

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 5**

TO: Board of Directors

FROM: Edward Burnham, Chief Financial Officer / Treasurer
Mitch Sears, Chief Executive Officer

SUBJECT: Monthly Treasurer's Report (Informational Item) – August 31, 2025

DATE: October 14, 2025

RECOMMENDATION:

Accept the Treasurer's report on VCE's cash, investments, debt, and unaudited financial statements (with comparative year to date information) and Actual vs. Budget year to date for the month ending August 31, 2025.

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 August 31, 2025.

Financial Statements for the period August 1, 2025 – August 31, 2025

In the Statement of Net Position, VCE, as of August 31, 2025, has a total of \$69,875,218 in its checking, money market and lockbox accounts, \$1,100,000 restricted assets for the Debt Service Reserve account, and \$1,800,000 restricted assets related to supplier deposits. On August 31, 2025, VCE's net position was \$83,624,556.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$9,987,924 of revenue (net of allowance for doubtful accounts), of which \$9,942,526 was billed in, and \$5,097,749 represents estimated unbilled revenue. The cost of electricity for the August revenue totaled \$7,822,465. For August, VCE's gross margin was approximately 23% and the net income totaled \$1,962,732. The year-to-date change in net position was \$20,360,844.

In the Statement of Cash Flows, VCE cash flows from operations were \$3,012,086 due to August cash receipts of revenues being more than the monthly cash operating expenses.

Bank Account Balances (as of 03/31/2025):

Operating Account:	\$	37,311,151
Insured Cash Sweep Account:	\$	32,921,424
Debt Service Account:	\$	1,100,000
<u>CAISO Operational Account:</u>	<u>\$</u>	<u>6,191,967</u>
Total Cash on Deposit	\$	77,524,542

Note: VCE receives 4.45% interest earnings for the average balance on the ICS account and CAISO operational account equal to the Local Agency Investment Fund (LAIF) state investments rate. August 2025 earnings were \$141,835.

VCE's Outstanding Loan Balances (as of 08/31/2025):

Valley Clean Energy Alliance has available at the financial institution a line of credit totaling \$11,000,000 with \$7,000,000 withdrawal limit, which expires on April 15, 2026. The related debt outstanding at the close of business on August 31, 2025 was \$0. VCE has issued, but undrawn, letters of credit for a total of \$3,897,000 for regulatory and power purchase requirements.

Actual vs. Budget Variances for the year to date ending August 31, 2025

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

- Electric Revenue – (\$11,164,138) and -16% – Unfavorable variance mainly driven by lower load than forecasted by residential and agriculture customers due to mild winter and summer temperatures.
- Purchased Power – \$7,481,017 and 17% – Favorable mainly due to renewable energy credit sales in Q1 and lower load than forecasted by residential and agriculture customers due to mild winter and summer temperatures.
- Labor & Benefits \$309,610 and 22% – Favorable Variance due to vacancy for additional budgeted positions. Recruitments are in progress and expected to be filled in Q4.
- Programs \$1,504,525 – Favorable Variance due to timing differences in AgFIT closeout, current year program activities, and member agency support services.
- Wholesale Energy Support \$55,331 – Favorable Variance due to the IRP process being delayed by CPUC.
- Financial Consultant \$88,150 – Favorable variance due to the timing of the investment-grade credit rating fees expected in Q4.

Attachments:

- 1) Financial Statements (Unaudited) August 1, 2025 to August 31, 2025 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending August 31, 2025



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF AUGUST 1 TO AUGUST 31, 2025

PREPARED ON OCTOBER 6, 2025

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
AUGUST 31, 2025
(UNAUDITED)

ASSETS

Current assets:

Cash and cash equivalents	69,875,218
Accounts receivable, net of allowance	11,431,932
Accrued revenue	5,097,749
Prepaid expenses	281,564
Inventory - Renewable Energy Credits	-
Other current assets and deposits	7,998,851
Total current assets	<u>94,685,314</u>

Restricted assets:

Debt service reserve fund	1,100,000
Total restricted assets	<u>1,100,000</u>

TOTAL ASSETS	<u>\$ 95,785,314</u>
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LIABILITIES

Current liabilities:

Accounts payable	277,189
Accrued payroll	135,229
Interest payable	-
Due to member agencies	-
Accrued cost of electricity	7,802,748
Other accrued liabilities	2,113,913
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	31,680

TOTAL LIABILITIES	<u>\$ 12,160,759</u>
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NET POSITION

Net position:

