

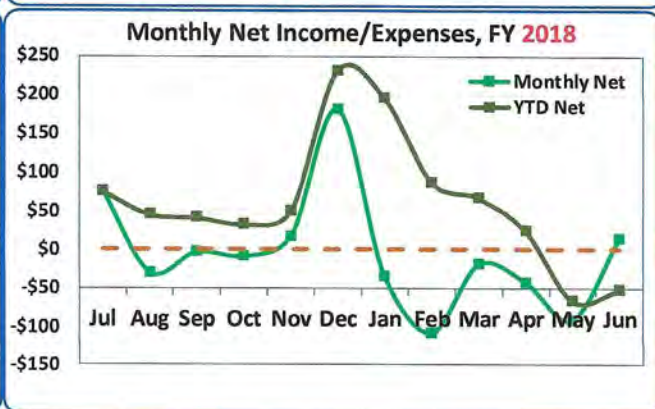
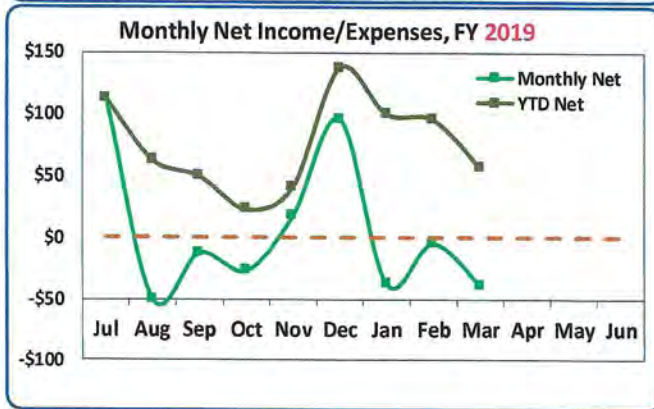
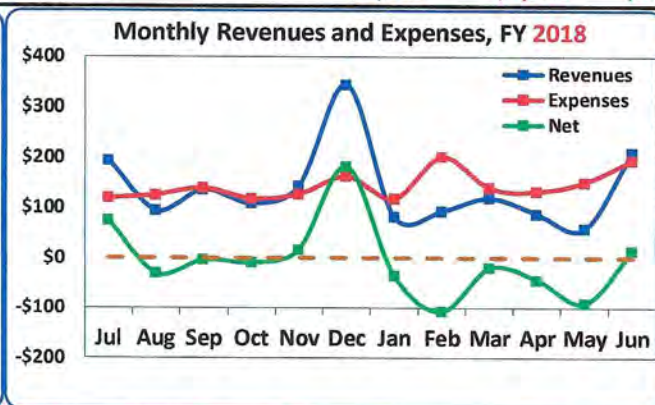
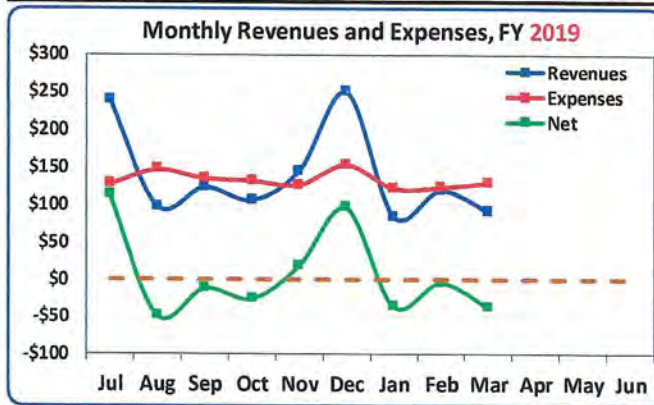
Report of the Treasurer
UUCA Board of Trustees
April 16, 2019

Fiscal Year 2019 to-Date Operating Results – Highlights for first nine months, July-March
– Further details in last two pages below

- YTD revenues were \$1,250 K: \$51 K ahead of budget but \$65 K below last year.
- YTD expenditures were \$1,193 K: \$46 K under budget and \$53 K below last year.
- YTD net revenues over expenses were \$57 K: \$97 K over budget but \$11 K below last year.

