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) – September 30, 2025

DATE: November 13, 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 September 30, 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 September 30, 2025.

<u>Financial Statements for the period September 1, 2025 – September 30, 2025</u>
In the Statement of Net Position, VCE, as of September 30, 2025, has a total of $69,869,622 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 September 30, 2025, VCE's net position was $87,724,896.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded $10,956,369 of revenue (net of allowance for doubtful accounts), of which $10,744,774 was billed in, and $5,044,066 represents estimated unbilled revenue. The cost of electricity for the September revenue totaled $7,042,761 For September, VCE's gross margin was approximately 37% and the net income totaled $3,708,878. The year-to-date change in net position was $24,461,184.

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

Bank Account Balances (as of 09/30/2025):

Operating Account:	$	38,952,795
Insured Cash Sweep Account:	$	33,037,867
Debt Service Account:	$	1,100,000
CAISO Operational Account:	$	6,303,122
Total Cash on Deposit	$	79,393,784

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. September 2025 earnings were $138,297.

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 September 30, 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 September 30, 2025

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

- Electric Revenue – ($10,783,472) and -13% – Unfavorable variance mainly driven by lower load than forecasted by residential and agriculture customers due to mild winter and summer temperatures.
- Purchased Power – $8,970,256 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 $368,881 and 23% – Favorable Variance due to vacancy for additional budgeted positions. Recruitments are in progress and expected to be filled in Q4.
- Programs $1,653,573 – Favorable Variance due to timing differences in AgFIT closeout, current year program activities, and member agency support services.
- Other Contract Services (e.g. IRP) 54,000 – Favorable Variance due to the IRP process being delayed by CPUC.
- Financial Consultant $90,150 – Favorable variance due to the timing of the investment-grade credit rating fees expected in Q4.

Attachments:

1) Financial Statements (Unaudited) September 1, 2025 to September 30, 2025 (with comparative year to date information.)
2) Actual vs. Budget for the year to date ending September 30, 2025

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF SEPTEMBER 1 TO SEPTEMBER 30, 2025

PREPARED ON NOVEMBER 3, 2025

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025
(UNAUDITED)

ASSETS	
Current assets:	
Cash and cash equivalents	71,932,030
Accounts receivable, net of allowance	12,684,328
Accrued revenue	5,044,066
Prepaid expenses	401,356
Inventory - Renewable Energy Credits	-
Other current assets and deposits	8,110,005
Total current assets	98,171,786
Restricted assets:	
Debt service reserve fund	1,100,000
Total restricted assets	1,100,000
TOTAL ASSETS	$ 99,271,786
LIABILITIES	
Current liabilities:	
Accounts payable	255,769
Accrued payroll	152,014
Interest payable	-
Due to member agencies	-
Accrued cost of electricity	7,203,399
Other accrued liabilities	2,082,349
Security deposits - energy supplies	1,800,000
User taxes and energy surcharges	53,360
TOTAL LIABILITIES	$ 11,546,890
NET POSITION	
Net position:	
Local Programs Reserve	1,085,585
Restricted	1,100,000
Unrestricted	85,539,311
TOTAL NET POSITION	$ 87,724,896

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
SEPTEMBER 30, 2025
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING SEPTEMBER 30, 2025	YEAR TO DATE
OPERATING REVENUE		
Electricity sales, net	$ 10,956,369	$ 69,869,622
Other revenue	-	$ 26,530
TOTAL OPERATING REVENUES	10,956,369	69,896,152
OPERATING EXPENSES		
Cost of electricity	7,042,761	42,759,743
Contract services	206,861	1,940,486
Staff compensation	115,728	1,256,294
General, administration, and other	20,438	639,284
TOTAL OPERATING EXPENSES	7,385,788	46,595,808
TOTAL OPERATING INCOME (LOSS)	3,570,581	23,300,344
NONOPERATING REVENUES (EXPENSES)		
Interest income	138,297	1,160,840
Interest and related expenses	-	-
Other Non Operating Revenues	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	138,297	1,160,840
CHANGE IN NET POSITION	3,708,878	24,461,184
Net position at beginning of period	84,016,017	63,263,712
Net position at end of period	$ 87,724,896	$ 87,724,896

