

All Souls Church Unitarian
April 2024 Treasurer's Report
April 20, 2024

This report precedes the meeting of the ASC Finance Committee, which will meet on April 22, 2024. Consequently, this report is only a summary of the financial results from March 2024, with some analysis from the Treasurer.

Part 1 – Third Quarter Financial Results

All Souls Church, Unitarian										5:31 PM
Profit & Loss Budget Performance										04/19/2024
March 2024										Accrual Basis
	Mar 24	Budget	\$ Over Budget	% of Budget	Jul '23 - Mar 24	YTD Budget	\$ Over Budget	% of Budget	Annual Budget	
Ordinary Income/Expense										
Income										
4000 · Core Donations	145,507	117,900	27,607	123%	1,104,719	1,327,200	222,481	83%	1,709,900	
4100 · Contributions	50	1,675	-1,625	3%	3,222	17,675	-14,453	18%	22,700	
4300 · Investment Income	6,937	0	6,937	100%	126,656	94,108	32,548	135%	94,108	
4400 · Facilities Usage	21,033	26,988	-5,955	78%	211,020	261,095	-50,075	81%	344,060	
4500 · Core Program Revenues	0	1,250	-1,250	0%	0	11,250	-11,250	0%	15,000	
4600 · Other Program/Committee Revenue	111	437	-326	25%	7,436	3,930	3,506	189%	5,240	
4700 · Fundraisers	0	2,083	-2,083	0%	5,353	18,750	-13,397	29%	25,800	
4800 · Grant Revenue	0	833	-833	0%	0	7,500	-7,500	0%	10,000	
4900 · Endowment Distributions	0	0	0	0%	147,106	147,106	0	100%	147,106	
4950 · Net Change in Beneficial Trusts	0	0	0	0%	0	0	0	0%	0	
Total Income	173,638	151,166	22,472	115%	1,605,512	1,888,614	-283,102	85%	2,373,914	
Gross Profit										
	173,638	151,166	22,472	115%	1,605,512	1,888,614	-283,102	85%	2,373,914	
Expense										
5000 · Personnel	120,013	130,785	-10,772	92%	1,079,651	1,202,407	-122,756	90%	1,620,102	
6000 · Building Expenses	18,684	13,783	4,901	136%	175,586	124,051	51,535	142%	165,401	
6500 · Operating Expenses	27,481	22,569	4,912	122%	244,673	228,122	16,551	107%	295,829	
6800 · Denominational Support - UUA	5,000	5,000	0	100%	45,000	45,000	0	100%	60,000	
7100 · Core Program Expenses	18,270	11,958	6,312	153%	104,769	107,625	-2,856	97%	143,500	
8100 · Other Programs/Activities Exps	1,165	2,479	-1,314	47%	25,515	22,309	3,206	114%	29,745	
8600 · Fundraising Expenses	0	3,367	-3,367	0%	3,445	30,300	-26,855	11%	40,400	
9300 · Investment Expenses	0	0	0	0%	0	0	0	0%	0	
9500 · Beckner & Shively Expenses	0	0	0	0%	0	0	0	0%	0	
9700 · Transfer Clearing Acct	728	0	728	100%	2,946	0	2,946	100%	0	
9800 · Mortgage Interest Expense	3,442	3,775	-333	91%	32,797	33,975	-1,178	97%	45,300	
9808 · Capital Reserve	833	833	0	100%	7,500	7,500	0	100%	10,000	
Total Expense	195,616	194,549	1,067	101%	1,721,882	1,801,289	79,407	96%	2,410,277	
Net Ordinary Income										
	-21,978	-43,383	21,405	51%	-116,370	87,325	-203,695	-133%	-36,363	
	-	-	-	0%	354,717	-	354,717	-	-	
Net Income	-21,978	-43,383	21,405	51%	238,347	87,325	151,022	273%	-36,363	

March Income Statement

- March total Income was a gain of \$174K, which was **\$22K above budget**. The Church's expenses were **\$1K** over budget for the month as well. The Church's net income for the month **was -\$22K**. This amount was significantly lower, however, than the Church's budgeted Net Income for the month of -43K.
 - Core donations for were **\$146K**, which was **\$28K** over budget.
 - Investment Income of **\$7K** is \$7K over budget. For the year, the Church received \$32K more from its Beneficial Interests in Trust, i.e. Consaul, Pfeiffer, Mitchell, and Woodhull, than was expected in its budget.
 - Facilities usage revenue of \$21K, which was **-\$6K** under budget for the month. The short fall in facilities usage income has been a recurring issue this year. Currently, the Church is on track to have a **-\$50K** shortfall of facilities-usage income for the year.