UUCA Operating Revenues, Expenses and Net Revenues
Fiscal Year 2019, with Comparisons
Thousand Dollars

	<u>Fiscal Year 2019, Actual</u>			<u>Fiscal Year 2019, Budget</u>			<u>Fiscal Year 2018, Actual</u>		
	Revenues	Expenses	Net	Revenues	Expenses	Net	Revenues	Expenses	Net
Q1	\$458	\$408	\$50	\$403	\$416	-\$14	\$426	\$383	\$42
Q2	\$499	\$412	\$87	\$403	\$416	-\$14	\$595	\$406	\$190
Jan	\$84	\$121	-\$37	\$136	\$140	-\$5	\$82	\$117	-\$36
Feb	\$119	\$123	-\$4	\$123	\$127	-\$4	\$93	\$201	-\$108
Mar	\$90	\$129	-\$39	\$136	\$140	-\$5	\$119	\$139	-\$20
YTD	\$1,250	\$1,193	\$57	\$1,199	\$1,239	-\$40	\$1,315	\$1,246	\$68



Operating Reserves

The **operating reserves** of the Church consist of:

- Funds to cover the current assets of all designated accounts, except for Memorial Gifts and Bequests,
- A general operations reserve, and
- A replacement reserve, which is restricted.

These reserves are invested in six Fidelity mutual funds, which are managed by the Executive in consultation with the Investment Committee. At the end of March, balances of these funds were as follows:

UUCA Operating Reserves - March 31						
Thousand Dollars						
Designated Accounts	General Operations	Restricted Replacement Reserves	Total Operating Reserves	FY 2019 Expenditure Budget		Months of Reserves
				Annual	Bimonthly	
\$171	\$194	\$63	\$428	\$1,651	\$275	3.1

Executive Limitation 4.6.2 under Board policy requires the Executive to operate with at least two months (1/6 of the annual budget) of liquid operating reserves, unless otherwise approved by the Board. Executive Limitation 4.6.3.a) further specifies that, if the operating reserve at the end of the current fiscal year is projected to be less than 2 months of operating expenses, the following year's operating budget must be balanced. At the end of March, the operating reserves totaled 3.1 months of the Congregationally-approved Fiscal Year 2018-19 annual expense budget of \$1,651 K. Accordingly, the operating reserves were in compliance with Executive Limitation 4.6.2 as of the end of March.

Endowment Fund

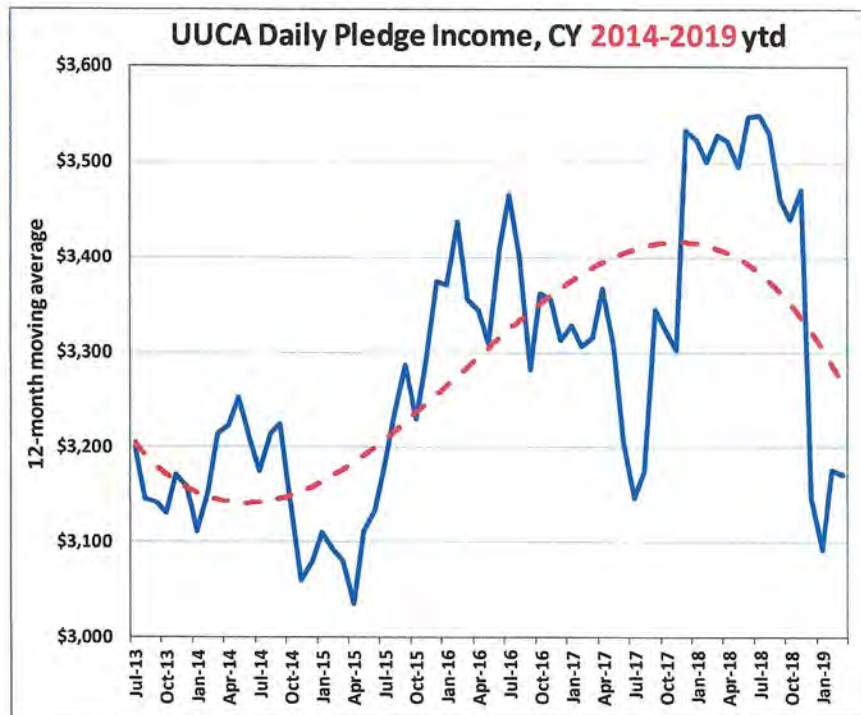
The assets of the **Endowment Fund** at the end of March totaled \$809 K in liquid assets invested in 12 Vanguard mutual funds, which are managed by the Executive in consultation with the Investment Committee. This was \$7 K more than the Endowment Fund's liquid assets at the end of February, one month previously. The assets of the Endowment Fund at the end of March represented 49 percent of the Congregationally-approved Fiscal Year 2018-19 expense budget of \$1,651 K. Executive Limitation 4.8.4 under Board policy specifies that the Executive shall not "allow the endowment balance to be less than 100% of the annual operating budget. As an exception, the Executive may plan a balance of not less than 50% to refinance the mortgage in the year 2017." Accordingly, the Fund was out of compliance with Executive Limitation 4.8.4, even under the exception clause, as of the end of March.

