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NWWVT Board Finance Committee Meeting

February 2, 2022 at 11:30 a.m.

ATTENDANCE

Board Present: Keri Franzoni, Treasurer Melinda Humphrey, Member, Jennifer Yakunovich, Board Chair

Staff Present: Elizabeth Karle, Director of Finance, Heather Starzynski, Executive Director

AGENDA

1. Monthly Financial Review
2. Dashboard Review
3. Quarterly Consolidated Financial Review
4. FY 2022 DRAFT Budget Review
5. Items of Note to Discuss
6. Discuss/plan required board action(s)

Meeting began at 11:30 am

Future Meeting Notes:

- The 10-year forecast for the loan portfolio that Liz and Heather are working will be a 9-year forecast due to system limitations. This report is not ready yet and may be delayed until we begin work with the CPA consultants.
- Heather and Liz continue to prepare a report that shows budget vs actual by program for the board.

1. Monthly Financial Review for September 2021

- Discussed the monthly highlights noting there are consolidated reports included with this report.
- There are still more adjustments to be made to year-end, but this is a close to finalized report. The deficit continues to be in line with the forecasted deficit. While there may be minor changes, they should not be substantial at this point.
- We have a HUD grant that will need to be recorded that will slightly affect the year end actuals. We are able to invoice back through March of 2021. We have not heard what we will receive for 2021 but expect it to be around the estimated 30K budgeted. The adjustment will be in the hundreds.
- FY2022 ARPA funding income limits are causing an issue for our current HEAT Squad program model. We are waiting to see what flexibility we will have to meet the area median income. These funds are still being reviewed by the Office of Administration, along with the EVT rebate funds.
- This is also an issue for the woodstove program that is funded through the Clean Energy Development Fund (CEDF) which was intended to be paid for with ARPA funds.

- The rental repair program in the FY22 budget is called the VT Housing Improvement Program (VHIP). It is tied up in bill S.210 in the legislature. We are not sure when these funds will be available. In 2020-21 rental repair program we repaired 69 rental units of the 251 units rehabbed across the state.
- Heather met with Josh Hanford regarding potential programs that he may be able to assist us in developing through the use of CDBG funding.
- We continue to pay HEAT Squad salaries while we do not have the program grant agreements. We are going to have to discuss staffing in a few months as we learn more about potential funding sources. We are tracking employee time for all of the programs.
- Heather will visit the NeighborWorks Alliance of Vermont to discuss potential entry into the Alliance.

2. Dashboard Review

- We did end our operating year with a deficit. That means we needed to transfer funds from our restricted operating cash, but that wasn't until the end of the year. Watching the days reserve is important.
- Heather mentioned discussing a change to our fiscal year to be in line with the State of Vermont (July 1-June 30). She will follow up with the CPA.

3. Consolidated Financial Review

- The consolidated financials include our Operating Fund and Revolving Loan Funds (lending). We have funds for lending from the Vermont Community Development Funds and CDFI Funds for example. We did have NeighborWorks America Fund Capital funds, however these funds are now unrestricted).
- We received a \$882,000 CDFI grant remains as a restricted net asset available for use through 2023.
- Restricted and unrestricted assets will appear in our audited financials.
- Our loan loss reserve to be reported for FY22 will likely be reduced. The LLR are funds set aside as a percentage of our loan portfolio to cover potential losses. As our loan portfolio shrinks, we are required to have a smaller loan loss reserve. We are not required to hold all of the loan loss reserve in cash. That percentage is held in our restricted funds.
- Bad Debt Recovery: We recovered over 58K from funds we had written off. The loans we had on these properties were paid. It appears as a negative number because we include it in the expenses because it's not operating funds.

5. Items of Note to Discuss

- Although we had an operating loss, we are ending the year with positive net assets.
- We are in a good place for review with our auditors.
- We don't want to use our loan funds to cover our operating costs in the long term, but these funds are unrestricted and there if we need them. We will plan to repay these funds when the expected cash comes in the door or upon another specified date. When the repayment will occur may be determined by the CPA & ED in order to best leverage our balance sheet.

6. Discuss/plan required board action(s)

- Review the finance report

Next meeting: March 3 at 11:30am

Meeting ended at 12:32pm. Minutes by: Keri Franzoni