

TO: Board of Directors

Date: January 17, 2015

FROM: Al Todd, Executive Director
Elizabeth Biggs, Senior Financial Consultant
Jaja Leroux, Director of Finance

SUBJECT: December 31, 2014 Preliminary Financial Statements

Preliminary year end 2014 statements show program growth and continued progress in eliminating the unrestricted deficit. Overall revenues are ahead of budget primarily because of continued success of staff in securing restricted grants from government and private funders. Indirect cost recovery is below budget due to an unexpected issue with our 2012 NFWF grants.

- **Please note:** *These figures are preliminary as the year ended less than 1 month ago. We will undoubtedly find some discrepancies as we do our final reconciliations in advance of the annual audit. In addition, allocation of certain expenses will receive review over the next few weeks. There is also income that must be split between temp restricted and unrestricted once all final 2014 information is available.*

Significant variances from budget line items are explained below.

Variances in Income:

Direct grant income is higher than budget due to increased program grant applications and awards that were higher than planned for in the final 2014 budget. Indirect cost recovery is lower because, unexpectedly, National Fish and Wildlife Foundation (NFWF) set an indirect ceiling lower than our full negotiated indirect rate. Although we felt this determination was incorrect, we were unable to resolve with NFWF for 2014. This inability to collect projected indirect costs, is the primary reason that an unrestricted remains. NFWF has changed its indirect policies for 2015 to match the new federal circular. Event income was higher as the Taste was a successful fundraiser however general donations and memberships lagged behind expected levels. Overall income was higher than budgeted. Income is recognized on an accrual basis.

Variances in Expenses:

Personnel costs are higher than budgeted as several new grant-funded staff were hired as grants came online. The Alliance also hired an Assistant Development/Communications position about Mid-Year. Similarly, direct grant expenses are higher than budget. Higher rent and utilities reflect expenses for move of the VA Office. It is likely there are costs currently listed as personnel and office supplies that should be moved to program development and/or communications. Overall expenses are higher due primarily to higher direct grant costs and new grant staff. When those two line items are taken out of the calculations, expenses were at 80% of budget.

Statement of Financial Positions:

The statement shows total assets at \$934,617. This is primarily made up of cash and cash equivalents of \$474,393 and grants receivable of \$451,431. Liabilities total \$189,809 and include accounts payable of \$14,899 and personnel costs. We currently show that we have reduced the unrestricted net asset deficit in 2014 from \$78,532 to \$30,631.

Alliance for the Chesapeake Bay
Statement of Financial Position
12/31/2014
Preliminary

	ASSETS	
Current Assets		
Operating Account	\$282,466	
Savings Account	\$106,450	
IPC Account	\$85,477	
Grants Receivable	\$451,431	
Prepaid expenses	\$8,392	
Total Current Assets		\$934,217
Property & Equipment		
Office Equipment	\$14,638	
Accum. Depreciation - Equip	-\$14,638	
Total Property & Equipment		\$0
Other Assets		
Prepaid Postage	\$400	
Total Other Assets		\$400
TOTAL ASSETS		\$934,617
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$14,899	
Wages Payable	\$138,210	
Deductions Payable	\$2,096	
Payroll taxes payable	\$11,385	
Accrued Leave	\$23,221	
Line of Credit		
Total Current Liabilities		\$189,809
Total Liabilities		\$189,809
Net Assets		
Unrestricted Net Assets	-\$30,631	
Temporarily Restricted Net Assets	\$775,439	
Total Net Assets		\$744,808
Total Liabilities and Net Assets		\$934,617

ALLIANCE FOR THE CHESAPEAKE BAY

Statement of Activities

12/31/2014

Preliminary

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Income</u>			
Grant & Contracts	-	3,715,520	3,715,520
Donations	67,991		67,991
Events	115,915		115,915
Program Income	43,736	41,385	85,121
Interest	8		8
Rental Income & Admin fees	21,790		21,790
Net assets released from restriction	3,485,071	(3,485,071)	-
Total Income	3,734,511	271,834	4,006,345
<u>Expense</u>			
Personnel costs	1,652,287		1,652,287
Direct Grant Expenses	1,748,457		1,748,457
Program Development	15,110		15,110
Consulting & Professional	72,017		72,017
Computer	11,672		11,672
Rent & Utilities	106,538		106,538
Office Supplies	13,360		13,360
Insurance	13,172		13,172
Interest	-		-
Phone/fax/internet	10,907		10,907
Equipment Rental	-		-
Postage	5,462		5,462
Travel & Meetings (non grant)	10,973		10,973
Dues & Subscriptions	600		600
Taxes, Fees & Licenses	-		-
Bank & Merchant fees	2,727		2,727
Event Expense	14,733		14,733
Member Events	681		681
Communications	6,423		6,423
Miscellaneous	1,490		1,490
Repayment to Unrestricted Funds	-		-
Total Expense	3,686,610	-	3,686,610
Change in net assets	47,901	271,834	319,735
Net Assets Beginning of Year	(78,532)	503,606	425,074
	(30,631)	775,440	744,809

ALLIANCE FOR THE CHESAPEAKE BAY BUDGET**VS ACTUAL****Preliminary 12/31/2014**

1 Income	2014 Budget	1/1/14-12/31/14	% of Budget Used
1 Grant & Contracts- Direct Costs	2,046,303	3,271,733	160%
2 Grant & Contracts- Indirect Cost Billing	494,533	428,787	87%
3 Unrestricted grant	15,000	15,000	100%
4 Donations	100,000	67,991	68%
5 Events	75,000	115,915	155%
6 Program Income	75,000	85,121	113%
7 Rental Income & Admin Fees	-	21,790	
8 Interest	100	8	8%
9 Total Income	2,805,936	4,006,345	143%
Expense			
10 Personnel	1,360,985	1,652,287	121%
11 Direct Grant Expenses	1,003,000	1,748,457	174%
12 Program Development	25,000	15,110	60%
13 Consulting & Professional	84,400	72,017	85%
14 Computer	15,000	11,672	78%
15 Rent & Utilities	98,000	106,538	109%
16 Office Supplies	6,000	12,635	211%
17 Insurance	13,000	13,172	101%
18 Interest	100		0%
19 Phone/fax/internet	12,000	10,907	91%
20 Equipment Rental	5,000	-	0%
21 Postage	5,000	5,462	109%
22 Travel & Meetings (non grant)	7,000	10,973	157%
23 Dues & Subscriptions	800	600	75%
24 Taxes, Fees & Licenses	725	725	100%
25 Bank & Merchant Fees	2,500	2,727	109%
26 Event Expense	15,000	14,733	98%
27 Member Events	6,000	681	11%
28 Communications	10,000	6,423	64%
29 Miscellaneous	4,000	1,490	37%
30 Repayment to Unrestricted Funds	25,000	-	0%
31 Total Expense	2,698,510	3,686,609	137%
		-	
32 Change in net assets	107,426	319,736	