

General Update

- 1) Monthly Financials: The November 30th financials were discussed briefly last month, and since the December 31st financials are available now, we will focus our discussion on the December numbers; see Page 2.
- 2) 2020 Audit: The Audit results were discussed last month and will be discussed again this month, because our Auditor (Bob Bailey) and the Endowment Committee will both be in attendance:
 - a. Our tax return (Form 990) was filed in November. We paid \$2,561 in taxes due to Unrelated Business Income (parking lot leases). The Form 990 for any nonprofit is a public document and can be reviewed by doing a google search; it usually takes 12-18 months before the Form 990 is available on the Internet.
 - b. We were delayed in finalizing the Audit due to efforts to get a breakdown of our UUA endowment funds that are invested in Level 1, Level 2, and Level 3/NAV investments (total invested = \$546,043):
 - i. **Level 1** assets include listed stocks, bonds, funds, or any assets that have a regular mark-to-market mechanism for setting a fair market value = \$290,431 = 53.19%
 - ii. **Level 2** assets are financial assets and liabilities that do not have regular market pricing, but whose fair value can be determined based on other data values or market prices = \$180,266 = 33.01%
 - iii. **Level 3/NAV** assets are financial assets and liabilities that are the most illiquid and hardest to value = \$75,346 = 13.80%
 - c. The Auditor's Opinion for our audit was "**qualified**", due to the lack of historical cost data for the land, buildings, and FF&E. In addition, depreciation of our assets was not recorded until 2015. For these reasons, every TUCW audit will receive a "qualified" opinion.
 - d. Our auditor added a note about a potential concentration of credit risk, due to maintaining cash balances at our bank in excess of FDIC insurance limits. Because of the Capital Campaign, we had a cash balance in excess of \$1.045M. Most of the excess cash has been transferred to our ADM Internet Account.
- 3) PPP Loan #1 + #2: TUCW has not yet filed for Loan Forgiveness for PPP Loan #1. We are waiting for SBA and our bank to make available the new one-page application that can be used for PPP Loans under \$150K. As soon as this application is available, we will apply; we do not anticipate any complications. Regulations for PPP Loan #2 have just been released, and unfortunately (or fortunately) we do not meet the criteria of having suffered a 25% reduction in revenue. Therefore, we cannot not apply.
- 4) Nursery School Lease: Monthly rent for January has stepped up to \$3,000/month. Also, our parking lot leases continue at pre-Covid levels, but we are unsure for how long; "working from home" may permanently reduce parking needs.
- 5) Capital Campaign: Planning for 2021 is ongoing, but as with everything else, it is complicated by Covid. Cash on hand is \$812K, and there is an additional \$956K due from outstanding pledges and the Endowment match.
- 6) Capital Campaign ADM Internet Account: \$725K of the Capital Campaign funds have been deposited into an Internet Account that distributes the funds into those banks offering the highest return, while at the same time keeping the individual investment below \$250K per bank to ensure we are protected by the FDIC insurance limits. As of December 31st, we have earned \$1,311.75 in interest, which is a ~0.36% annual rate.
- 7) Finance & Audit Committees: Audit Committee is fully staffed with Bob and Steve. The Finance Committee has lost three members and is looking for 2-3 new members. Elena Rockman-Blake joined the January meeting and was very good; we are hoping she will have the time available to continue.

8) 2020-2021 Budget Reforecast and 2021-2022 Budget:

- a. The Budget Reforecast for 2020-2021 will start later this month. Finance Committee will review the numbers in February, in preparation for the March pledge drive. The reforecast will also be shared with the Board.
- b. Finance Committee will produce a draft of the 2021-2022 Budget in March. The Board will review this draft at its April meeting and will approve the final Budget at its May meeting. The Congregation will vote on the final 2021-2022 Budget at the June Annual Meeting

9) Fiscal Targets: Endowment Funds should be 2-3 times Annual Expense Budget, and Available Cash should be 3 times Monthly Expenses:

Endowment Funds* = \$2,905,463	Available Cash** = \$389,528
Annual Expense Budget = \$833,272	Monthly Expenses = \$69,439
Multiple = 3.5 x	Multiple = 5.61 x

*Includes \$1,627,496 in "Restricted" funds

**Most available cash has already been earmarked for "Reserves"

Monthly Financial Statements – As of December 31, 2020

Balance Sheet

- 1) Total Assets* = \$7.293M, up \$190K since June = 2.78% increase, but the value of the UUA funds has not been undated since June and the Vanguard funds since September.
- 2) Total Liabilities = \$143K, down \$71K since June =33% decrease, due mainly to reposting of Advance Pledge Payments.
- 3) Total Equity = \$7.151M, up \$261K since June = 3.80% increase
- 4) Current Liabilities and Total Liabilities remain extremely low compared to Current Assets and Total Assets. Most important factor is that we do not have a mortgage on our property. Another factor is that we do not accrue our Accounts Payable on a monthly basis (we use a mixed cash-accrual basis of accounting). If we did accrue our expenses, our Current Liabilities would increase by ~\$70,000.

Profit & Loss Statement

- 1) YTD Income = \$470K, up \$90K over Budget = 23.54% increase, due mostly from Pledge Income and Other Contributions. However, Facility Use and Event Proceeds are down and most likely will continue that way.
- 2) YTD Expenses = \$374K, down \$7K from Budget = 1.83% decrease
- 3) YTD Income = \$97K, up \$97K over Budget = an infinity increase over the \$203.00 that was budgeted (Good job, Rev. John!)

- As per standard accounting procedures, our Land and Buildings are carried at the initial 1962 cost less depreciation = \$3.178M. However, as of 2020, the Town values our land and buildings at = \$8.629M