

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 6**

TO: Board of Directors

FROM: Mitch Sears, Executive Director
Edward Burnham, Finance and Operations Director

SUBJECT: Financial Update – February 28, 2022 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending February 28, 2022

DATE: April 14, 2022

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of February 1, 2022 to February 28, 2022 (with comparative year to date information) and Actual vs. Budget year to date ending February 28, 2022.

BACKGROUND & DISCUSSION:

The attached financial statements are prepared in a form to satisfy the debt covenants with River City Bank pursuant to the Line of Credit and are required to be prepared monthly.

The Financial Statements include the following reports:

- Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Net Position
- Statement of Cash Flows

In addition, Staff is reporting the Actual vs. Budget variances year to date ending February 28, 2022.

Financial Statements for the period February 1, 2022 – February 28, 2022

In the Statement of Net Position, VCEA, as of February 28, 2021, has a total of \$918,812 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, \$1,998,276 restricted assets related to supplier deposits, and \$2,462,533 restricted assets for the Power Purchases Reserve account. VCE has incurred obligations from Member agencies and owes as of February 28, 2021, \$159,872. VCE member obligations are incurred monthly due to staffing, accounting, and legal services.

The term loan with River City Bank includes a current portion of \$1,120,082. On February 28, 2022, VCE's net position is \$6,908,534.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCEA recorded \$2,644,501 of revenue (net of allowance for doubtful accounts), of which \$3,417,595 was billed in February and \$1,496,861 represent estimated unbilled revenue. The cost of the electricity for the February revenue totaled \$4,195,943. For February, VCEA's gross margin was approximate -53% and net loss totaled (\$1,767,604). The year-to-date change in net position was (\$3,103,087).

In the Statement of Cash Flows, VCEA cash flows from operations were (\$1,571,782) due to February cash receipts of revenues being less than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending February 28, 2022

Below are the financial statement line items with variances >\$50,000 and 5%

- Electric Revenue - \$399,134 and 7% – favorable variance is due to load being more favorable than planned and the weather has been warmer than forecast.
- Purchased Power – (\$1,076,916) and -17% – favorable variance is due to load being more favorable than planned, weather has been warmer than forecast, and lower power market prices for January and February.

Attachments:

- 1) Financial Statements (Unaudited) February 1, 2022 to February 28, 2022 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending February 28, 2022



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2022

PREPARED ON APRIL 6, 2022

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
FEBRUARY 28, 2022
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	\$	918,812
Accounts receivable, net of allowance		5,826,084
Accrued revenue		1,698,209
Prepaid expenses		21,243
Other current assets and deposits		1,998,276
Total current assets		<u>10,462,624</u>

Restricted assets:

Debt service reserve fund		1,100,000
Power purchase reserve fund		2,462,533
Total restricted assets		<u>3,562,533</u>

Noncurrent assets:

Other noncurrent assets and deposits		
Total noncurrent assets		-
TOTAL ASSETS	\$	<u>14,025,157</u>

LIABILITIES

Current liabilities:

Accounts payable	\$	412,776
Accrued payroll		64,455
Interest payable		2,260
Due to member agencies		159,872
Accrued cost of electricity		3,363,964
Other accrued liabilities		(80,848)
Security deposits - energy supplies		1,980,000
User taxes and energy surcharges		94,062
Limited Term Loan		1,120,082
Total current liabilities		<u>7,116,623</u>

Noncurrent liabilities

Term Loan- RCB		
Total noncurrent liabilities		-
TOTAL LIABILITIES	\$	<u>7,116,623</u>