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
SEPTEMBER 30, 2025
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING SEPTEMBER 30, 2025	YEAR TO DATE
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electricity sales	$ 10,640,593	$ 65,802,368
Payments received from other revenue sources	-	26,530
Receipts for security deposits with energy suppliers	-	-
Payments to purchase electricity	(7,642,111)	(40,011,690)
Payments for contract services, general, and adminstration	(319,203)	(3,325,285)
Payments for member agency services	-	-
Payments for staff compensation	(115,728)	(1,256,294)
Return of security deposits to energy suppliers	-	-
Other cash payments	-	-
Net cash provided (used) by operating activities	2,563,550	21,235,628
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	-	-
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	138,297	1,160,840
Net cash provided (used) by investing activities	138,297	1,160,840
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,701,847	22,396,468
Cash and cash equivalents at beginning of period	68,638,295	90,006,110
Cash and cash equivalents at end of period	71,340,142	112,402,578
Cash and cash equivalents included in:		
Cash and cash equivalents	71,932,030	71,932,030
Restricted assets	1,100,000	1,100,000
Cash and cash equivalents at end of period	$ 73,032,030	$ 73,032,030

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
SEPTEMBER 30, 2025
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

	FOR THE PERIOD ENDING SEPTEMBER 30, 2025	YEAR TO DATE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 3,570,581	$ 23,300,344
Adjustments to reconcile operating income to net cash provided		
Depreciation expense		
Increase (decrease) for uncollectible accounts	107,200	684,000
(Increase) decrease in net accounts receivable	(576,972)	(4,308,550)
(Increase) decrease in accrued revenue	53,683	(1,594,769)
(Increase) decrease in prepaid expenses	(49,307)	(49,481)
(Increase) decrease in inventory - renewable energy credits	-	-
(Increase) decrease in other assets and deposits	(70,485)	(251,853)
Increase (decrease) in accounts payable	(21,420)	(493,663)
Increase (decrease) in accrued payroll	16,784	539
Increase (decrease) in due to member agencies	-	-
Increase (decrease) in accrued cost of electricity	(599,350)	2,748,053
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	111,155	1,196,677
Increase (decrease) in user taxes due to other governments	21,681	4,331
Increase (decrease) in advances from public purpose programs	-	-
Net cash provided (used) by operating activities	$ 2,563,550	$ 21,235,629

VALLEY CLEAN ENERGY
2025 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 09/30/2025