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- \$0K in Endowment Distributions occurred during the month, which was on budget.
- Total expenses were \$196K; **\$1K** over budget.
 - Personnel Cost of \$120K were **\$11k** under budget.
 - Building expenses for the month of \$19K were **\$5k** over budget.
 - Operating Expenses of \$27K were **5k** over budget.
 - Core Program expenses of \$18K were **\$6K** over budget.
 - Remaining expenses were on budget.

Current Annual Totals

- For the Fiscal Year so far, the Church's income is \$1,606K, which is **-\$283K** under budget. The Church's expenses also are **-\$79K** under budget as well. Most of this differential in the expenses is due to personnel costs being **-\$123K** below budget, which is attributed to the fact that interim personnel did not begin employment until August and the double counting of the Data Manager in the budget. In addition, Fundraising expenses are below budget because they have been moved to the Capital Campaign.
- **Net Income Before ERTC.** On August 2024, the Church received an Employee Retention Tax Credit ("ERTC") in the amount of \$355K, which was a one-time windfall for the Church. In order to avoid creating a false impression of the Church's financial performance, the Finance Committee recommended that the ERTC be recognized at the bottom of the Church's Operating Statement after the Church's regular financial performance has been stated. Before counting the ERTC, the Church's net income is **-\$116K**, whereas the budget called for the Church to have netted \$87K at this point in the year, yielding a **-\$204K short fall.**
- **Net Income After ERTC.** As recommended by the Finance Committee, the ERTC is being factored into the Church operating income statements at the bottom of the statement. The ERTC added \$355K in revenue for the year, yielding net annual income of **+\$151K.**

Balance Sheet

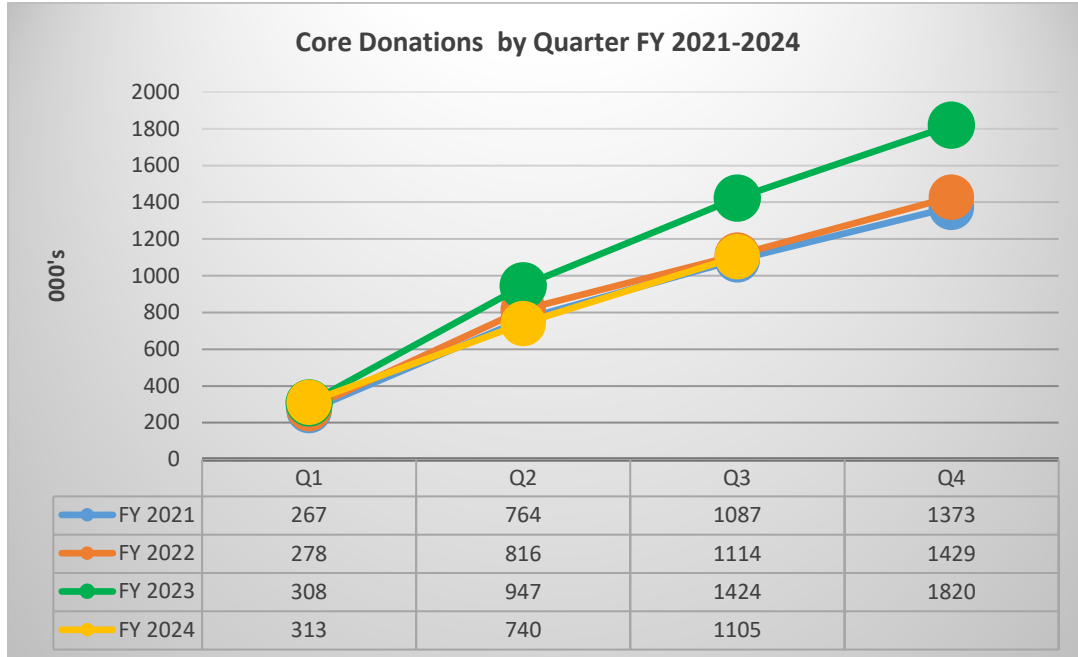
- The performance of the Church's investments has improved. Total Assets of \$19.6M in March was an increase of **\$143K** compared to February and up **\$1.214K** from last year.
 - Operating cash of \$496K was a decrease of **\$1.6K** since February.
 - Investments of \$5.8M is an increase of **\$141K** from February, and an increase of **\$456K** from this time last year.
 - Accounts Payable of \$152K was a decrease of **\$2K** from 154K in February and is higher than the \$83K in 2023. The accounts payable includes the \$60K Fair Share Payment to the UUA from FY 23 that was not paid.