Long-term Liabilities

The balance of the **mortgage** was \$3,067 K at the end of March, at which time the Church's ratio of total liabilities to total assets was 0.42. This substantially overstates the Church's effective debt to assets ratio because the asset values on the Church balance sheets are stated on a cost basis, and are considerably lower than the current market value of the Church's land and buildings.

Trends in Pledge Income

Monthly pledge income varies considerably throughout the church fiscal year, even when expressed on a 12-month moving average daily basis to reduce seasonal effects. In particular, pledge income during the month of December, which is always the highest month, heavily influences this measure. This analysis includes income from additional pledges for the FY 2018 Summer Challenge.



Estimated FY 2019 Year-end Results

For the past several years, UUCA has always operated at a deficit of revenues over expenses during the second half of its fiscal year, and for the past two fiscal years, it has ended the fiscal year with such a deficit for the entire year. During the last three months of the past three fiscal years, expenses have exceeded revenues by \$73 K to \$120 K, including, in some cases, transfers from the Endowment Fund. Based on this experience, the current fiscal year could finish with an operating deficit of between \$16 K and \$63 K. At the end of March, the Endowment Fund balance represented 5.6 months of budgeted expenses and the operating reserves balance represented 3.1 months of such expenses.

Fiscal Years:	2016	2017	2018	2019
	<i>thousand \$</i>			
YTD Net Revenue-Expenses 3/31	\$126	\$0	\$68	\$57
YTD Net Revenue-Expenses 6/30	\$34	-\$73	-\$52	
<u>3/31 - 6/30 change in YTD Net Revenue over Expenses</u>				
Actual	-\$92	-\$73	-\$120	
<u>6/30/2019 projected YTD Net Revenue over Expenses</u>				
Maximum				-\$16
Average				-\$38
Minimum				-\$63
<u>Endowment Fund balance 6/30</u>				
Actual	\$709	\$838	\$796	
Months of Expenses	5.8	6.0	5.7	
<u>Reserve Funds balance 6/30</u>				
Actual	\$270	\$189	\$221	
Months of Expenses	2.2	1.4	1.6	

Peter Vitaliano, Treasurer, UUCA

001 Unitarian Universalist Church of Arlington, VA
Fiscal Year Beginning 7/1/2018
Budgeted Financial Statement for Period 09 March 75.00%
Revenues and Expenses Summary Report

Description	Actual for Period	Actual YTD	Budget Annual	Var. Actual to Annual Budget %	Actual for Period Last Year	Actual YTD Last Year
REVENUE -- GENERAL OPERATING FUND						
4099 Pledges & Contributions	74,113.42	1,094,769.29	1,295,524.00	84.50	107,657.91	1,156,705.61
4129 Fundraising Revenue	1,540.25	19,848.47	33,500.00	59.25	176.00	32,838.94
4139 Rental Revenue	13,776.98	116,770.33	193,500.00	60.35	10,998.25	119,600.32
4159 Program Revenue	.00	2,967.79	5,000.00	59.36	.00	.00
4199 Other Revenue	760.37	15,613.27	69,500.00	22.47	309.40	5,543.86
TOTAL REVENUES	90,191.02	1,249,969.15	1,597,024.00	78.27	119,141.56	1,314,688.73
EXPENDITURES						
Staff	86,280.94	784,115.43	1,007,963.85	77.79	99,745.51	866,655.69
Church Office	2,449.45	34,963.73	58,584.00	59.68	2,132.15	52,328.93
Ministry & Worship	2,180.47	15,172.40	30,020.00	50.54	1,653.38	14,759.67
Children & Youth Ministry	1,014.53	11,495.29	22,950.00	50.09	-296.12	10,700.46
Member Support	837.81	10,375.68	21,500.00	48.26	-27.00	12,592.82
Communications	318.05	2,262.54	9,050.00	25.00	464.96	4,528.86
Faith in Action & Outreach	1,281.20	49,963.75	86,000.00	58.10	130.00	536.09
Our Wider Movement	9,900.00	29,700.00	39,600.00	75.00	9,000.00	36,000.00
Buildings & Grounds	9,200.52	116,233.54	187,030.00	62.15	10,589.39	109,513.91
Mortgage	15,407.10	138,663.90	188,000.00	73.76	15,407.10	138,663.90
TOTAL EXPENDITURES	128,870.07	1,192,946.26	1,650,697.85	72.27	138,799.37	1,246,280.33
*****SUMMARY*****						
TOTAL REVENUE	90,191.02	1,249,969.15	1,597,024.00	78.27	119,141.56	1,314,688.73
TOTAL EXPENDITURES	-128,870.07	-1,192,946.26	-1,650,697.85	72.27	-138,799.37	-1,246,280.33
NET	-38,679.05	57,022.89	-53,673.85	-106.24	-19,657.81	68,408.40

