of the unrestricted, Operating Reserve and Capital Reserve accounts is less than \$25,000. This authorization to be confirmed by separate vote of the Unity Finance Committee.

A best guess at this point is that the combination of typical second-half improvement and concerted fundraising focus through fall activities will narrow the income/expense deficit, ideally reversing the direction of flow. There remains lots of uncertainty about that however.

**Finance Committee.** The Finance Committee met in mid-July and reviewed the draft Unity Financial Strategy (being distributed separately to the Board). Notably, that strategy included a cash management approach including the need for Extraordinary withdrawals from MPE. The committee will meet again in mid-August and begin the 2024 planning process.

**Montessori School.** Following the board discussion last month, we have prepared a plan (being distributed with this report) to be presented to the school that lays out a schedule of deferred rent escalations. The plan defers any rent escalation in school year 2023/24 (September 23); applies a 3% increase Sept 24 and applies a 10% increase plus make-up payments in 2025/26 school year to capture the full amount that would have been due during the same period under the schedule prepared initially. Rationale for this deferral was discussed last month.

**DRAFT MOTION:** The Board approves the Montessori Rent Escalation Schedule (revised July 17, 2023) that defers such escalations to September 2024, with adjustments to make up the full amount of increases in the initial revised rent escalation plan.

# Montessori School Rent Schedule

Revised July 17, 2023

## Current Schedule:

	Monthly		Annual	
	Increment	Rate	Increment	Rate
<u>Base Rent</u>		\$10,750		\$129,000

Sep 1, 2023	5% (\$577)	\$11,287	(\$6,444)	\$135,444
Sep 1, 2024	3% (\$339)	\$11,626	(\$4,068)	\$139,512
Sep 1, 2025	3% (\$349)	\$11,975	(\$4,188)	\$143,700
Sep 1, 2026	3% (\$359)	\$12,334	(\$4,308)	\$148,008

3%/year each remaining year

## escalation deferral option

	Monthly		Annual	
	Increment	Rate	Increment	Rate
Sep 1, 2023	0	\$10,750	0	\$129,000
Sep 1, 2024	3% (\$323)	\$11,073	(\$3,876)	\$132,876
Sep 1, 2025	10% (\$1,107)	\$12,180	(\$13,284)	
+ 23/24 Make-up		\$885	<u>(\$10,620)</u>	
		\$13,065	(\$23,904)	\$156,780
Sep 1, 2026	3% (\$365)	\$12,545	(\$4,380)	\$150,540

