

UNITY OF FAIRFAX Treasurer's Report

February 18, 2022

TO: Board of Trustees

FROM: Dave Richardson, Treasurer

SUBJECT: Current financial status and issues

This report covers January financial performance and also presents an update on the overall 2022 budget.

good news bad news

Current Financials: Three metrics. January financials are appended. Final 2021 financials will be distributed in a separate package.

- Love offerings. January love offerings were just over 30K. While it is not unusual for January contributions to fall short of the straight-line target (50K) this represents a historic low. February month-to-date suggest the below-average figures are more than a one-month blip.
- Operating profit/loss. Operating loss was **21K** in January.
- Operating Cash on hand. Operating cash of **48K** (17K in ministry fund and 31K operating reserves) is down slightly from December.

Finalizing the 2022 budget/projection.

Attached is a new version of the 2022 budget with several adjustments. The largest adjustment is a reduction of close to 20K in expenses created by eliminating the Insperity employee management relationship (mentioned to board a couple months ago). The new budget shows a bottom-line operating loss of 56K, an improvement of 23K over the draft budget projections, and essentially comparable to the 57K operating loss in 2021. The attached budget highlights projected line-item differences between 21/22.

Two points of interpretation:

- The effect on the church's cash position is different from the operating profit/loss. This operating loss assumes a regular contribution to the operating reserve of about 3.5K/month; 42K for the whole year. There also is a roughly 15K positive difference in operating profit and cash use because of the non-cash element of depreciation on the P&L vs the cash use from mortgage principal (shown on the balance sheet but not P&L – see attached statement of cash flows). If the church hits this budget, net operating cash use will be a little above break even.
- Hitting the budget requires achieving the love offering target. The financial team has analyzed love offering details from the recent past, with several observations:
 - The number of active donors declined 11% from 2020 to 2021, with the decline larger in the lower giving tiers, while the small group of top level donors increased slightly.
 - Giving by all tiers declined. While there were some lost givers our general sense is that average giving declined slightly, dropping some givers down a category.

- The absence of in-person services for the extended period made it harder for new members and while there now are virtual members our observation is that we have not 'monetized' that segment of the population.

Our conclusion is that the church retains most of its core givers and that it is possible to achieve the love offering goal set out in the budget if we can extend the re-opening and aggressively re-engage members in the activities of the church. The slow financial start on the year lends urgency.

I recommend that we discuss budget items at this upcoming meeting with a final vote to accept the budget at the March meeting. We still have information to share about expenses (review of status re compensation; tithes and 'all other' expenses) and a money management plan (Mildred Park Endowment).

Motion: Extend the protocol of dedicating 100% of monthly reserve allocations to the operating reserve indefinitely through 2022, with periodic review during the year.

Unity of Fairfax
Statement of Financial Position
As of January 31, 2022

	JAN 2022	DEC 2021	Change
ASSETS			
Current Assets			
Unrestricted cash	16,592	28,142	(11,550)
Reserve Cash			
Security Deposits	25,005	25,005	-
Capital Reserve	49,818	68,695	(18,878)
Operating Reserve	31,262	27,735	3,527
Restricted Cash			
Benevolence Fund	4,440	3,954	486
Capital Improvements	100	100	-
Sacred Grounds	4,008	4,008	-
Vision 2020	-	-	-
Total Bank Accounts	131,225	157,640	(26,415)
Other Current Assets	12,809	12,706	103
Total Current Assets	144,034	170,345	(26,311)
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	(2,186,154)	(2,175,137)	(11,018)
Construction In Progress	-	-	-
Total Fixed Assets	2,736,595	2,728,727	7,868
Mildred Park Endowment Fund	146,918	146,918	-
TOTAL ASSETS	3,027,547	3,045,990	(18,443)
LIABILITIES AND EQUITY			
Liabilities			
Total Current Liabilities	18,104	9,165	8,940
Long-Term Liabilities			
Hunter Mill Montessori Escrow	25,000	25,000	-
Pinnacle Academy Escrow	-	-	-
Mortgage Payable	1,192,119	1,201,713	(9,593)
Note Payable - SBA PPP Loan	-	-	-
Note Payable - Energy Loan	-	-	-
Total Long-Term Liabilities	1,217,119	1,226,713	(9,593)
Total Liabilities	1,235,224	1,235,877	(654)
Equity			
Net Assets	1,768,982	1,776,733	(7,751)
Unrealized Gain/Loss on Investments	41,131	41,131	-
Net Income	(17,789)	(7,751)	(10,038)
Total Equity	1,792,324	1,810,113	(17,789)
TOTAL LIABILITIES AND EQUITY	3,027,547	3,045,990	(18,443)

