

May 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 May 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 May with approximately \$62,000 (G74) of income.

Revenue

Total Grant revenue is lower than budget through May by approximately \$424,000 due mainly to grants not yet received or able to be billed.

- **DHCD – VHIP (Vermont Housing Improvement Program)** received an advance in the amount of \$200,100 in May, recorded to deferred revenue. Billing caught up through May.
- **VCDP – Housing Stabilization** continues to have activity, though the balance remaining to spend is approx. \$160,000 on counseling services to be spent by 06/30/23.
- **Efficiency Vermont (ARPA) – Heat Squad** not yet billing as these funds have not been received.
- **NWA HUD Counseling** – \$28,302 grant was submitted for 4/1/21 - 9/30/22. Received \$25,302 with the rest to come at the end of 2022. We will likely have another grant which will come in FY22 that will be able to cover additional FY22 costs.
- **NWA** funding \$265,000 received in May – exceeded budget by \$50,000.
- **VLITE** – NWWVT received an advance in the amount of \$99,000 for Heat Squad funding, which appears as deferred revenue until billing can commence. Final billing for 2021 completed and can start billing 2022 grant in May. 2022 grant runs through 6/30/2023.
- **CEDF** – 2021 Wood Stoves has approx. \$23,000 left to spend by June 2022. The team is working to identify how to spend the remaining wood stove rebates piece. The CEDF 2022 Wood Stove program application was submitted in May but was not received.
- **Congressionally Directed Spending** – without these funds in FY22, there will be a larger year end deficit projected. Without fully knowing the parameters for spending, we are challenged in the forecast to know how much of these grants we can spend down this year.

Total revenue is lower than budget through May by approximately \$439,000 driven almost entirely by the grant revenue deficit of \$424,000.

Expenses

Total Expenses are lower than budget by approximately \$463,000 due primarily to lower salaries & benefits (row 40) and grants and incentives (row 49).

- Salaries and benefits are lower due to the departure of several staff.
- Grants and 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.

Housing Rehab -

Through May, total loss of \$500, better than budget by approx. \$24,000. Revenue is lower than budget by \$198,000. Started billing VCDP – VHIP later than expected. Up to approximately \$25,000 of admin fees with this grant. Expenses are lower than budget by \$223,000 primarily due to grants & incentives (passthrough).

Annual projections anticipate 2022 results to be lower than budget by \$17,000.

Heat Squad -

Through May, total loss of \$14,000, deficit to budget of approx. \$132,000. Revenue is lower than budget by \$391,000. Efficiency Vermont grant not yet received. VLITE can begin billing in May. CEDF – 2022 Wood Stove application submitted but not awarded. Expenses are lower than budget by \$259,000 primarily due to contractors and grants & incentives (passthrough).

Annual projections anticipate lower revenue of \$584,000 compared to budget and lower expenses of \$298,000 compared to budget. Both revenue and grant expense associated with CEDF 2022 Wood Stove have been removed for projections. Projected profit for Heat Squad is \$3,000, which is \$286,000 lower than budget.

Lending -

Through May, total income of \$87,000, surplus to budget of approx. \$53,000. Revenue is lower than budget by \$36,000. Lending fees are lower than expected by \$17,000 offset by higher than budgeted interest income of approx. \$12,000. Expenses are lower than budget by \$88,000 primarily due to allocated indirect costs.

Annual projections anticipate revenue of \$600,000, a deficit to budget of \$36,000 and expenses of \$530,000, lower than budget by \$22,000. Projected net income of \$69,000 is lower than budget by \$14,000.

Education & Counseling -

Through May, total loss of \$16,000, better than budget by approx. \$59,000, primarily due to lower than budgeted salaries. Revenue is lower than budget by \$28,000 primarily driven by grants revenue – HUD awarded but not yet received (\$28,000). Expenses are lower than budget by \$87,000 primarily driven by salaries (planned new hire).

Annual revenue projected at \$195,000, which is lower than budget by \$17,000. Annual expenses are projected to be \$358,000, which is lower than budget by \$34,000. Total projected net loss of \$163,000 is better than budget by \$17,000.

Community Services & Engagement -

Not currently engaged in this activity. Most of budget will not be incurred if program is not operating.

Real Estate Mgt -

Through May, total income of \$5,000, deficit to budget by \$1,000. Revenue is better than budget by \$6,000 primarily driven by shared equity fees. Expenses are higher than budget by \$7,000 primarily driven by salaries, audit & legal fees, and property costs.

Annual projected revenue for 2022 is \$7,000, which is lower than budget by \$8,000.

General Administration -

Through May, revenue is higher than budget by \$206,000 primarily due to NWA grant. Expenses are lower than budget by approx. \$20,000 driven by varying overages in expenses.

Annual revenue is projected to be higher than budget by \$81,000 and expenses are expected to be higher than budget by \$62,000.

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 \$63,000 loss for the year. Year over year, total revenue was lower by \$468,000 while expenses were lower by \$333,000. Contributing to the lower revenue is the absence of VCDP – VHIP (began billing in May) and CEDF 2021 Wood Stoves (did not receive CEDF 2022 Wood Stoves) 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.