

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 – March 31, 2024 (unaudited) financial statements (with comparative year to date information) and Actual vs. Budget year to date ending March 31, 2024

DATE: May 9, 2024

RECOMMENDATION:

Accept the following Financial Statements (unaudited) for the period of March 1, 2024 to March 31, 2024 (with comparative year to date information) and Actual vs. Budget year to date ending March 31, 2024.

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 March 31, 2024.

Financial Statements for the period March 1, 2024 – March 31, 2024

In the Statement of Net Position, VCE, as of March 30, 2024, has a total of \$33,583,315 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 March 31, 2022, VCE's net position was \$43,738,951.

In the Statement of Revenues, Expenditures, and Changes in Net Position, VCE recorded \$ 6,968,163 of revenue (net of allowance for doubtful accounts), of which \$6,078,046 was billed in March, and \$4,499,394 represent estimated unbilled revenue. The cost of electricity for the March revenue totaled

\$4,774,698. For March, VCE's gross margin was approximately 32% and the net income totaled \$1,571,081. The year-to-date change in net position was 7,315,775.

In the Statement of Cash Flows, VCE cash flows from operations were \$3,780,300 due to March cash receipts of revenues being more than the monthly cash operating expenses.

Actual vs. Budget Variances for the year to date ending March 31, 2024

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

- Electric Revenue – (\$627,001) and -3% – Unfavorable variance due to retail load variance lower than forecasted due to mild and wet winter.
- Purchased Power – (\$1,958,028) and -10% – favorable mainly due to budgeted renewable energy certificates not procured, lower load due to mild and wet winter, and lower energy prices.
- Reimbursable Revenues \$605,500 (AgFIT) – unfavorable Variance - Reimbursable AgFIT revenues and associated program costs expected in May resulting in budget timing differences.
- General Programs Costs \$93,373 (AgFIT) – favorable Variance – Budgeted program costs are amortized for the year resulting in timing differences.
- AgFIT Programs Costs \$489,687 (AgFIT) – Favorable Variance – Program costs are expected in May resulting in budget timing differences.

Attachments:

- 1) Financial Statements (Unaudited) March 1, 2024 to March 31, 2024 (with comparative year to date information.)
- 2) Actual vs. Budget for the year to date ending March 31, 2024



VALLEY CLEAN ENERGY

VALLEY CLEAN ENERGY ALLIANCE

FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE PERIOD OF MARCH 1 TO MARCH 31, 2024

PREPARED ON MAY 1, 2024

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF NET POSITION
MARCH 31, 2024
(UNAUDITED)

ASSETS

Current assets:

| | |
|---------------------------------------|-------------------|
| Cash and cash equivalents | \$ 33,583,315 |
| Accounts receivable, net of allowance | 9,147,813 |
| Accrued revenue | 4,499,395 |
| Prepaid expenses | 34,611 |
| Inventory - Renewable Energy Credits | - |
| Other current assets and deposits | 3,700,487 |
| Total current assets | <u>50,965,621</u> |

Restricted assets:

| | |
|--------------------------------|-----------------------------|
| Debt service reserve fund | 1,100,000 |
| Total restricted assets | <u>1,100,000</u> |
| TOTAL ASSETS | <u><u>\$ 52,065,621</u></u> |

LIABILITIES

Current liabilities:

| | |
|-------------------------------------|----------------------------|
| Accounts payable | \$ 419,127 |
| Accrued payroll | 109,399 |
| Interest payable | - |
| Due to member agencies | (1,723) |
| Accrued cost of electricity | 3,924,268 |
| Other accrued liabilities | 2,044,009 |
| Security deposits - energy supplies | 1,800,000 |
| User taxes and energy surcharges | 31,591 |
| TOTAL LIABILITIES | <u><u>\$ 8,326,671</u></u> |

NET POSITION

Net position:

| | |
|---------------------------|-----------------------------|
| Local Programs Reserve | \$ 840,000 |
| Restricted | 1,100,000 |
| Unrestricted | 41,798,951 |
| TOTAL NET POSITION | <u><u>\$ 43,738,951</u></u> |

VALLEY CLEAN ENERGY ALLIANCE
STATEMENT OF REVENUES, EXPENDITURES AND
March 31, 2024
(WITH COMPARATIVE YEAR TO DATE INFORMATION)
(UNAUDITED)

| | FOR THE PERIOD ENDING March 31, 2024 | YEAR TO DATE |
|---|---|----------------------|
| OPERATING REVENUE | | |
| Electricity sales, net | \$ 6,968,163 | \$ 20,203,970 |
| Other revenue | - | - |
| TOTAL OPERATING REVENUES | 6,968,163 | 20,203,970 |
| OPERATING EXPENSES | | |
| Cost of electricity | 4,774,698 | 11,513,971 |
| Contract services | 186,716 | 603,265 |
| Staff compensation | 172,034 | 408,762 |
| General, administration, and other | 321,518 | 521,155 |
| TOTAL OPERATING EXPENSES | 5,454,966 | 13,047,153 |
| TOTAL OPERATING INCOME (LOSS) | 1,513,198 | 7,156,817 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest income | 57,883 | 158,958 |
| Interest and related expenses | - | - |
| Other Non Operating Revenues | - | - |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 57,883 | 158,958 |
| CHANGE IN NET POSITION | | |
| Net position at beginning of period | 1,571,081 | 7,315,775 |
| Net position at end of period | \$ 7,285,229 | \$ 36,423,176 |
| | \$ 7,285,229 | \$ 43,738,951 |