Part 2 – Treasurer's Analysis of the Church's Financial Performance to Date

Core Donations. Core Donations usually comprise around 70% of the Church's annual income, so donations are critical to the Church's financial success. Comparing the Church's financial

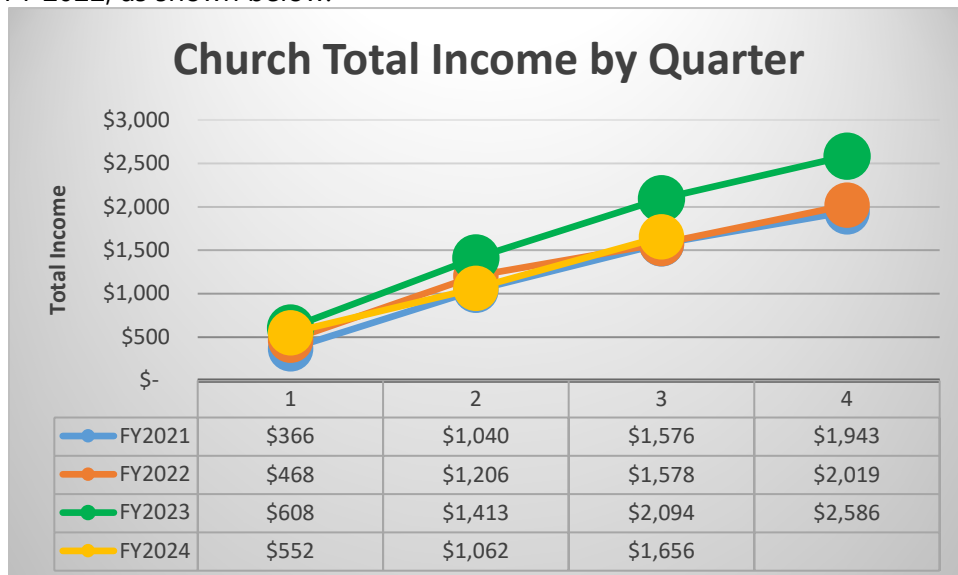
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performance from the current year to the prior three Fiscal Years, the current fiscal year's revenue performance is extremely similar to FY 2021 and FY 2022, and substantially trails FY 2023.



The current total of Core Donations received as of March 31, 2024 does not appear to be sufficient for the Church to reach its budgeted goal of \$1.709 million. Rather, the similarity of the Church's performance to FY 2022 suggests the Church's Core Donations will fall short by more than **-\$200K** below its budgeted goal.

Income. Turning to the Church's total income, the Church's income trend this year most resembles FY 2022, as shown below.



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Part 3 – Projection of Church's Performance for the Remainder of the Church Year

To assist Church leadership in navigating the remainder of the Church Year, I have prepared a projection of the Church's expected financial performance for the remainder of the year.