Local Programs Reserve	1,085,585
Restricted	1,100,000
Unrestricted	81,438,971
TOTAL NET POSITION	<u>\$ 83,624,556</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
AUGUST 31, 2025
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING AUGUST 31, 2025	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	\$ 9,987,924	\$ 58,521,791
Other revenue	-	\$ 26,530
TOTAL OPERATING REVENUES	<u>9,987,924</u>	<u>58,548,321</u>
OPERATING EXPENSES		
Cost of electricity	7,822,465	35,716,983
Contract services	165,032	1,733,625
Staff compensation	126,603	1,140,566
General, administration, and other	52,928	618,846
TOTAL OPERATING EXPENSES	<u>8,167,028</u>	<u>39,210,020</u>
TOTAL OPERATING INCOME (LOSS)	1,820,897	19,338,301
NONOPERATING REVENUES (EXPENSES)		
Interest income	141,835	1,022,543
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>141,835</u>	<u>1,022,543</u>
CHANGE IN NET POSITION	1,962,732	20,360,844
Net position at beginning of period	81,661,824	63,263,712
Net position at end of period	<u>\$ 83,624,556</u>	<u>\$ 83,624,556</u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
AUGUST 31, 2025
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING AUGUST 31, 2025	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	\$ 10,589,281	\$ 54,770,313
Payments received from other revenue sources	-	26,530
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	(7,276,395)	(32,369,580)
Payments for contract services, general, and administration	(174,198)	(3,006,081)
Payments for member agency services	-	-
Payments for staff compensation	(126,603)	(1,140,566)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	<u>3,012,086</u>	<u>18,280,617</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments of Debt	-	-
Interest and related expenses	-	-
Other Non Operating Revenue	-	-
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of nondepreciable assets		
Acquisition of capital assets		
Net cash provided (used) by capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>141,835</u>	<u>1,022,543</u>
Net cash provided (used) by investing activities	<u>141,835</u>	<u>1,022,543</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,153,921	19,303,159
Cash and cash equivalents at beginning of period	<u>65,092,913</u>	<u>70,311,489</u>
Cash and cash equivalents at end of period	<u><u>68,246,834</u></u>	<u><u>89,614,648</u></u>
Cash and cash equivalents included in:		
Cash and cash equivalents	69,875,218	69,875,218
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	<u><u>\$ 70,975,218</u></u>	<u><u>\$ 70,975,218</u></u>

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
AUGUST 31, 2025
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING AUGUST 31, 2025	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 1,820,897	\$ 19,338,301
Adjustments to reconcile operating income to net cash provided (used) by		
Depreciation expense		
Increase (decrease) for uncollectible accounts	99,200	576,800
(Increase) decrease in net accounts receivable	694,039	(3,731,578)
(Increase) decrease in accrued revenue	(173,505)	(1,648,452)
(Increase) decrease in prepaid expenses	(37,471)	(174)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	19,600	(181,368)
Increase (decrease) in accounts payable	24,162	(472,243)
Increase (decrease) in accrued payroll	(14,457)	(16,245)
Increase (decrease) in due to member agencies	-	-
Increase (decrease) in accrued cost of electricity	546,070	3,347,403
Increase (decrease) in other accrued liabilities	-	-
Increase (decrease) security deposits with energy suppliers	-	-
Increase (decrease) in user taxes and energy surcharges	-	-
Increase (decrease) in security deposits from energy suppliers	64,146	1,085,522
Increase (decrease) in user taxes due to other governments	(30,595)	(17,350)
Increase (decrease) in advances from public purpose programs	-	-
Net cash provided (used) by operating activities	\$ 3,012,085	\$ 18,280,616

VALLEY CLEAN ENERGY
2025 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 08/31/2025