NET POSITION

Restricted		
Local Programs Reserve		224,500
Restricted		3,562,533
Unrestricted		3,121,501
TOTAL NET POSITION	\$	<u>6,908,534</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
FOR THE PERIOD OF FEBRUARY 1, 2022 TO FEBRUARY 28, 2022
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING FEBRUARY 31, 2022	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 2,751,191	\$ 6,353,834
TOTAL OPERATING REVENUES	<u>2,751,191</u>	<u>6,353,834</u>
OPERATING EXPENSES		
Cost of electricity	4,195,943	8,734,484
Contract services	140,515	368,494
Staff compensation	95,801	191,481
General, administration, and other	84,378	158,214
TOTAL OPERATING EXPENSES	<u>4,516,637</u>	<u>9,452,673</u>
TOTAL OPERATING INCOME (LOSS)	(1,765,446)	(3,098,839)
NONOPERATING REVENUES (EXPENSES)		
Other Revenue		
Interest income	637	2,315
Interest and related expenses	(2,795)	(6,563)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(2,158)</u>	<u>(4,248)</u>
CHANGE IN NET POSITION	(1,767,604)	(3,103,087)
Net position at beginning of period	8,676,138	9,749,097
Net position at end of period	<u>\$ 6,908,534</u>	<u>\$ 6,646,010</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2022
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING FEBRUARY 28, 2022	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 3,917,591	\$ 7,881,178
Payments to purchase electricity	(5,606,047)	(10,618,494)
Payments for contract services, general, and administration	204,255	(103,853)
Payments for staff compensation	(87,581)	(190,935)
Net cash provided (used) by operating activities	<u>(1,571,782)</u>	<u>(1,460,322)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	(32,944)	(32,944)
Interest and related expenses	(3,219)	(7,089)
Net cash provided (used) by non-capital financing activities	<u>(36,163)</u>	<u>(3,870)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	637	2,315
Net cash provided (used) by investing activities	<u>637</u>	<u>1,678</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,607,308)	(3,069,822)
Cash and cash equivalents at beginning of period	6,088,653	13,639,820
Cash and cash equivalents at end of period	<u>\$ 4,481,345</u>	<u>\$ 6,088,653</u>
Cash and cash equivalents included in:		
Cash and cash equivalents	918,812	918,812
Restricted assets	3,562,533	3,562,533
Cash and cash equivalents at end of period	<u>\$ 4,481,345</u>	<u>\$ 4,481,345</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
FOR THE PERIOD OF FEBRUARY 1 TO FEBRUARY 28, 2022
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING FEBRUARY 28, 2022	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (1,765,446)	\$ (3,098,839)
(Increase) decrease in net accounts receivable	1,206,144.00	1,481,760.59
(Increase) decrease in accrued revenue	-	69,984.26
(Increase) decrease in prepaid expenses	558,068	863,987.00
Increase (decrease) in accounts payable	(3,878)	(31,966.00)
Increase (decrease) in accrued payroll	8,220	546.00
Increase (decrease) in due to member agencies	20,963	41,927.00
Increase (decrease) in accrued cost of electricity	(1,494,299)	(1,968,205.00)
Increase (decrease) in other accrued liabilities	(61,510)	(366,598.00)
Increase (decrease) in user taxes and energy surcharges	(40,044)	(24,700.90)
Net cash provided (used) by operating activities	\$ (1,571,782)	\$ (1,460,322)

VALLEY CLEAN ENERGY
2022 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 02/28/22

