

Overview of 06/30/23 Financial Statements

Key Financial Indicators

The **Operating Cash Position** of the church has decreased by \$293k in 2023. We will be bringing \$50k of endowment income into the cash accounts in August. Cash flow always dips in the summer months and increases again through the end of the year. We periodically rebalance the checking and capital savings accounts to ensure that accumulated capital pledge receipts, less capital improvements and debt service payments, are segregated in the "Capital and Other" savings account.

The **Capital and Other Savings Position** of the church has seen a net decrease of \$41k in 2023. We have paid \$70k in debt service automatically from this account. Other activity includes the transfer of \$81k of capital receipts into the savings account, and the transfer of \$53k into checking, representing the release of the first and second quarters of the Stryker Gordon bequest into operating.

Total days of cash for operations, debt service and other temporarily restricted purposes was 126 on December 31, 2022 and 65 at the end of June, 2023. The "number of days of operating cash" and the "daily cash needed for Operations and Debt Service" calculations are based on total expenses in the approved budget and the annual amount of debt service.

Our **Current Ratio** as of June 30, 2023 was 8.9, as compared to 12.3 at the end of 2022. This means that at the end of March, for every \$1.00 of liability, we had \$8.90 of assets.

The increase in the current ratio from June 2022 to June 2023 was because of increased current assets, mostly the receivable pledges, and the reduction of the current loan principal. The new note (signed in December of 2021) goes through December of 2026.

The **Debt Analysis** demonstrates that our total loan principal has decreased in 2023 by \$102k. This is due to \$57k in principal portion of the debt service payments, and a \$45k in special gifts for principal only.

Investments include the actual value of investments held by Unity Church and Unity's portion of the investments held by the Saint Paul Foundation and US Bank Trust, of which we are beneficiaries. We receive quarterly statements on our investments, which showed a 13.8% or \$359k gain in the first two quarters of 2023.

Unity Church Unitarian
06/30/23 Financial Statements

Key Financial Indicators

		Reviewed		Reviewed	Industry
	06/30/23	12/31/22	06/30/22	12/31/21	Standards
1. Cash on Hand					
Operating and Other Cash	48,192	341,419	346,577	388,479	
Capital and Other Savings	296,368	337,788	379,556	236,620	
Total Cash Available	344,560	679,207	726,133	625,099	
Daily Cash Needs for Op & Debt Service*	5,331	5,370	5,370	5,171	
# Days of Operating Cash (Checking only)	10	69	70	81	91-182
# Days of Total Cash (Cking & Capital Savings)	65	126	135	121	
* Total 2023 Budget / 365 days					
2. Current Ratio					
Current Assets	1,116,955	2,494,268	1,399,369	2,006,614	
Current Liabilities	125,423	201,998	170,840	252,806	
Ratio to 1.0 *	8.9	12.3	8.2	7.9	1.0 +
3. Debt Analysis					
Current Portion of Long-Term Note	58,546	115,881	117,022	171,578	
Non-Current Portion of Long-Term Note	558,601	603,648	686,314	686,314	
Total Principal Balance	617,147	719,529	803,336	857,892	
4. Investments / Restricted Endowment					
Investments	2,963,435	2,604,180	2,735,824	3,301,308	
Temp Restricted Endowment Net Assets	769,657	515,230	534,031	920,918	
Permanently Restricted Endowment	1,508,203	1,489,056	1,606,793	1,655,815	
Total	2,277,860	2,004,287	2,140,824	2,576,733	
Ratio to 1.0	1.30	1.30	1.28	1.28	1.0 +
5. June 30, 2023 YTD Budget to Actual (from Summary Stmt of Activities)					
	Budget	Actual	% Variance		
Income	881,913	873,103	-1.0%		
Expense	(916,776)	(914,100)	-0.3%		
Net	(34,862)	(40,997)			

Statement of Financial Position (Balance Sheet)

The Balance Sheet is a snapshot of the church's financial position on June 30, 2023. It shows what we own (assets), what we owe (liabilities) and our net value (net assets).

Assets are made up of actual cash, pledges that are receivable for 2020 - 2024, deposits and prepaid expense, investments, and the value of our land, building and equipment (LBE) including depreciation.

Our cash balances have decreased by \$329k since the beginning of the year, due in part to debt service payments and \$70k in capital improvements. You can see our pledge receivables going down as people make payments on their pledges. The change in Land, Building and Equipment reflects the depreciation expense of \$132k as of June 30.

Total Assets of \$12.3 million have decreased by \$547k since December 2022.