Unity of Fairfax
Statement of Cash Flows - Ministry
January 2022

	Total
OPERATING ACTIVITIES	
Net Revenue	(21,442)
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
Deposit In Transit	159
Prepays	(262)
Accounts Payable	(532)
United VISA	(3,425)
Payroll Taxes Payable	3,609
Stripe Deposits Pending	3,760
Accrued Bills Payable	5,462
Accrued Tithes	(408)
Passthrough	-
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	8,468
Net cash provided by operating activities	(12,974)
INVESTING ACTIVITIES	
Fixed Assets: Accumulated Depreciation	11,018
Fixed Assets: Additions	
Net cash provided by investing activities	11,018
FINANCING ACTIVITIES	
Mortgage Payable	(9,681)
Amortization	87
Net cash provided by financing activities	(9,593)
Net cash increase for period	(11,550)
Cash at beginning of period	28,142
Cash at end of period	16,592

Unity of Fairfax
Statement of Activity by Fund
YTD JANUARY 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 **	30,218				30,218	65	-	-	-	-	65	30,283
EPS INCOME	520				520							520
EVENTS INCOME	-				-							-
FUNDRAISING INCOME	-				-							-
SHORT TERM RENTAL INCOME	340				340							340
LONG TERM RENTAL INCOME	9,500				9,500							9,500
BOOKSTORE SALES	-				-							-
GRANT INCOME *	-				-							-
OTHER INCOME	1	8	-	-	9							9
Total Income	40,579	8	-	-	40,587	65	-	-	-	-	65	40,652
Expenses												
COMPENSATION & BENEFITS	31,285				31,285							31,285
OCCUPANCY EXPENSE	19,243				19,243							19,243
GENERAL & ADMINISTRATIVE	3,629				3,629							3,629
EPS WORKSHOPS	-				-							-
EVENTS	-				-							-
MINISTRIES EXPENSE	228				228							228
OUTGOING TITHES	4,058				4,058							4,058
ALLOCATIONS TO INTERNAL FUNDS	3,579	-	(3,527)		52	(52)					(52)	-
Total Expenses	62,021	-	(3,527)	-	58,494	(52)	-	-	-	-	(52)	58,442
Net Income *	(21,442)	8	3,527	-	(17,907)	117	-	-	-	-	117	(17,789)

Notes to the Statement Of Activity by Fund:

