

General Update

- 1) June and July Monthly Financials: **Our end-of-year June 30th Budget Gap was only (\$32K) versus the expected (\$111K).** Rev. John did an excellent job of controlling expenses, and Pledge Income and Event Proceeds were greater than projected. If you would like to see the actual June or July Monthly Statements, please let me know and I will send you a copy. See page 2 for a summary of the July 31st Financials.
- 2) 2021-2022 Annual Budget: The proposed 2021-2022 Annual Budget was approved at the Annual Meeting.
- 3) Capital Campaign/Building Renovations: Cherry Hill Glass will start soon on the glass replacement for the skylight and exterior walls.
- 4) Capital Campaign Funds ADM Internet Account: Current balance at ADM as of July 31st = \$727,345.93
- 5) Finance & Audit Committees: Audit Engagement Letter has been signed for Hope & Hernandez to do a Review (not a full Audit) of our 2020-2021 Finances = \$5,500 fee. There will be a small additional fee to do our Form 990 tax return.
- 6) Fiscal Targets: **Our Fiscal Targets should be reviewed (see #7 below).** Current target for Endowment Funds is 2-3 times Annual Expense Budget. Current target for Available Cash is 3 times Monthly Expenses (NB: See also #7 below). As of July 31st, the balances are:

Endowment Funds* = \$3,462,649
Annual Expense Budget = \$882,244
Multiple = 3.92 x

Available Cash** = \$338,760 (in FCB Checking/Savings)
Monthly Expenses = \$73,520
Multiple = 4.61 x

NB: TUCW also has a \$250K Line of Credit at Fairfield County Bank (FCB), which remains unused. FCB has just renewed our Line of Credit, which is good until 02/14/2023. Interest rate is 1% over prime = 4.75%. There are no guarantees or mortgage type liens attached to the Line of Credit.

*Includes \$1,922,911 in "Restricted" funds

**49% of Available Cash is earmarked for "Reserves"

- 7) Fiscal Policies: The Endowment and Finance Committees continue to discuss an issue with our "Available Cash" Fiscal Target, as it relates to the Budget Gaps that we have been experiencing the last couple of years. Since Endowment funds are "earning assets" but Cash in the bank earns nothing, Endowment has suggested that we use Available Cash to the maximum extent possible to fill the Budget Gap, rather than asking Endowment to liquidate a portion of our earning assets. Since Endowment funds are always available to support TUCW as needed, they are in essence a form of "Available Cash". For Fiscal Target purposes, it has been suggested that Endowment funds could be added to our cash balances, to ensure our "Available Cash" Fiscal Target never falls below 3x Monthly Expenses. When Cash is needed, Endowment could quickly liquidate some of its investments and transfer funds over to the Operating Budget.

As it has in the past, Endowment will continue to contribute \$30,000 annually to the Operating Budget.

Monthly Financial Statements – As of July 31st, 2021

Balance Sheet

- 1) Total Assets* = \$7.944M, up \$841K since June 2020 = 11.84% increase (investment values 06/30/2021)
- 2) Total Liabilities = \$4K, down \$210K since June 2020 = 98% decrease, due mostly to the forgiveness of our PPP Loan debt and reallocation of 2021 Advance Pledge Payments.
- 3) Total Equity = \$7.940M, up \$1.050M since June 2020 = 15.24% increase
- 4) Current Liabilities and Total Liabilities remain extremely low compared to Current Assets and Total Assets. The most important factor is that we do not have a mortgage on our property.
- 5) Capital Campaign funds available total \$972K, with an additional \$350K due from the Endowment match.

Profit & Loss Statement (for just the month of July)

- 1) YTD Income = \$135K, **\$5K over Budget** = 3.85% increase, mostly due to Nursery School rent and Pledge income
- 2) YTD Expenses = \$58K, **\$4K over Budget** = 7.41% increase, several items slightly higher than projected
- 3) **Net Income = \$77K**, up **\$1K over Budget** = it's early in the year, income/expenses will shift as the year proceeds

*Due to the lack of historical cost data, the Book Value of our Land and Buildings was estimated to be = \$3.000M in 2014. However, as of October 2020, the Town has valued our land and buildings at = \$8.629M. Since we do not pay real estate taxes, any change in value (up or down) does not affect our finances.

To-Do's

- 1) Discuss change in Fiscal Policy as proposed by Endowment Committee
- 2) Found \$400 in a CT list of "unclaimed funds" showing it belongs to TUCW. I have applied to have the funds returned to us. State of CT has sent additional forms to be completed. I will keep you informed.

Nursery School Lease was signed as of July 1st. Rent for this Fiscal Year will be \$6,400/month. But we must remain mindful of the new Covid Variant, which could adversely affect Nursery School attendance and thus the school's ability to pay, similar to what happened last year.