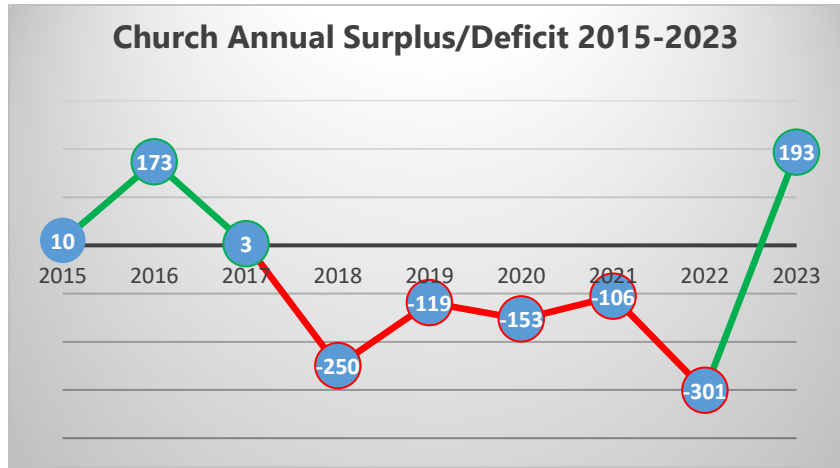
Profit & Loss Budget Performance		Projected ----->							04/20/2024	
FY 2024 with Last Four Months Projected									Accrual Basis	
	Q1 2024	Q2 2024	Q3 2024	Apr-24	May-24	Jun-24	Q4 2024	Total	Annual Budget	Variance
Ordinary Income/Expense										
Income										
4000 · Core Donations	312,083	428,338	394,110	39,866	39,866	39,866	239,538	1,434,129	1,709,900	(275,771)
4100 · Contributions	337	3,735	150	670	670	670	2,010	6,232	22,700	(16,468.00)
4300 · Investment Income	6,245	4,466	135,791	0	0	0	0	146,502	94,108	52,394.00
4400 · Facilities Usage	80,762	66,746	63,513	20,664	20,644	20,644	61,952	272,973	344,060	(71,087.00)
4500 · Core Program Revenues	-	-	0	0	0	0	0	0	15,000	(15,000.00)
4600 · Other Program/Committee Re	5,576	1,540	320	1,640	1,423	1,423	4,486	11,322	5,240	6,681.80
4700 · Fundraisers	-	5,353	0	0	0	0	0	5,353	25,800	(20,447.00)
4800 · Grant Revenue	-	-	0	0	0	0	0	0	10,000	(10,000.00)
4900 · Endowment Distributions	147,106	-	0	0	0	0	0	147,106	147,106	-
Total Income	552,109	510,366	593,884	122,840	122,603	122,603	368,046	2,024,405	2,373,914	(349,509.20)
Gross Profit										
	552,109	510,366	593,884					2,024,405	2,373,914	(349,509.00)
Expense										
5000 · Personnel	344,765	371,693	363,191	115,514	170,635	115,514	401,663	1,481,312	1,620,102	(138,790.00)
6000 · Building Expenses	61,571	45,859	68,155	18,684	18,684	18,684	56,052	231,637	165,401	66,236.00
6500 · Operating Expenses	74,770	91,034	75,420	29,009	29,009	29,009	87,027	328,251	295,829	32,422.00
6800 · Denominational Support - UU	15,000	15,000	15,000	5,000	5,000	5,000	15,000	60,000	60,000	-
7100 · Core Program Expenses	18,567	40,964	44,737	10,133	10,133	10,133	30,399	134,667	143,500	(8,833.00)
8100 · Other Programs/Activities Exp	10,187	10,182	5,146	3,331	3,331	3,331	9,993	35,508	29,745	5,763.00
8600 · Fundraising Expenses	580	1,905	0	414	414	414	1,242	3,727	40,400	(36,673.00)
9800 · Mortgage Interest Expense	11,081	10,892	10,824	3,662	3,662	3,662	10,986	43,783	45,300	(1,517.00)
9808 · Capital Reserve	2,499	2,501	2,499	833	833	833	2,499	3,368	10,000	(2.00)
Total Expense	539,020	612,240	587,918	186,580	241,701	186,580	614,861	2,331,829	2,410,277	(78,448.00)
Net Ordinary Income	13,089	(101,874)	5,966	-63,740	-119,098	-63,977	-246,815	-307,424	(36,363)	(271,061.20)
Net Income	13,089	(101,874)	5,966	-63,740	-119,098	-63,977	-246,815	-307,424	(36,363)	(271,061.20)
ERTC Income	354,717	0	0				0	354,717		
Net Income with ERTC	367,806	252,843	360,683				107,902	47,293		

The projection predicts that without the ERTC, the Church would have experienced a total deficit of **-\$307K**. Due to the one-time windfall of the ERTC, however, the projection predicts that the Church instead will earn **\$47K** in net income for the year.