Unity of Fairfax
Budget vs. Actuals: Ministry Fund
January 31, 2022

	MTH Actual	MTH Budget	MTH Variance	YTD Actual	YTD Budget	YTD Variance
Income						
LOVE OFFERING INCOME	\$ 30,218	\$ 50,000	\$ (19,782)	\$ 30,218	\$ 50,000	\$ (19,782)
EPS INCOME	520	1,400	(880)	520	1,400	(880)
EVENTS INCOME	-	500	(500)	-	500	(500)
FUNDRAISING INCOME	-	833	(833)	-	833	(833)
SHORT TERM RENTAL	340	200	140	340	200	140
LONG TERM RENTAL	9,500	5,691	3,809	9,500	5,691	3,809
BOOKSTORE SALES	-	300	(300)	-	300	(300)
GRANT INCOME *	-	-	-	-	72,000	(72,000)
OTHER INCOME	1	100	(99)	1	100	(99)
Total Income	\$ 40,579	\$ 59,024	\$ (18,445)	\$ 40,579	\$ 131,024	\$ (90,445)
Expenses						
COMPENSATION & BENEFITS	31,285	30,077	1,208	31,285	30,077	1,208
OCCUPANCY EXPENSE	19,243	19,575	(332)	19,243	19,575	(332)
GENERAL & ADMINISTRATIVE	3,629	6,800	(3,171)	3,629	6,800	(3,171)
EPS WORKSHOPS	-	280	(280)	-	280	(280)
EVENTS	-	250	(250)	-	250	(250)
FUNDRAISING EXPENSE	-	-	-	-	-	-
MINISTRIES EXPENSE	-	-	-	-	-	-
Total Worship Ministry	92	729	(637)	92	729	(637)
Total Music Ministry	-	250	(250)	-	250	(250)
Total Youth Ministry	136	150	(14)	136	150	(14)
Total Bookstore Expenses	-	180	(180)	-	180	(180)
Total Earthcare Ministry	-	458	(458)	-	458	(458)
Total Miscellaneous Ministries	-	50	(50)	-	50	(50)
Total MINISTRIES EXPENSE	228	1,818	(1,590)	228	1,818	(1,590)
TITHES	4,058	5,902	(1,844)	4,058	5,902	(1,844)
OUTGOING TITHES	4,058	5,902	(1,844)	4,058	5,902	(1,844)
FUNDS						
Transfer to Capital Reserves	-	3,527	(3,527)	-	3,527	(3,527)
Transfer to Operating Reserves	3,527	-	3,527	3,527	-	3,527
Transfer to Benevolence	52	140	(88)	52	140	(88)
ALLOCATION TO INTERNAL	3,579	3,667	(88)	3,579	3,667	(88)
Total Expenses	\$ 62,021	\$ 68,369	\$ (6,348)	\$ 62,021	\$ 68,369	\$ (6,348)
Net Income *	\$ (21,442)	\$ (9,345)	\$ (12,097)	\$ (21,442)	\$ 62,655	\$ (84,097)

Notes to the Statement Of Activity:

* Grant Income

The SBA paid off our \$77,702 PPP2 loan to United Bank

**Unity of Fairfax
2022 Proposed Budget - Ministry Fund**

Revenue	<u>2022 Annual</u>	<u>2021 Actuals</u>	
4100 LOVE OFFERING INCOME			
4101 MidWeek Credit Card	48,000		
4102 MidWeek EFT	96,000		
4105 MidWeek Snail Mail	300,000		
4106 MidWeek STRIPE	120,000		
4107 Sunday Offering	36,000		
Total LOVE OFFERING INCOME	\$ 600,000	\$ 549,122	
4210 EPS INCOME	\$ 20,000	\$ 10,401	
4300 FUNDRAISING INCOME	\$ 20,000	1,775	
4400 SHORT TERM RENTAL	4,080	3,120	
4450 LONG TERM RENTAL	127,750	52,000	\$ 75,750
4500 BOOKSTORE SALES	4,000	1,180	
4600 OTHER INCOME	\$ 2,290	84,933	
Total Revenue	\$ 778,120	\$ 702,531	\$ 75,589
Expenditures			Expense Va
6100 COMPENSATION & BENEFITS			
Total COMPENSATION & BENEFITS	\$ 384,000	\$ 371,525	\$ 12,475
6200 OCCUPANCY EXPENSE			
6210 Amort, Depr, & Interest			
6211 Mortgage Fee Amort	1,200	1,045	
6212 Depre on Fixed Assets	144,000	135,550	\$ 8,450
6214 Interest Exp-Mortgage	47,000	51,900	\$ (4,900)
Total Amort, Depr, & Interest	\$ 192,200	\$ 188,495	\$ 3,705
6220 Property Maintenance			\$ -
Equipment Maint & Repairs	14,400	9,647	\$ 4,753
General Supplies & Repairs	7,200	3,532	\$ 3,668
6223 Janitorial Services	14,400	10,625	\$ 3,775
6224 Landscape maintenance	4,200	6,631	\$ (2,431)
Total 6220 Property Maintenance	\$ 40,200	\$ 30,435	\$ 9,765
6230 Utilities			\$ -
6231 Electricity	10,800	12,953	\$ (2,153)
6232 Gas	6,000	4,590	
6233 Trash & Recycling	3,600	3,117	
6234 Water	2,000	1,948	

