



FY21 Fiscal Year End Closing Report

October 4, 2021

This document includes all summary ledgers and explanatory notes for understanding the financial position of University Unitarian Church as of June 30, 2021, based on all financial activities of the church between July 1, 2020 and June 30, 2021.

The report begins with the statement of the financial position of the church (also known as the balance sheet), reflecting the assets of the church in comparison to the sum of its liabilities and net assets (also known as principal). The notes following this statement detail the distribution of assets among various banks, investments, and fixed assets. The liabilities as of June 30, 2020, are explained, as well as the segmentation of net assets into unrestricted and restricted portions.

Following the statement of financial position, the statement of activities reflects the restricted and unrestricted revenues and expenses of the church during the fiscal year. Notes following this statement clarify what detailed revenues and expenses are contained in the summarizing figures in the statement. This will afford a clear understanding of how those activities compared to planned activities (budget) for the fiscal year.

For comparison, this report should be reviewed alongside the FY20 Fiscal Year End Closing Report, for the fiscal year ending June 30, 2020. Copies of the FY20 report are available from the church office.

STATEMENT OF FINANCIAL POSITION

Assets		
	Current Assets	
	Cash and Cash Equivalents	694,018
	Cash for Capital Improvements	329,534
	Investments	7,885,227
	Investments for Capital Improvements	570,539
	Capital Pledges Receivable	1,308,698
	Other Current Assets	1,345
	Total Current Assets	10,789,360
	Property and Equipment, Net	18,086,698
	Total Assets	28,876,059
Liabilities and Net Assets		
	Current Liabilities	
	Accounts Payable	6,258
	Accrued Expenses	25,616
	Total Current Liabilities	31,873
	Notes Payable, less current portion	2,476,487
	Total Liabilities	2,508,360
	Net Assets	
	Unrestricted	20,920,836
	Restricted	5,446,863
	Total Net Assets	26,367,699
	Total Liabilities and Net Assets	28,876,059

Notes

Cash and Cash Equivalents represent funds held in bank accounts such as checking, savings, and money markets. Such accounts are currently held at Columbia Bank, Washington Federal Savings, Charles Schwab & Co. and Vanguard. Cash restricted for capital improvements are listed separately.

Investments included in current assets are held in two separate portfolio accounts managed by Trillium Asset Management. Balances on June 30, 2021, are as follows:

Raible Capital Investment Account	570,539
Legacy Investment Account and Vanguard	7,885,227

Total Investments	8,455,765
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Capital Pledges Receivable includes receivables in the Capital fund that represent mutli-year pledges of capital gifts received through June 30, 2021. Gross value of receivables is offset by a reserve for doubtful accounts (uncollectable gifts) and a discount to present value (current value of dollars promised in future years). Doubtful accounts are calculated at 2.5% of pledges \$10,000 or greater and 5% of pledges less than \$10,000. Present value discount is calculated as 3.5% of value of pledges net doubtful accounts. These are held as contra assets to receivables.

Capital Pledges Receivable	1,355,174
Allowance for Doubtful Accounts	(8,098)
Discount to Present Value	(38,378)
Net Receivable	1,308,698

The net value of **Property and Equipment** represents the value of fixed assets held by the church after accumulated depreciation as of June 30, 2021, as follows (note that contra assets for construction loan fee and amortization are included):

Buildings (church)	19,015,091
Furniture and equipment (church)	248,599
Less accumulated depreciation	(1,308,824)
Land (church and houses)	85,167
Construction in progress	10,752
Columbia Loan Fee contra asset	35,408
Loan Fee Amortization contra asset	(15,672)
Total Fixed Assets	18,086,698

Under **Liabilities and Net Assets**, UUC held \$28,248 in **Accrued Expenses** (payroll liabilities and goods and services) through June 30. The church held the following **Accounts Payable**:

Capital Payables	8,952
Living Justice Sunday Collections	2,726
Programs Payable	400
Total Accounts Payable	12,077

The church held the following refundable deposits on building rentals:

Rental Refundable Fees	400
Rental Damage Deposits	100
Total Refundable Deposits	500

As of June 30, 2021, UUC had held a construction line of credit as a note payable. The line of credit is serviced by Columbia Bank.

Capital Line of Credit, net of fees	2,496,222
Total Notes Payable Non-Current	2,496,222

NOTE The cash received for the CARES Act payroll protection program (PPP) loan on May 1, 2020 was forgiven by the terms of the Small Business Administration in November 2020, allowing the current and non-current portions of the note payable held on June 30, 2020 to be written off as of June 30, 2021.

