

**General Update**

- 1) October Financials: Revenue continues to trend slightly higher than Budget, and Expenses continue to trend slightly lower than Budget. Because of this, the October 31<sup>st</sup> NOI is \$16K better than Budget, which is an almost 60% improvement. One concern is Pledge Income, which is \$26K (=15%) lower than expected. Hopefully, the numbers will balance themselves out as we move forward in the year. See page 2 for a summary of the October 31<sup>st</sup> Financials.
  
- 2) 2021-2022 Annual Budget: This year’s Budget projects a Budget Gap of \$199K, and TUCW cannot continue to operate in the negative. **A reminder that this is a Transitional Year. The 2022-2023 Budget will be a “balanced budget”, which means we much either raise more Revenue or reduce the Expenses (primarily by cutting Payroll).**
  
- 3) Capital Campaign/Building Renovations: Cherry Hill Glass has started work on the glass replacement. John Turmelle has submitted two construction reports and an updated Budget. Copies are in the Dropbox.
  
- 4) Capital Campaign Funds ADM Internet Account: To fund construction payments, **we drew down \$400,000** last week. Current balance of November 16<sup>th</sup> = \$327,644.89.
  
- 5) Finance & Audit Committees: Bob Bailey (Hope & Hernandez) has been working with Sue O’Meara to complete the “Review” (not a full Audit) of our 2020-2021 Finances. We are on extension for the filing of our Form 990 tax return, which will be completed as soon as the Review is done.
  
- 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 October 31<sup>st</sup>, the balances are:

Endowment Funds* = \$3,523,311	Available Cash** = \$314,291 (in FCB Checking/Savings)
Annual Expense Budget = \$882,244	Monthly Expenses = \$73,520
Multiple = 3.99 x	Multiple = 4.27 x

NB: TUCW also has a \$250K Line of Credit at Fairfield County Bank (FCB), which remains unused and is available 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.

\*70% of Endowment Funds are in “Restricted” accounts      \*\*51% 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. Funds in “Restricted” accounts make this more complicated. As it has in the past, Endowment will continue to contribute \$30,000 annually to the Operating Budget.

## Monthly Financial Statements – As of October 31<sup>st</sup>, 2021

### Balance Sheet

- 1) Total Assets\* = \$8.043M, up \$6K since June 2021 = 00.80% increase
- 2) Total Liabilities = \$3K, down \$91K since June 2021 = 97% decrease, due to the reallocation of 2021 Advance Pledge Payments.
- 3) Total Equity = \$8.040M, up \$98K since June 2021 = 1.23% increase since June 2021
- 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 totaled \$995K as of October 31<sup>st</sup>, with an additional \$350K due from the Endowment match. After October 31<sup>st</sup>, we paid ~\$330K in construction expenses, so current Capital Campaign funds total ~\$645K

### Profit & Loss Statement (for October 31<sup>st</sup>)

- 1) YTD Income = \$248K, **\$9K over Budget** = 3.77% increase, mostly due to Nursery School rent and Other Unrestricted Contributions.
- 2) YTD Expenses = \$260K, **\$6K under Budget** = 2.40% improvement, due to lower people costs and bank fees
- 3) **Net Income = (\$12K)**, up **\$16K improvement over Budget** = 57% improvement over Budget, but it's early in the year, and income/expenses should realign 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) Complete Review of 2020/2021 Finances and file Form 990
- 2) Need to review Capital Campaign Funds Available (pledged but unpaid contributions, plus total funds available from the Endowment)
- 3) 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 1<sup>st</sup>. 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.