Total 6230 Utilities	\$ 22,400	\$ 22,608	
Total 6200 OCCUPANCY EXPENSE	\$ 254,800	\$ 241,537	\$ 13,263
6300 GENERAL & ADMINISTRATIVE			\$ -
6310 Staff & Support Expenses			\$ -
Total Staff & Support Expenses	\$ 1,200	\$ 18,441	\$ (17,241)
6320 Finance and Insurance Exp			\$ -
Total 6321 Professional Fees	\$ 5,000	\$ 2,765	\$ 2,235
6325 Bank Service Charges	840	785	
Total Payment Receiving Fees	\$ 6,000	\$ 5,071	
6355 Insurance			\$ -
Total 6355 Insurance	\$ 8,400	\$ 12,859	\$ (4,459)
Total 6320 Finance and Insurance	\$ 20,240	\$ 21,480	\$ (1,240)
6340 Office & Facilities Expense			\$ -
6342 Books & Subscriptions	500	370	\$ 130
6343 Charitable Gifts	550	3,950	\$ (3,400)
6344 Online Subscriptions	1,800	1,673	\$ 127
6345 Equipment Rental	9,000	8,119	\$ 881
6346 Supplies and Storage	3,000	1,807	\$ 1,193
6347 Photocopying	3,600	966	\$ 2,634
6348 Postage & Delivery	1,750	1,074	\$ 676
6349 Telephone and Internet	5,100	5,536	\$ (436)
Total Office & Facilities Expense	\$ 25,300	\$ 23,495	\$ 1,805
6350 Marketing			\$ -
6351 Advertising	1,440	1,623	\$ (183)
6352 Printing	600	1,599	\$ (999)
6354 Web Site Hosting	1,440	1,337	\$ 103
Total 6350 Marketing	\$ 3,480	\$ 4,559	\$ (1,079)
Total 6300 GENERAL & ADMIN	\$ 50,220	\$ 67,975	\$ (17,755)
Total 6510 EPS WORKSHOPS	\$ 1,000	\$ 198	\$ 802
6700 MINISTRIES EXPENSE			\$ -
6710 Worship Ministry			\$ -
6711 Hospitality	1,800	1,039	\$ 761
6712 Guest Speakers	3,500	6,300	\$ (2,800)
6713 Miscellaneous	1,500	1,848	\$ (348)
Total 6710 Worship Ministry	\$ 6,800	\$ 9,187	\$ (2,387)
6720 Music			\$ -
6721 Licenses	1,000		\$ 1,000
6723 Supplies	1,200		\$ 1,200
6724 Contractors-Music	900		\$ 900

Total 6720 Music	\$ 3,100	\$ 924	\$ 2,176
6730 Youth			
6731 Educational Supplies	2,400		
Total 6730 Youth	\$ 2,400	\$ 355	\$ 2,045
6740 Bookstore Expenses	2,400	1,138	\$ 1,262
6750 Earth Care	4,800	3,453	\$ 1,347
6760 Miscellaneous Ministries	2,400	735	\$ 1,665
Total 6700 MINISTRIES EXPENSE	\$ 21,900	\$ 15,792	\$ 6,108
6800 OUTGOING TITHES	\$ 77,812	\$ 19,145	\$ 58,667
ALLOCATIONS TO INTERNAL FUNDS			
6910 Transfer to Reserves	42,324	42,324	
6920 Transfer to Benevolence	2,000	1,036	
Total 6900 ALLOCATIONS	\$ 44,324	\$ 43,360	
Total Expenditures	\$ 834,056	\$ 759,531	\$ 74,525
Net Operating Revenue	\$ (55,936)	\$ (57,000)	

* Increase in Compensation are offset by decreases in Staff&Sppt and Insurance savings

Depreciation is an area under research with CPA

These are items where savings gains realized