3%/year each remaining year

**Unity of Fairfax**  
**Budget vs. Actuals: Ministry Fund**  
**JUNE 30, 2023**

	<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>Income</b>						
LOVE OFFERING INCOME	\$ 28,137	\$ 41,667	\$ (13,530)	\$ 195,808	\$ 250,000	\$ (54,192)
EPS INCOME	210	333	(123)	4,098	2,000	2,098
EVENTS INCOME	-	-	-	5,550	-	5,550
FUNDRAISING INCOME	-	833	(833)	20,535	5,000	15,535
SHORT TERM RENTAL	850	833	17	6,385	5,000	1,385
LONG TERM RENTAL	10,750	10,750	-	64,500	64,500	-
BOOKSTORE SALES	347	300	47	1,527	1,800	(274)
TO BE DETERMINED *	-	5,333	(5,333)	-	32,000	(32,000)
OTHER INCOME	4	167	(163)	1,382	1,000	382
<b>Total Income</b>	<b>\$ 40,297</b>	<b>\$ 60,217</b>	<b>\$ (19,919)</b>	<b>\$ 299,784</b>	<b>\$ 361,300</b>	<b>\$ (61,516)</b>
<b>Expenses</b>						
COMPENSATION & BENEFITS	29,429	30,704	(1,275)	176,446	184,224	(7,778)
OCCUPANCY EXPENSE	18,132	18,863	(731)	110,878	113,175	(2,297)
GENERAL & ADMINISTRATIVE	3,047	3,804	(757)	21,188	22,822	(1,633)
EPS WORKSHOPS	-	-	-	350	-	350
EVENTS	-	-	-	3,737	-	3,737
FUNDRAISING EXPENSE	-	-	-	-	-	-
<b>MINISTRIES EXPENSE</b>						
Total Worship Ministry	167	517	(350)	1,903	3,100	(1,197)
Total Music Ministry	250	255	(5)	2,533	1,530	1,003
Total Youth Ministry	37	313	(275)	521	1,875	(1,354)
Total Bookstore Expenses	-	150	(150)	839	900	(61)
Total Earthcare Ministry	-	250	(250)	-	1,500	(1,500)
Total Miscellaneous Ministries	29	100	(71)	370	600	(230)
<b>Total MINISTRIES EXPENSE</b>	<b>483</b>	<b>1,584</b>	<b>(1,101)</b>	<b>6,166</b>	<b>9,505</b>	<b>(3,339)</b>
TITHES	4,030	6,022	(1,992)	29,978	36,130	(6,152)
<b>ALLOCATION TO INTERNAL</b>						
Transfer to Capital Reserves	-	-	-	-	-	-
Transfer to Operating Reserves	3,527	3,527	0	21,162	21,160	2
Transfer to Benevolence	21	33	(12)	409	200	209
<b>ALLOCATION TO INTERNAL</b>	<b>3,548</b>	<b>3,560</b>	<b>(12)</b>	<b>21,571</b>	<b>21,360</b>	<b>211</b>
<b>Total Expenses</b>	<b>\$ 58,668</b>	<b>\$ 64,536</b>	<b>\$ (5,868)</b>	<b>\$ 370,315</b>	<b>\$ 387,216</b>	<b>\$ (16,901)</b>
<b>Net Income</b>	<b>\$ (18,371)</b>	<b>\$ (4,319)</b>	<b>\$ (14,052)</b>	<b>\$ (70,530)</b>	<b>\$ (25,916)</b>	<b>\$ (44,614)</b>

Notes to the Statement Of Activity:

**Unity of Fairfax**  
**Statement of Activity by Fund**  
**YTD JUNE 2023**

	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	195,808				195,808	565	-	-	2,600	-	3,165	198,973
EPS INCOME	4,098				4,014							4,014
EVENTS INCOME	5,550				5,550							5,550
FUNDRAISING INCOME	20,535				20,535							20,535
SHORT TERM RENTAL INCOME	6,385				6,385							6,385
LONG TERM RENTAL INCOME	64,500				64,500							64,500
BOOKSTORE SALES	1,526				1,526							1,526
GRANT INCOME	-				-							-
OTHER INCOME	1,382	27	-	68	1,477	9,000					9,000	10,477
<b>Total Income</b>	<b>299,784</b>	<b>27</b>	<b>-</b>	<b>68</b>	<b>299,879</b>	<b>565</b>	<b>9,000</b>	<b>-</b>	<b>2,600</b>	<b>-</b>	<b>12,165</b>	<b>312,044</b>
<b>Expenses</b>												
COMPENSATION & BENEFITS	176,446				176,446							176,446
OCCUPANCY EXPENSE	110,878				110,878							110,878
GENERAL & ADMINISTRATIVE	21,188				21,188	3,096					3,096	24,284
EPS WORKSHOPS	350				350							350
EVENTS	3,737				3,737							3,737
MINISTRIES EXPENSE	6,166				6,166							6,166
OUTGOING TITHES	29,978				29,978							29,978
ALLOCATIONS TO INTERNAL FUNDS	21,571		(21,162)		409	(409)					(409)	-
<b>Total Expenses</b>	<b>370,314</b>	<b>-</b>	<b>(21,162)</b>	<b>-</b>	<b>349,152</b>	<b>2,687</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,687</b>	<b>351,839</b>
<b>Net Income</b>	<b>(70,530)</b>	<b>27</b>	<b>21,162</b>	<b>68</b>	<b>(49,273)</b>	<b>(2,122)</b>	<b>9,000</b>	<b>-</b>	<b>2,600</b>	<b>-</b>	<b>9,478</b>	<b>(39,795)</b>