Liabilities are made up of invoices payable, salaries and benefits payable, deferred income and security deposits, and the \$617k in American National Bank loan principal that's payable. The largest reductions in liabilities since the beginning of the year were the payment of 2022 year-end accrued salaries, taxes and invoices, and payment of debt service.

Total Liabilities of \$684k have decreased by \$122k since December 2022.

Net Assets are divided into unrestricted, temporarily restricted and permanently restricted funds.

- **Unrestricted net assets include the Operating fund balance and Other Unrestricted Funds.** Our unrestricted net assets balance as of June 30 is \$6.7 million.
- **Temporarily restricted net assets** include 2023 and 2024 Operating and Capital pledges that will be released (recognized as income) as time proceeds, the temporarily restricted portion of the Building Endowment and cumulative gains and losses in all other investments. The current balance of Temp restricted net assets is \$3.4 million, a decrease of \$323k since the beginning of the year.
- **Permanently restricted net assets** reflect all permanently restricted gifts received and held by the church and the actual value of those funds held by others (US Bank and St Paul Foundation). We have \$1.5 million in Permanently Restricted Net Assets, with a \$19k increase in value since December 2022.

Total Net Assets were \$11.6 million at the end of June, a decrease of \$426k from December 2022.

Total Assets = (Total Liabilities + Net Assets)

At June 30, 2023:

<u>\$12,291,914</u>	Total Assets
\$ 684,023	Total Liabilities
\$11,607,891	Total Net Assets
<u>\$12,291,914</u>	Total Liabilities and Net Assets

Unity Church Unitarian
Statement of Financial Position
As of June 30, 2023

	<u>12/31/2022</u>	<u>06/30/2023</u>	<u>Difference</u>	<u>Notes</u>
Assets				
Cash & Equivalents	674,020	344,560	(329,459)	Cking, Savings, Merrill Lynch
Receivables	1,866,970	1,350,903	(516,067)	2021 -2024 Op & Cap Pldgs
Deposits & Prepaid Exp	11,024	12,011	987	Paid for future periods
Investments	2,604,180	2,963,435	359,255	Unity's funds & held by others
Land, Building & Equip	7,683,190	7,621,005	(62,185)	Value less depreciation
Total Assets	12,839,384	12,291,914	(547,469)	
Liabilities & Net Assets				
<u>Liabilities</u>				
Accounts Payable	27,862	4,242	(23,619)	Credit card & other exp pybl
Accrued Benefits	57,195	61,494	4,299	Salaries & benefits pybl
Deferred Income	1,060	1,140	80	Sunday Offering Inc for 2023
Security Deposits	0	0	0	N/A at this time
Notes Payable	719,529	617,147	(102,382)	ANB Capital Loan
Total Liabilities	805,646	684,024	(121,622)	
<u>Net Assets</u>				
Unrestricted	6,808,845	6,687,038	(121,807)	Op fund, bequests, LBE & other
Temporarily Restricted	3,735,837	3,412,650	(323,186)	Future pledges & temp restr funds
Permanently Restricted	1,489,056	1,508,203	19,146	Endowmt @ Unity & held by others
Total Net Assets	12,033,738	11,607,891	(425,847)	
Total Liabilities & Net Assets	12,839,384	12,291,914	(547,469)	

Summary Statement of Activity

The Summary Statement of Activity for the period from January 1 through June 30, 2023 reflects the activity in our unrestricted funds, of which the Operating budget is a subset. This format is consistent with the format of the budget that is presented to the congregation for approval. It breaks out salaries, taxes and fringe benefits, and other expenses for budget to actual comparisons, and includes notes.

Operating budget actual income was 99.0% of what we had projected as of June 30.

- Pledge income (recognized as a % of pledges made) continues to be just short of budget. As of June 30, the total amount pledged for 2023 was \$1,322,499, \$12.5k short of our year end goal of \$1,335,000. We track payments on those pledges and as of the end of June, we had collected 54.6% of Operating pledges for 2023. June is 50.0% of the way through the year.
- This year's budget for Special Gifts Unrestricted and Sunday offerings is based on the giving in these two areas in 2022. Both are near budget targets as of June 30.
- 2022 budgeted program income includes Wellspring Wednesday dinner income, Religious Education fees, Chalice Camp and retreat fees, and bequest income for Multicultural Program expenses. Most are meeting budget projections. WW dinner income is under budget because the Parish Hall was unusable in January.
- Investment income in the operating budget reflects actual cash dividends from the funds held outside of the church, primarily from the Diether Trust at U.S. Bank and the Unity Church Fund at the Saint Paul Foundation. We have received the annual distribution from the Saint Paul Foundation and the first two quarterly distributions from the Diether Trust. There is \$50,000 of investment income from endowment in the approved budget. We have not yet drawn that allocation.
- Church facility rental income exceeds budget as of June, 2023. One Voice Mixed Chorus, the New Century Club, MISI Hungarian Language School and Medley Village are active, as are other many building renters.
- We are drawing funds from the Currier bequest equal to the monthly costs of the Multicultural Initiative Program.
- Other Funds and Grants includes a special Hallman Intern gift, transaction fee income and miscellaneous income. We are only reflecting transaction fee income as of June 30. There is no EV charger income in 2023, as our charger is broken and there are no available parts.