After adjustments, the total **Unrestricted Net Assets** can be divided into three segments:

Operating	436,439
Capital	15,719,599
Legacy	4,756,699
Total Unrestricted Net Assets	20,912,737

Temporarily restricted net assets are those monies held by the church for the specific purposes or timing dictated by donors when restricted gifts were given. Temporarily restricted funds held by the church are the following:

Operating

Seeds of Hope Fund	11,574
Fleagle Lectureship Remainder	14,226
Youth Abroad Fund	38,867
Music Program Fund	68,840
Living Justice Grant Program	20,310
Social Justice Program Fund	3,058
Partner Church Fund	3,160
Memorial Garden Fund	822
Pre-Paid Pledges	35,819
Sharing Fund	24,047

Capital

Strategic Capital Fund Receivables	2,040,965
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Legacy

Fleagle Endowed Lectureship	51,929
Fleagle Earnings	37,416
Jellison Earnings	14,090

Total Temporarily Restricted Net Assets	2,365,123
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Permanently restricted net assets are those monies held by the church in perpetuity by donor restriction. Permanently restricted funds held by the church are the following:

Legacy

Morris Jellison Endowed Fund	25,000.00
Floyd and Delores Jones Endowed Fund	3,000,000.00

Total Permanently Restricted Net Assets	3,025,000.00
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STATEMENT OF ACTIVITIES (CONSOLIDATED)

	Unrestricted	Restricted	Total
Revenues and Support			
Annual Contributions	896,497	35,819	932,316
Capital Gifts	-	251,670	251,670
Capital Pledges Receivable		64,838	64,838
Bequests	160,019	-	160,019
Special Events	-		-
Rental Revenue	-		-
Program Revenue	5,247	13,845	19,092
Investment Gain	1,923,894		1,923,894
Gain on Sale of Assets	1,323		1,323
Other Revenue	274,498		274,498
Net Assets Released from Restriction	359,743	(359,743)	-
Net Assets Placed In Restriction	(57,266)	57,266	-
Total Revenues and Support	3,563,954	63,696	3,627,650
Expenses			
Program Services	1,118,848		1,118,848
Management and General	652,492		652,492
Fundraising	1,518		1,518
Loss to Bad Capital Debt	24,475		24,475
Total Expenses	1,797,334	-	1,797,334
Change in Net Assets	1,766,621	63,696	1,830,317
Net Assets (June 30, 2020)	19,146,117	5,391,266	24,537,382
Net Assets (June 30, 2021)	20,912,737	5,454,961	26,367,699

Notes

The Statement of Activities above reflects the consolidated activities of the church's **Operating**, **Capital**, and **Legacy** segments of activities. For the purpose of comparison to previous years and external audits, expenses are expressed in the standard categories of programming, administration (management), and fundraising activities.

To match the internal view of church activities, the notes included in this section break out the figures shown in the consolidated statement (above) into the separate **Operating**, **Capital**, and **Legacy** segments of activities. The change in each segment when added together equal the total change in net assets shown in the consolidated statement.

Operating Activities

Operating Activities reflect the programming and administration activities of the church for the fiscal year.

	Unrestricted	Restricted
Revenues and Support		
Annual Contributions	\$ 896,497	\$ 35,819
Special Events	\$ -	
Rental Revenue	\$ -	
Program Revenue	\$ 5,247	\$ 13,845
Other Revenue		
Bank Interest	\$ 2,760	
Other	\$ 274,498	
Net Assets Released from Restriction	\$ 83,597	\$ (83,597)
Net Assets Released from Legacy Fund	\$ 209,227	\$ -
Total Revenues and Support	\$ 1,471,826	\$ (33,933)
Expenses		
Salaries	\$ 726,377	
Benefits	\$ 230,508	
General Operating Expenses		
Tax, License, and Insurance	\$ 31,037	
Financing Expenses	\$ -	
Association Pledges	\$ 25,000	
Office Expenses	\$ 21,894	
Building Maintenance Expenses	\$ 72,296	
Business Expenses	\$ 22,375	
Fundraising Expenses	\$ 1,066	
Other Expenses		
Bank Fees	\$ 10,254	
Other	\$ 1,493	
Program Allocations		
Worship & Care	\$ 4,499	
Music Program	\$ 8,393	
Religious Education	\$ 2,844	
Social Justice	\$ 15,386	
Membership	\$ 499	
Restricted Program Expenses	\$ 3,779	
Total Expenses	\$ 1,177,700	\$ -
Change in Operating Net Assets	\$ 294,126	\$ (33,933)

Under Revenue and Support, **Annual Contributions** used for operating expenses included \$837,693 in pledged gifts and \$58,804 in other contributions (plate collections, non-pledged gifts). By June 30, the church received \$35,819 in prepaid pledges (donor restricted) for FY22.

There was no **Special Event** held in FY21, and therefore no revenue or expenses. There were no Rentals scheduled, and therefore no revenue. Tuition, fees, and other collections for **Program Revenue** brought \$5,247. Restricted contributions to programs in FY21 totaled \$13,845.

