

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 | |