

March 2022 NWWVT Financial Report

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Purpose & Frequency of Enclosed Documents

- The ‘Monthly Highlights’ narrative is intended to explain and highlight changes to financials from month to month and will be provided with each month’s financial reports.
- The Dashboard is intended to provide metrics to measure the health of the organization. This will be provided each month, with each quarter end shown for comparison purposes.
- Financial Statements
 - The general Operating Fund Statement of Activities (Income Statement, Revenues & Expenses) will be provided each month. This compares earnings and expenses to the Board approved annual budget.
 - Forecast for year-end will be provided and updated each month with any changes highlighted in the narrative.
 - Consolidated Financials – All Funds; Statement of Financial Position (Balance Sheet) and Statement of Activities will be provided each quarter.

General Information

- Finance Committee meets and reviews financials each month one week prior to Board Meeting.
- NeighborWorks fiscal year end is December 31st.

Monthly Highlights and Notes on NWWVT's March 2022 Financials

"Operating Statement of Activities (Budget v Actuals)"

Importance: Provides Revenue vs Expenses with budget versus actuals for the general operating fund.

Notes:

The Operating Fund finishes March with an approximately \$80,000 loss on a pro forma basis.

Revenue

Total Grant revenue is lower than budget through March by approximately \$375,000 due mainly to grants not yet received or able to be billed.

- VCDP – Vermont Housing Improvement Program (VHIP) is underway, and we expect to bill January through March for activities incurred – approx. \$12,000.
- VCDP – Housing Stabilization continues to have activity, though the balance remaining to spend is approx. \$175,000 on counseling services to be spent by 12/31/23.
- Efficiency Vermont – Heat Squad not yet billing as these funds have not been received
- NWA funding has not yet been received.
- VLITE – NWWVT received an advance in the amount of \$99,000 for Heat Squad funding, which appears as deferred revenue until billing can commence.
- VCDP – Housing Stabilization continues to have activity, though the balance remaining to spend is approx. \$175,000 on counseling services to be spent by 12/31/23.
- CEDF – 2021 Wood Stoves has approx. \$45,000 left to spend by June 2022. The team is working to identify how to spend the remaining \$40,000 on the wood stove rebates piece. The CEDF 2022 Wood Stove program application was submitted last week.
- We did learn last week that we are going to be receiving \$275,000 from NWA, which is \$60,000 above budget.

Total revenue is lower than budget through March by approximately \$395,000 driven by grant revenue deficit and lower than expected project management fees. There was a need to transfer cash from the Revolving Loan Fund in the amount of \$300,000. This was done in January prior to the departure of Liz Karle, primarily due to approximately \$160,000 of reimbursable expenses not yet received (VCDP & Heat Squad).

Expenses

Total Expenses are lower than budget by approximately \$290,000 due primarily to lower salaries & benefits (row 35) and grants & incentives (row 44).

- Salaries & benefits are lower due to the departure of several staff.
- Grants & incentives are lower in conjunction with lower grant revenue as these are passthrough dollars.

"Revenue & Expense by Program" Tab

Importance: Like the Operating Statement of Activities, this report shows revenue and expenses, but across *all programs*.

Generally speaking, the program revenues are not covering the overall operational expenses of the organization. General and administrative costs of the organization are covered in part by unrestricted NWA funding and partly by indirect revenue percentages of certain grants.

Certain grants awarded contain a component to cover indirect (or general and administrative) expenses. It is usually a percentage of the overall grant award and can range from 10% - 39.8%. Indirect expenses are allocated to the programs each month. These include expenses such as management salaries, rent, insurance, and consultants. As we continue to analyze the program performance from a financial perspective, we will evaluate how we are calculating the indirect revenue percentage, and when able, realign this with actual operational expenses.

Consolidated Financials – “Consolidated Statement of Activities” Tab

Importance: Looks at revenue over expenditures year over year. Trying to identify trends as to where we’re going as compared to last year.

NeighborWork’s consolidated financial statements reflect a \$200,000 loss for the year. Year over year, total revenue was lower by \$556,000 while expenses were lower by \$173,000. Contributing to the lower revenue is the absence of VCDP – VHIP and NWA grant not yet received, offset by VCDP – Bennington Repair & VCDP – Housing Stabilization. Lower salaries, program expenses, marketing, and interest expense are contributing to the lower expenses.

In February NWWVT wrote off approx. \$116,000 in loans receivable. When we write off a loan, NWWVT still maintains a legal right to repayment via a lien, but does not expect repayment after efforts to collect payment are exhausted, resulting in the write off. The loan loss reserve is analyzed and adjusted annually.