Operating budget actual expense was 100% of what we had projected as of June 30.

- Salaries, payroll taxes and benefits are the largest expense category in the budget. As of June 30, salaries were at 102% of budget. Taxes & benefits were at 86% of budget.
- Other program expense is under budget, while other administrative/operating expense is over budget due to overruns in worker's comp, liability insurance, property maintenance, snow removal and purchased services.

The current 2023 Operating budget is showing a net loss of \$40,997 for the first six months of the fiscal year. Total changes in Unrestricted Funds equal (\$121,807), which ties to the change in Unrestricted Net Assets on the Statement of Financial Position (Balance Sheet).

Unity Church Unitarian

Summary Statement of Activity for January 1 - June 30, 2023

	Budget Annual	Budget YTD	Actual YTD	Act/YTD \$	Act/YTD %	Notes
Income						
Pledge Income						
Gross Pledges	1,335,000	667,500	661,250	(6,250)	99.%	As of June: 2023 Op Pldgs = \$1,322,499 / Goal = \$1,335,000 Approved budget = 3.0% of pledges
Shrinkage	(40,050)	(20,025)	(19,837)	188	99.%	
Total Pledge Income	1,294,950	647,475	641,412	(6,063)	99.%	
Gifts, Offerings and Fundraisers	115,000	62,961	63,234	274	100.%	Sunday Offerings / Unrestricted gifts / Fundraiser in March
Program Income	74,058	39,937	29,991	(9,946)	75.%	WW dinner, RE fees, Youth Musical, Weddings & memorials
Investments	80,000	17,750	20,825	3,075	117.%	Dividends fr Funds Held by Others & \$50k fr endowment
Church Facility Rental	36,175	18,338	20,418	2,080	111.%	One Voice, Medley Village + misc groups
Bequest Income	183,262	91,631	94,225	2,594	103.%	\$ for Multicultural Initiatives Program & general operating
Other Funds and Grants	22,200	3,821	2,998	(823)	78.%	Transaction fees, Unity Consulting Inc & Hallman gift
Total Income	1,805,645	881,913	873,103	(8,810)	99.%	
Expense						
Program						
Salaries	651,313	325,657	330,696	5,039	102.%	Ministers, Music, RE, Membership
Payroll Taxes & Benefits	182,488	91,244	77,062	(14,182)	84.%	Health, dental, retirement, FICA
Other Program Expense	244,339	129,016	114,599	(14,417)	89.%	Supplies, ed & dev, prof fees, food ministry
Total Program	1,078,140	545,917	522,357	(23,560)	96.%	
Administration & Operations						
Salaries	308,304	154,152	156,624	2,472	102.%	Admin & Facilities staff
Payroll Taxes & Benefits	126,916	63,458	56,613	(6,845)	89.%	Health, dental, retirement, FICA
Other Admin & Operations Exp	268,669	136,117	159,899	23,783	117.%	Prof exp, utilities, insurance, P&E maint, office exp, supplies
Total Administration & Operatic	703,889	353,727	373,137	19,410	105.%	
Governance	13,615	10,357	10,615	257	102.%	BOT Retreat, SDK Review & Misc ET
Development	10,000	6,775	7,991	1,216	118.%	Fundraiser, Pledge Dr, Heritage Society exp
Total Expense	1,805,645	916,776	914,100	(2,677)	100.%	
Income over Expense	0	(34,862)	(40,997)			
Other Changes in Unrestricted Funds						
Release fr Restriction - Debt Service			70,009			
Interest on Long Term Debt			(12,674)			
Holly Ave Duplex Net Income/Loss			(4,497)			
Depreciation Exp on Land, Bldgs, Equip			(132,568)			
Proceeds from Insurance Claim			5,403			
Heritage Fund Gifts			1,000			
Ministerial Search			(90)			
Unrealized Gain/Loss on Investments			85,666			
Unity Consulting / Spirit Map			4,409			
Other Unrestricted Funds			(97,469)			
Total Other Changes in Unrestricted Funds			(80,811)			
Total Changes in Unrestricted Funds			(121,807)			