Description	YTD Actuals	YTD Budget	YTD Variance	% over/-under
Electric Revenue	\$ 3,602,643	\$ 3,355,600	\$ 247,043	7%
Interest Revenues	\$ 1,678	\$ 1,500	\$ 178	12%
Purchased Power	\$ 4,538,541	\$ 5,480,900	\$ (942,359)	-17%
Purchased Power Base	\$ 4,538,541	\$ 4,838,600	\$ (300,059)	-6%
Purchased Power Contingency 2%	\$ -	\$ 642,300	\$ (642,300)	-100%
Labor & Benefits	\$ 95,679	\$ 109,900	\$ (14,221)	-13%
Salaries & Wages/Benefits	\$ 77,674	\$ 90,800	\$ (13,126)	-14%
Contract Labor (SMUD Staff Aug)	\$ -	\$ 4,900	\$ (4,900)	-100%
Human Resources & Payroll	\$ 18,005	\$ 14,200	\$ 3,805	27%
Office Supplies & Other Expenses	\$ 40,597	\$ 16,400	\$ 24,197	148%
Technology Costs	\$ 4,568	\$ 2,900	\$ 1,668	58%
Office Supplies	\$ 24	\$ 200	\$ (176)	-88%
Travel	\$ -	\$ 500	\$ (500)	-100%
CalCCA Dues	\$ 9,115	\$ 10,600	\$ (1,485)	-14%
CC Power	\$ 26,891	\$ 2,000	\$ 24,891	1245%
Memberships	\$ -	\$ 200	\$ (200)	-100%
Contractual Services	\$ 210,924	\$ 209,600	\$ 1,324	1%
Other Contract Services	\$ -	\$ 2,100	\$ (2,100)	-100%
Don Dame	\$ 380	\$ 800	\$ (420)	-53%
SMUD - Credit Support	\$ 50,937	\$ 43,500	\$ 7,437	17%
SMUD - Wholesale Energy Services	\$ 48,987	\$ 48,800	\$ 187	0%
SMUD - Call Center	\$ 65,656	\$ 65,800	\$ (144)	0%
SMUD - Operating Services	\$ 1,108	\$ 5,000	\$ (3,892)	-78%
Commercial Legal Support	\$ -	\$ -	\$ -	100%
Legal General Counsel	\$ 13,983	\$ 12,900	\$ 1,083	8%
Regulatory Counsel	\$ 21,596	\$ 16,600	\$ 4,996	30%
Joint CCA Regulatory counsel	\$ 192	\$ 2,700	\$ (2,508)	-93%
Legislative - (Lobbyist)	\$ 5,000	\$ 5,000	\$ -	0%
Accounting Services	\$ 1,084	\$ 2,200	\$ (1,116)	-51%
Financial Consultant	\$ -	\$ 2,100	\$ (2,100)	-100%
Audit Fees	\$ 2,000	\$ 2,100	\$ (100)	-5%
Marketing	\$ 17,053	\$ 20,500	\$ (3,447)	-17%
Marketing Collateral	\$ 17,053	\$ 20,000	\$ (2,947)	-15%
Community Engagement Activities & Sponsorships	\$ -	\$ 500	\$ (500)	-100%
Programs	\$ 1,058	\$ 14,500	\$ (13,442)	-93%
Program Costs	\$ 1,058	\$ 14,500	\$ (13,442)	-93%
Rents & Leases	\$ 3,200	\$ 1,800	\$ 1,400	78%
Hunt Boyer Mansion	\$ 3,200	\$ 1,800	\$ 1,400	78%
Other A&G	\$ 28,932	\$ 28,000	\$ 932	3%
Development - New Members	\$ -	\$ 2,100	\$ (2,100)	-100%
Strategic Plan Implementation	\$ 5,892	\$ 2,100	\$ 3,792	181%
PG&E Data Fees	\$ 21,730	\$ 23,000	\$ (1,270)	-6%
Insurance	\$ 1,310	\$ 700	\$ 610	87%
Banking Fees	\$ -	\$ 100	\$ (100)	-100%
Miscellaneous Operating Expenses	\$ 51	\$ 600	\$ 600	100%
Contingency	\$ -	\$ 20,000	\$ 20,000	100%
TOTAL OPERATING EXPENSES	\$ 4,936,036	\$ 5,902,200	\$ (925,015)	-16%
Interest on RCB loan	\$ 3,768	\$ 3,400	\$ 368	11%
Interest Expense - Bridge Loan	\$ -	\$ -	\$ -	100%
NET INCOME	\$ (1,335,483)	\$ (2,548,500)	\$ 1,171,868	-46%