

# CFO Report Highlights

March 6, 2019

# CFO meeting on February 19

- Review of five year financial statements reveals true deficits are substantially greater than reported one week ago:
  - 14/15 – (\$28,000)
  - 15/16 – (\$92,000)
  - 16/17 – (\$47,000)
  - 17/18 – (\$206,000)
  - 18/19 – TBD
- Cumulative deficit – (\$373,000)
  - Final amount may vary from this estimate
- Why the new amounts?
  - Inconsistent coding and tracking of TRNAs, operating income and expenses

# Sources of cash that funded deficits

# Immediate cash needs

- Current cash – approximately \$110,000
- Cash needs
  - Tree removal – \$26,000 to \$66,000
  - Various Ladd Griffith Projects – TBD but budgeted for \$30,000+
  - UUA and PCD dues – \$34,000
- Total cash required above monthly operating costs – \$90,000 to \$140,000
- Conclusion: We will need more cash in the near term. The only place to get it will be more member loans or the Endowment.

# Board Designated Endowment

- Current balance - \$980,000
- Corpus - \$560,000
- Current demands
  - Partial funding of TRNA obligations - \$100,000 to \$140,000
  - Major repair plans - \$478,000
  - Total \$578,000-678,000
- Remainder after withdrawals - \$222,000 to 322,000
- Will require withdrawals of corpus - \$228,000 - 128,000
- Conclusion:
  - If current needs and major repairs are funded, the Congregation will need to vote by super-majority to “invade” the corpus of an endowment that has taken nearly 120 years to create.
  - In just four years, the congregation will have reduced the entire corpus and growth from \$1.5 million to \$300,000.

# Endowment Recommendations

- CFO recommends that Board should take necessary steps to reverse Congregational resolution that has more than authorizes the spending of an additional \$458,000 still remaining in major repairs
- CFO recommends that Board should take necessary steps to permit an immediate additional transfer of up to \$140,000 from the endowment to fund TRNA obligations and working capital needs
- CFO recommends that Board pass appropriate resolutions to allocate Wake Now Our Vision to fund growth initiatives
- CFO recommends that Board pass appropriate resolutions to enable undesignated bequests of \$20,000 and less to be used for operating funds for next two years.

# Financial Oversight and Accountability Recommendations

- Establish a Finance and Administration Committee consisting of a Board member designated as the Financial VP, a lay member with expertise in finance and administration, the Church Treasurer and the Business Administrator of the Church.
- Each committee member would have a demonstrated ability to understand and ask informed questions of church staff and outside financial experts on all matters regarding the finance and administration of the Church.
- The committee would meet monthly on the week prior to the Board to review the prior month's financials, draft a report to the Board and then have one member present to the Board.
- Adopt and utilize a cash flow projection model and process that accurately reflects both planned expenses and projected revenues on a monthly basis.
- This will allow the CT, the Finance and Administration Committee and the Board to more fully understand the current and projected financial situation of the Church and permit more informed analysis and decision-making.