001 Unitarian Universalist Church of Arlington, VA
Fiscal Year Beginning 7/1/2018
Budgeted Financial Statement for Period 09 March 75.00%
REVENUES

Description	Actual for Period	Actual YTD	Budget Annual	Var. Actual to Annual Budget %	Actual for Period Last Year	Actual YTD Last Year
GENERAL OPERATING FUND RECEIPTS						
PLEDGES & CONTRIBUTIONS						
Special Contributions	1,185.00	11,676.99	25,000.00	46.71	1,223.00	10,147.00
Special Contribution Non-Tax	14,480.00	175,945.99	.00	.00	19,230.00	70,932.09
Pledges -- Prior Pledge Years	.00	23,152.68	.00	.00	50,534.76	1,033,756.37
Pledges 2018-19	53,313.01	768,261.44	1,137,524.00	67.54	.00	.00
Summer Challenge One-Time Gift	95.00	39,788.55	.00	.00	.00	.00
Residual Capital Campaign Pled	.00	944.00	5,000.00	18.88	.00	5,200.00
Plate - Share The Plate	.00	69,959.23	120,000.00	58.30	36,670.15	36,670.15
Plate - UUCA Stewardship month	5,040.41	5,040.41	8,000.00	63.01	.00	.00
TOTAL PLEDGES & CONTR	74,113.42	1,094,769.29	1,295,524.00	84.50	107,657.91	1,156,705.61
FUNdraising						
Services Auction	.00	12,026.62	21,000.00	57.27	.00	26,530.05
Miscellaneous F/R	1,540.25	2,538.28	2,000.00	126.91	.00	2,024.80
New Initiatives Fundraising	.00	611.46	5,000.00	12.23	60.00	-461.18
Mistletoe Mall	.00	4,672.11	4,000.00	116.80	.00	3,981.77
Grocery Scrip Sales	.00	.00	1,500.00	.00	116.00	763.50
TOTAL FUNdraising	1,540.25	19,848.47	33,500.00	59.25	176.00	32,838.94
RENTALS						
Parsonage Rental	850.00	7,650.00	11,000.00	69.55	850.00	7,650.00
Pre-School Rental	2,419.00	16,933.00	22,500.00	75.26	2,360.20	16,521.40
Weddings etc.	10,507.98	92,187.33	160,000.00	57.62	7,788.05	95,428.92
TOTAL RENTALS	13,776.98	116,770.33	193,500.00	60.35	10,998.25	119,600.32
ACTIVITIES RECEIPTS						
Music/Theatre Contributions	.00	2,967.79	5,000.00	59.36	.00	.00
TOTAL ACTIVITIES RECEIPTS	.00	2,967.79	5,000.00	59.36	.00	.00
OTHER RECEIPTS						
Interest Income	572.37	11,785.99	4,500.00	261.91	135.67	2,451.17
Endowment Fund Transfer	.00	.00	60,000.00	.00	.00	.00
Refreshments	188.00	1,810.14	2,500.00	72.41	194.00	2,132.01
Gains/Losses on Stock	.00	1,597.00	.00	.00	-20.27	-39.32
Flowers	.00	20.00	.00	.00	.00	.00
Miscellaneous Income	.00	400.14	2,500.00	16.01	.00	1,000.00
TOTAL OTHER INCOME	760.37	15,613.27	69,500.00	22.47	309.40	5,543.86
TOTAL OPERATING RECEIPTS	90,191.02	1,249,969.15	1,597,024.00	78.27	119,141.56	1,314,688.73



**UNITARIAN UNIVERSALIST CHURCH
OF ARLINGTON VIRGINIA**

A Place to Connect, Grow and Serve

April 16, 2019

Rev. Dr. Terasa Cooley

[Redacted]
Arlington, VA [Redacted]

Dear Rev. Dr. Cooley;

We are very excited to offer you an extension as our Interim Senior Minister for our church year 2019-20. This letter serves as acknowledgement that our existing agreement dated May 13, 2018 is being extended one year to expire on July 31, 2020 with the following mutually-agreed amendments:

3.1.1. – Combined salary and housing allowance for church year 2019-20 will be increased by the COLA provided to all staff in the approved church budget for church year 2019-20.