Other Revenue included bank interest and net of losses on sales of stock gifts, ministers' discretionary gifts, and retreat fees. Note that most unbudgeted Operating income is balanced by unbudgeted Operating expenses (e.g. retreat costs, ministers' discretionary expenses). However, Other Revenue in FY21 included the forgiven amount of the Payroll Protection Program (PPP) loan received in May 2020, as well as the Employee Retention Credits earned by the church for the third quarter (January-March 2021). Total CARES Act support recorded as revenue in FY21 was \$270,933.

Operating Net Assets Released from restriction reflect the support of prior-year (FY20) temporarily restricted net assets for current-year (FY21) unrestricted expenses that satisfied the purposes or time restrictions of the restricted funds. The detail of net assets that provided support for Operating expenses is the following:

2020-21 Pre-Paid Pledges	76,668
Restricted program expenses	4,929
Total Net Assets Released	83,597

Per the finance policies of UUC, the Board of Trustees decides an annual amount, if any, of the net assets of the Legacy Fund to provide additional support for unrestricted operating expenses. The amount is limited to 4% of the investment account value and cannot invade the fund principal. For FY21, the amount of support released was \$209,227, calculated as 4% of the portion of the Legacy Fund represented by the Knatvold Quasi-Endowment and the Floyd and Delores Jones Endowed Fund.

The net of all unrestricted operating activities after expenses for the fiscal year resulted in an increase of \$294,126 in unrestricted net assets (also called Operating Reserves) and an decrease of \$33,933 in donor restricted net assets.

Capital Activities

For **Capital Activities**, the following table shows revenue and expenses and the change in net assets due to activities for the fiscal year.

	Unrestricted	Restricted
Revenues		
Restricted Gifts		251,670
Present Value Discount on Receivables		64,838
Gifts in Kind	-	
Gain on Sale of Assets	1,323	
Investment Gains	64,348	
Net Assets Released from Restriction	1,074,103	(1,074,103)
Net Assets Released from Legacy Fund	-	
Total Revenues	1,139,774	(757,595)
Expenses		
Improvements	6,880	
Depreciation	494,210	
Financing Expense	85,673	
Loss On Disposal of Assets	-	
Bad Debt Expense	24,475	
Loan Fee Amortization Expense	6,966	
Fundraising Expenses	-	
Investment Fees	2,643	
Professional Fees	978	
Restricted Capital Expenses	-	
Total Expenses	621,824	-
Change in Capital Net Assets	517,950	(757,595)

Restricted Gifts that were not in payment of receivables (including grants from donor-advised funds as well as the UUA Wake Now Our Vision campaign) totaled \$251,670. Gains through recovery of the present value discount for previous year receivables was \$64,838. There were no **Gifts in Kind** for professional services donated to the capital construction project. Net **Gain on Sale of Assets** from the sale of the van and cargo trailer used to transport equipment at Meadowbrook Community Center was \$1,323.

For the fiscal year, **Investment Gains** for the Capital investment account held at Schwab were as follows:

	<u>Market Change</u>	<u>Income</u>
Capital Investment Account	45,699	18,649

Capital Net Assets Released from Restriction reflect restricted gifts that were released immediately due to the conclusion of the major construction project undertaken by the church (completed in FY20). For the same reason, gifts against restricted receivables were released from restriction. Restricted expenses included a write-off of uncollectable receivables that were cancelled in FY21.

Restricted capital gifts	251,670
Gifts toward capital receivables	797,958
Bad debt expense (uncollectable pledges)	24,475
Total Net Assets Released	1,074,103

No new receivables were recorded in FY21. New support for the capital project not associated with existing receivables were recorded as FY21 capital revenue.

Legacy Activities

The following table shows **Legacy Activities** for the fiscal year.

	Unrestricted	Restricted
Revenues		
Bequests	160,019	-
Investment Gains	1,880,574	
Net Assets Placed In Restriction	(57,266)	57,266
Net Assets Released from Legacy Fund	(209,227)	-
Total Revenues	1,774,100	57,266
Expenses and Releases		
Fundraising Expenses	452	
Investment Fees	21,145	
Total Expenses	21,597	-
Change in Legacy Net Assets	1,752,503	57,266

Over the course of the fiscal year, UUC's Legacy Fund received **Unrestricted Bequests** from the estate of Otto Rombouts. Annual book royalties from the estate of Eileen Allen are also included in the total. The Legacy Fund also contains restricted funds for the Fleagle Lectureship and Jellison Music Fund. Prorated earnings associated with these funds are put in restriction each year for the purposes outlined by the funds.

Fleagle Lectureship Net Earnings	41,672
Jellison Music Fund Net Earnings	15,594
Total Net Assets Placed in Restriction	57,266

For the fiscal year, Investment Gains for the Legacy investment account held at Schwab are as follows.

	<u>Market Change</u>	<u>Income</u>
Legacy Investment Account	1,773,330	107,224