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	\$ 59,570,862	\$ 70,735,000	\$ (11,164,138)	-16%
Electric Revenue	\$ 58,521,790	\$ 69,600,000	\$ (11,078,210)	-16%
Interest Revenues	\$ 1,022,542	\$ 655,000	\$ 367,542	56%
Reimbursable Revenues	\$ 26,530	\$ 480,000	\$ (453,470)	-94%
Purchased Power	\$ 35,716,983	\$ 43,198,000	\$ (7,481,017)	-17%
Purchased Power Base	\$ 35,716,983	\$ 41,142,000	\$ (5,425,017)	-13%
Purchased Power Contingency 5%	\$ -	\$ 2,056,000	\$ (631,317)	-31%
Labor & Benefits	\$ 1,090,390	\$ 1,400,000	\$ (309,610)	-22%
Salaries & Wages/Benefits	\$ 830,293	\$ 1,152,000	\$ (321,707)	-28%
Contract Labor	\$ 156,893	\$ 128,000	\$ 28,893	23%
Human Resources & Payroll	\$ 103,204	\$ 120,000	\$ (16,796)	-14%
Office Supplies & Other Expenses	\$ 208,547	\$ 343,900	\$ (135,353)	-39%
Technology Costs	\$ 65,583	\$ 32,400	\$ 33,183	102%
Office Supplies	\$ 4,109	\$ 8,000	\$ (3,891)	-49%
Travel	\$ 9,132	\$ 23,500	\$ (14,368)	-61%
CalCCA Dues	\$ 128,660	\$ 128,000	\$ 660	1%
CC Power	\$ -	\$ 144,000	\$ (144,000)	-100%
Memberships	\$ 1,064	\$ 8,000	\$ (6,936)	-87%
Contractual Services	\$ 1,566,452	\$ 1,795,200	\$ (228,748)	-13%
Other Contract Services (e.g. IRP)	\$ -	\$ 48,000	\$ (48,000)	-100%
Don Dame	\$ 4,409	\$ 14,400	\$ (9,992)	-69%
Wholesale Energy Services (TEA)	\$ 520,669	\$ 576,000	\$ (55,331)	-10%
2030 100% Renewable & Storage	\$ -	\$ 20,000	\$ (20,000)	-100%
Customer Support Call Center	\$ 669,964	\$ 644,000	\$ 25,964	4%
Operating Services	\$ 104,314	\$ 80,000	\$ 24,314	30%
Commercial Legal Support	\$ 17,325	\$ 16,000	\$ 1,325	8%
Legal General Counsel	\$ 15,488	\$ 56,000	\$ (40,513)	-72%
Regulatory Counsel	\$ 129,205	\$ 136,000	\$ (6,795)	-5%
Joint CCA Regulatory counsel	\$ -	\$ 12,800	\$ (12,800)	-100%
Legislative - (Lobbyist)	\$ 44,000	\$ 46,000	\$ (2,000)	-4%
Accounting Services	\$ -	\$ 2,000	\$ (2,000)	-100%
Financial Consultant	\$ 850	\$ 89,000	\$ (88,150)	-99%
Audit Fees	\$ 60,230	\$ 55,000	\$ 5,230	10%
Marketing	\$ 121,599	\$ 248,000	\$ (126,401)	-51%
Marketing Collateral	\$ 121,569	\$ 216,000	\$ (94,431)	-44%
Community Engagement Activities & Sponsorships	\$ 30	\$ 32,000	\$ (31,970)	-100%
Programs	\$ 51,475	\$ 1,556,000	\$ (1,504,525)	-97%
Program Costs (Rebates, Incentives, etc.)	\$ 145,010	\$ 600,000	\$ (454,990)	-76%
Member Agency Advisory Services	\$ -	\$ 104,000	\$ (104,000)	-100%
AG Fit	\$ (93,535)	\$ 840,000	\$ (933,535)	-111%
PIPP Program	\$ -	\$ 12,000	\$ (12,000)	-100%
Rents & Leases	\$ 28,803	\$ 32,800	\$ (3,997)	-12%
Hunt Boyer Mansion	\$ 28,803	\$ 16,800	\$ 12,003	71%
Lease Improvement	\$ -	\$ 16,000	\$ (16,000)	-100%
Other A&G	\$ 347,619	\$ 545,200	\$ (197,581)	-36%
Development - New Members	\$ -	\$ 16,800	\$ (16,800)	-100%
Strategic Plan Implementation	\$ 46,929	\$ 51,200	\$ (4,271)	-8%
Strategic Plan Update & Community Focus Group	\$ 58,971	\$ 80,000	\$ (21,029)	-26%
PG&E Data Fees	\$ 198,648	\$ 200,000	\$ (1,352)	-1%
Insurance	\$ 43,071	\$ 64,000	\$ (20,929)	-33%
Banking Fees	\$ -	\$ 133,200	\$ (133,200)	-100%
Miscellaneous Operating Expenses	\$ 10,079	\$ 8,000	\$ 2,079	26%
Contingency	\$ -	\$ 160,000	\$ (160,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	\$ 39,141,947	\$ 49,287,100	\$ (10,145,153)	-21%
Interest on RCB Term loan	\$ -	\$ -	\$ -	100%
NET INCOME	\$ 20,428,915	\$ 21,447,900		