Description	YTD Actuals	YTD Budget	YTD Variance	% over /-under
Total Revenues	$ 70,665,528	$ 81,449,000	$ (10,783,472)	-13%
Electric Revenue	$ 69,478,159	$ 80,174,000	$ (10,695,841)	-13%
Interest Revenues	$ 1,160,839	$ 735,000	$ 425,839	58%
Reimbursable Revenues	$ 26,530	$ 540,000	$ (513,470)	-95%
Purchased Power	$ 42,759,744	$ 51,730,000	$ (8,970,256)	-17%
Purchased Power Base	$ 42,759,744	$ 49,268,000	$ (6,508,256)	-13%
Purchased Power Contingency 5%	$ -	$ 2,462,000	$ (739,443)	-30%
Labor & Benefits	$ 1,206,119	$ 1,575,000	$ (368,881)	-23%
Salaries & Wages/Benefits	$ 925,438	$ 1,296,000	$ (370,562)	-29%
Contract Labor	$ 173,295	$ 144,000	$ 29,295	20%
Human Resources & Payroll	$ 107,386	$ 135,000	$ (27,614)	-20%
Office Supplies & Other Expenses	$ 235,688	$ 390,400	$ (154,712)	-40%
Technology Costs	$ 72,776	$ 42,400	$ 30,376	72%
Office Supplies	$ 4,779	$ 9,000	$ (4,221)	-47%
Travel	$ 10,910	$ 24,000	$ (13,090)	-55%
CalCCA Dues	$ 146,160	$ 144,000	$ 2,160	2%
CC Power	$ -	$ 162,000	$ (162,000)	-100%
Memberships	$ 1,064	$ 9,000	$ (7,936)	-88%
Contractual Services	$ 1,746,797	$ 2,003,600	$ (256,803)	-13%
Other Contract Services (e.g. IRP)	$ -	$ 54,000	$ (54,000)	-100%
Don Dame	$ 10,875	$ 16,200	$ (5,326)	-33%
Wholesale Energy Services (TEA)	$ 598,647	$ 648,000	$ (49,353)	-8%
2030 100% Renewable & Storage	$ -	$ 22,500	$ (22,500)	-100%
Customer Support Call Center	$ 750,465	$ 724,500	$ 25,965	4%
Operating Services	$ 110,748	$ 90,000	$ 20,748	23%
Commercial Legal Support	$ 22,630	$ 18,000	$ 4,630	26%
Legal General Counsel	$ 17,828	$ 63,000	$ (45,173)	-72%
Regulatory Counsel	$ 125,026	$ 153,000	$ (27,974)	-18%
Joint CCA Regulatory counsel	$ -	$ 14,400	$ (14,400)	-100%
Legislative - (Lobbyist)	$ 49,500	$ 51,750	$ (2,250)	-4%
Accounting Services	$ -	$ 2,250	$ (2,250)	-100%
Financial Consultant	$ 850	$ 91,000	$ (90,150)	-99%
Audit Fees	$ 60,230	$ 55,000	$ 5,230	10%
Marketing	$ 148,178	$ 279,000	$ (130,822)	-47%
Marketing Collateral	$ 148,148	$ 243,000	$ (94,852)	-39%
Community Engagement Activities & Sponsorships	$ 30	$ 36,000	$ (35,970)	-100%
Programs	$ 56,927	$ 1,710,500	$ (1,653,573)	-97%
Program Costs (Rebates, Incentives, etc.)	$ 150,462	$ 700,000	$ (549,538)	-79%
Member Agency Advisory Services	$ -	$ 117,000	$ (117,000)	-100%
AG Fit	$ (93,535)	$ 880,000	$ (973,535)	-111%
PIPP Program	$ -	$ 13,500	$ (13,500)	-100%
Rents & Leases	$ 30,903	$ 36,900	$ (5,997)	-16%
Hunt Boyer Mansion	$ 30,903	$ 18,900	$ 12,003	64%
Lease Improvement	$ -	$ 18,000	$ (18,000)	-100%
Other A&G	$ 331,250	$ 596,900	$ (265,650)	-45%
Development - New Members	$ -	$ 18,900	$ (18,900)	-100%
Strategic Plan Implementation	$ 46,867	$ 57,600	$ (10,733)	-19%
Strategic Plan Update & Community Focus Group	$ 58,971	$ 90,000	$ (31,029)	-34%
PG&E Data Fees	$ 176,566	$ 225,000	$ (48,434)	-22%
Insurance	$ 48,846	$ 72,000	$ (23,154)	-32%
Banking Fees	$ -	$ 133,400	$ (133,400)	-100%
Miscellaneous Operating Expenses	$ 12,129	$ 9,000	$ 3,129	35%
Contingency	$ -	$ 180,000	$ (180,000)	-100%
	0	0		
TOTAL OPERATING EXPENSES	$ 46,527,735	$ 58,511,300	$ (11,983,565)	-20%
Interest on RCB Term loan	$ -	$ -	$ -	100%
NET INCOME	$ 24,137,793	$ 22,937,700		