**Unity of Fairfax**  
**Statement of Cash Flows - Ministry**  
**JUNE 2023**

	<b>Total</b>
<b>OPERATING ACTIVITIES</b>	
Net Revenue	(70,530)
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	4,589
VISA Payable	7,984
Payroll Taxes Payable	3,020
Stripe Deposits Pending	(141)
Accrued Tithes	10,906
Prepaid Expenses	(3,984)
Miscellaneous	(122)
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	<b>72,251</b>
<b>Net cash provided by operating activities</b>	<b>1,721</b>
<b>INVESTING ACTIVITIES</b>	
Fixed Assets: Accumulated Depreciation	65,963
Fixed Assets: Additions	(1,000)
Transfers to Operating Reserves	(7,565)
<b>Net cash provided by investing activities</b>	<b>57,397</b>
<b>FINANCING ACTIVITIES</b>	
Mortgage Payable	(60,788)
<b>Net cash provided by financing activities</b>	<b>(60,788)</b>
<b>Net cash increase for period</b>	<b>(1,670)</b>
<b>Cash at beginning of period</b>	<b>12,320</b>
<b>Cash at end of period</b>	<b>10,650</b>

\* transferred June 2022

\*\* transferred April 2022 & July 2022 & May2023

**Unity of Fairfax**  
**Statement of Financial Position**  
**June 30, 2023**

	JUNE 2023	DEC 2022	Change
<b>ASSETS</b>			
<b>Current Assets</b>			
Unrestricted cash	10,650	12,320	(1,670)
Reserve Cash			
Security Deposits	25,231	25,150	81
Capital Reserve	19,903	21,175	(1,273)
Operating Reserve	11,221	20,059	(8,838)
Restricted Cash			
Benevolence Fund	2,075	2,737	(662)
Capital Improvements	9,000	100	8,900
Sacred Grounds	8,064	3,758	4,306
<b>Total Bank Accounts</b>	<b>86,144</b>	<b>85,300</b>	<b>845</b>
Deposit in Transit	-	11,726	(11,726)
Other Current Assets	14,033	11,386	2,647
<b>Total Current Assets</b>	<b>100,177</b>	<b>108,412</b>	<b>(8,234)</b>
<b>Fixed Assets</b>			
Land	419,328	419,328	-
Building and Grounds	4,246,627	4,246,627	-
Equipment	76,524	75,524	1,000
Furniture, Fixtures, Software	183,246	181,270	1,976
Accumulated Depreciation	(2,375,200)	(2,309,237)	(65,963)
<b>Total Fixed Assets</b>	<b>2,550,526</b>	<b>2,613,512</b>	<b>(62,987)</b>
Mildred Park Endowment Fund	116,629	123,827	(7,198)
<b>TOTAL ASSETS</b>	<b>2,767,332</b>	<b>2,845,751</b>	<b>(78,419)</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Total Current Liabilities</b>	<b>27,538</b>	<b>17,076</b>	<b>10,462</b>
<b>Long-Term Liabilities</b>			
Hunter Mill Montessori Escrow	25,000	25,000	-
Pinnacle Academy Escrow	-	-	-
Mortgage Payable	1,022,994	1,083,782	(60,788)
Note Payable - SBA PPP Loan	-	-	-
Note Payable - Energy Loan	-	-	-
<b>Total Long-Term Liabilities</b>	<b>1,047,994</b>	<b>1,108,782</b>	<b>(60,788)</b>
<b>Total Liabilities</b>	<b>1,075,532</b>	<b>1,125,859</b>	<b>(50,327)</b>
<b>Equity</b>			
Net Assets	1,701,726	1,768,982	(67,256)
Unrealized Gain/Loss on Investments	29,868	18,166	11,702
Net Income	(39,795)	(67,255)	27,460
<b>Total Equity</b>	<b>1,691,800</b>	<b>1,719,893</b>	<b>(28,093)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,767,332</b>	<b>2,845,751</b>	<b>(78,420)</b>