Part 3 – Implications of Church's Financial Performance for the Next Church Year

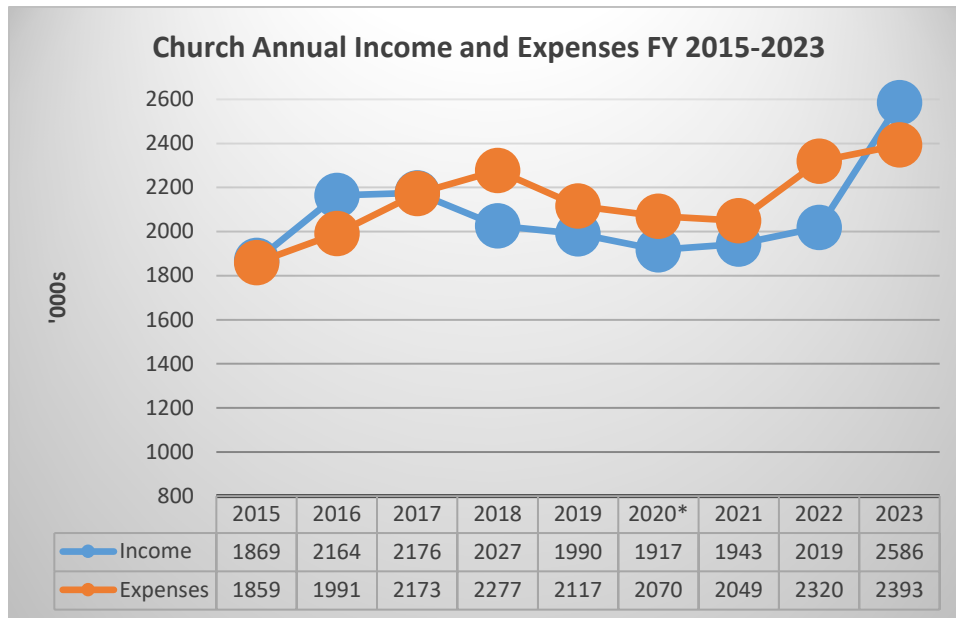
Looking over the longer term, the evidence from the prior six years supports the conclusion that the Church has a structural deficit of several hundred thousand dollars.

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Without the ERTC, the current Church year likely would be a near exact replay of the Church's extremely poor financial performance in FY 2022, when the Church recorded a deficit of -\$301K.

In analyzing the historic cause of the Church's structural deficits, the deficit developed after the Church's expenses increased from 2015 to 2018, while the Church's income stagnated.



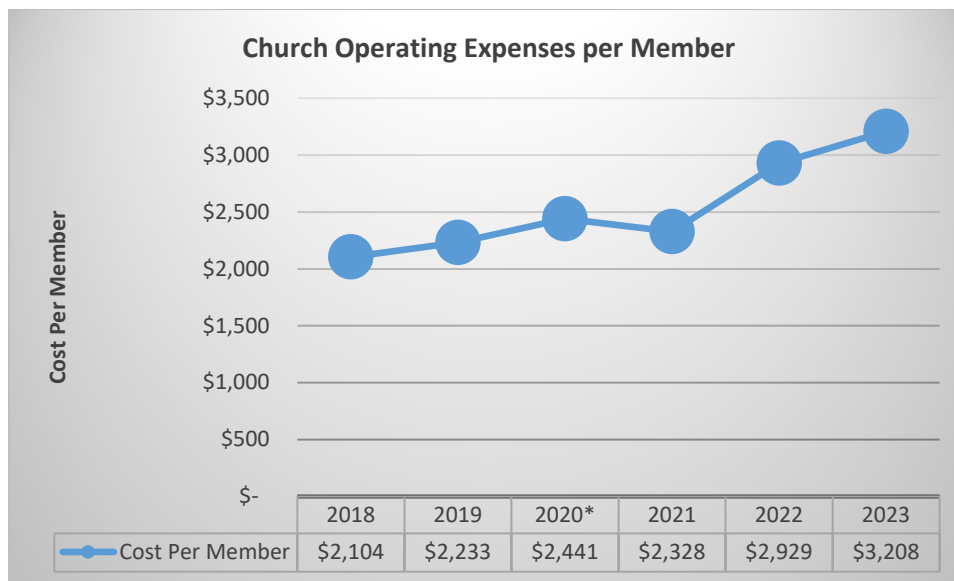
**FY 2020 was a 6-month year, so 2020's figure are doubled for better comparison to other years*

Relatedly, the Church's membership fell during this period.

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As membership fell and the Church's operating expenses increased, each member's per capita share of the Church's expenses increased by 66% from \$2,104 per voting member to \$3,208 per voting member.



This historically high cost-per-member ratio supports the conclusion that the Church is unlikely to address its deficit by increasing donations from the membership. Instead, the overall evidence strongly supports the conclusion that the Church needs to reduce its annual operating expenses by about \$300,000 so that Church's income needs are at a level of income that the Church can consistently achieve.