3.2.5 – This paragraph regarding relocation expenses will not be applicable to the extension year.

5.1 – The term of this agreement is extended to July 31, 2020.

7.4 – The minister's address is modified to:

[Redacted]

We very much look forward to continuing our ministry together for the upcoming church year.

Sincerely,

[Redacted]

Albert Himes
Board President
Unitarian Universalist Church of Arlington
4444 Arlington Blvd.
Arlington, VA 22204

Agreed:

By:

[Redacted]
Rev. Dr. Terasa Cooley, Interim Senior Minister

Date:

4/16/19

4444 Arlington Boulevard, Arlington, Virginia 22204
Phone 703-892-2565
www.uucava.org

**Resolution of the Board of Trustees of the
Unitarian Universalist Church of Arlington
(April 16, 2019)**

WHEREAS, The UUCA Board of Trustees is tasked with calling an Annual Congregational Meeting where Officers and Trustees are elected and a budget is presented for adoption; and

WHEREAS, Article IV, Item 6 of the bylaws of the Unitarian Universalist Church of Arlington permit the UUCA Board of Trustees to authorize absentee balloting for congregational meetings; and

WHEREAS, Article IV, Item 5 of the bylaws permits absentee ballots to count towards a quorum if specified by written resolution of the Board of Trustees; and

WHEREAS, The UUCA Board of Trustees would like to ensure that all members have access to vote on officers, trustees and the budget; now, therefore be it

RESOLVED, The UUCA Board of Trustees sets the date and time of the Annual Congregational Meeting as Sunday, June 2, 2019 at 11:30 a.m.; and be it further

RESOLVED, The UUCA Board of Trustees authorizes absentee voting for the Annual Congregational Meeting on June 2, 2019; and be it further

RESOLVED, The UUCA Board of Trustees authorizes absentee ballots to count towards fulfilling a quorum for the annual meeting; and be it further

RESOLVED, The Senior Minister (executive) shall instruct staff and volunteers to distribute absentee ballot no later than May 22, 2019; and be it further

RESOLVED, The Senior Minister (executive) shall designate staff and volunteers to collect absentee ballots prior to the start of the meeting; and be it further

RESOLVED, Only ballots received prior to the start of the meeting shall be accepted as official votes to be counted.

March 2019 – Request to move to a 3 Year Audit Schedule.

Pursuant to UUCA Board Policy Manual 4.6.6: “Fail to budget for an audit by an outside accounting firm every other year”

Background: UUCA has budgeted for an audit every other year as set forth in the Board Policy Manual 4.6.6. UUCA has completed an audit every other year, with the last full financial statement audit completed fiscal year ending 2018. UUCA has both direct expenses (cost of the audit by an outside firm) and indirect expenses (staff time to complete the audit). UHY, our independent accounting firm, has suggested to the Chief Administrative Officer the best practice of engaging in a full audit every three years not only to save staff time, but also to reduce overall cost to the organization.

This will also benefit our mortgage lender, BB&T, as they are more comfortable with Auditor financial statements vs internally prepared statements.

Budget Implications:

10 Year Budget Implications - Moving to Audit every 3 years

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	Total Spend
Current Cycle	0	18000	0	20000	0	22000	0	24000	0	26000	\$110,000.00
Proposed Cycle	7500	7600	16500	7700	7800	17500	7900	8000	18500	8100	\$107,100.00

This assumes an annual increase in cost due to inflation.

Although the policy does not require an audit every other year, it does require the budget be in place to pay for these services. I am asking the Board of Trustees to approve moving to a three year Audit cycle by an independent audit firm with reviews and financial statements produced in the off years. This has been discussed by the Board of Trustees at length 18 September 2018 during the presentation of the Audit results. This has also been discussed with the Finance Team and Treasurer and recommendations to proceed with this request by the Executive.