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
MARCH 31, 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

| | FOR THE PERIOD ENDING MARCH 31, 2024 | YEAR TO DATE |
|---|--|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from electricity sales | \$ 6,968,163 | \$ 20,203,970 |
| Payments received from other revenue sources | - | - |
| Receipts for security deposits with energy suppliers | - | - |
| Payments to purchase electricity | (2,507,596) | (8,712,522) |
| Payments for contract services, general, and administration | (508,234) | (1,124,420) |
| Payments for member agency services | - | - |
| Payments for staff compensation | (172,034) | (408,762) |
| Return of security deposits to energy suppliers | - | - |
| Other cash payments | - | - |
| Net cash provided (used) by operating activities | 3,780,300 | 9,958,267 |
| 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 | 57,883 | 158,958 |
| Net cash provided (used) by investing activities | 57,883 | 158,958 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 3,838,183 | 10,117,224 |
| Cash and cash equivalents at beginning of period | 30,845,132 | 28,579,933 |
| Cash and cash equivalents at end of period | 34,683,315 | 38,697,158 |
| Cash and cash equivalents included in: | | |
| Cash and cash equivalents | 33,583,315 | 37,597,158 |
| Restricted assets | 1,100,000 | 1,100,000 |
| Cash and cash equivalents at end of period | \$ 34,683,315 | \$ 38,697,158 |

VALLEY CLEAN ENERGY ALLIANCE
STATEMENTS OF CASH FLOWS
MARCH 31, 2024
(WITH YEAR TO DATE INFORMATION)
(UNAUDITED)

| | <u>FOR THE PERIOD ENDING MARCH 31, 2024</u> | <u>YEAR TO DATE</u> |
|---|---|---------------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Operating Income (Loss) | \$ 1,513,198 | \$ 5,613,073 |
| Adjustments to reconcile operating income to net cash provided (used) by | | |
| Depreciation expense | | |
| Revenue reduced for uncollectible accounts | | |
| (Increase) decrease in net accounts receivable | (530,056) | (593,095.56) |
| (Increase) decrease in accrued revenue | 751,521 | 313,839.15 |
| (Increase) decrease in prepaid expenses | (4,732) | (5,880.34) |
| (Increase) decrease in inventory - renewable energy credits | - | - |
| (Increase) decrease in other assets and deposits | (12,702) | 15,756.69 |
| Increase (decrease) in accounts payable | 81,476 | (54,547.41) |
| Increase (decrease) in accrued payroll | (17,549) | (25,888.91) |
| Increase (decrease) in due to member agencies | - | 5,855.40 |
| Increase (decrease) in accrued cost of electricity | 2,013,816 | (1,645,382.32) |
| 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 | - | - |
| Increase (decrease) in user taxes due to other governments | (14,673) | 16,094.60 |
| Increase (decrease) in advances from public purpose programs | - | - |
| Net cash provided (used) by operating activities | \$ 3,780,299 | \$ 3,639,825 |

VALLEY CLEAN ENERGY
2024 YTD ACTUAL VS. BUDGET
FOR THE YEAR TO DATE ENDING 03/31/24

| Description | YTD Actuals | YTD Budget | YTD Variance | % over /-under |
|---|---------------|---------------|----------------|----------------|
| Total Revenues | \$ 20,362,957 | \$ 21,559,000 | \$ (1,196,043) | -6% |
| Electric Revenue | \$ 20,203,999 | \$ 20,831,000 | \$ (627,001) | -3% |
| Interest Revenues | \$ 158,958 | \$ 122,500 | \$ 36,458 | 30% |
| Reimbursable Revenues | \$ - | \$ 605,500 | \$ (605,500) | -100% |
| Purchased Power | \$ 11,513,972 | \$ 13,472,000 | \$ (1,958,028) | -15% |
| Purchased Power Base | \$ 11,513,972 | \$ 12,830,000 | \$ (1,316,028) | -10% |
| Purchased Power Contingency 5% | \$ - | \$ 642,000 | \$ (642,000) | -100% |
| Labor & Benefits | \$ 461,661 | \$ 408,000 | \$ 53,661 | 13% |
| Salaries & Wages/Benefits | \$ 373,739 | \$ 336,000 | \$ 37,739 | 11% |
| Contract Labor | \$ 35,000 | \$ 51,000 | \$ (16,000) | -31% |
| Human Resources & Payroll | \$ 52,922 | \$ 21,000 | \$ 31,922 | 152% |
| Office Supplies & Other Expenses | \$ 59,403 | \$ 74,100 | \$ (14,697) | -20% |
| Technology Costs | \$ 21,081 | \$ 9,600 | \$ 11,481 | 120% |
| Office Supplies | \$ 3,037 | \$ 3,000 | \$ 37 | 1% |
| Travel | \$ 1,039 | \$ 1,500 | \$ (461) | -31% |
| CalCCA Dues | \$ 32,256 | \$ 36,000 | \$ (3,744) | -10% |
| CC Power | \$ - | \$ 22,500 | \$ (22,500) | -100% |
| Memberships | \$ 1,990 | \$ 1,500 | \$ 490 | 33% |
| Contractual Services | \$ 507,268 | \$ 592,950 | \$ (85,682) | -14% |
| Other Contract Services (e.g. IRP) | \$ - | \$ 7,500 | \$ (7,500) | -100% |
| Don Dame | \$ 1,079 | \$ 5,400 | \$ (4,321) | -80% |
| Wholesale Energy Services (TEA) | \$ 157,196 | \$ 204,750 | \$ (47,554) | -23% |
| 2030 100% Renewable & Storage | \$ - | \$ 7,500 | \$ (7,500) | -100% |
| Customer Support Call Center | \$ 225,395 | \$ 201,000 | \$ 24,395 | 12% |
| Operating Services | \$ 59,480 | \$ 15,000 | \$ 44,480 | 297% |
| Commercial Legal Support | \$ (5,321) | \$ 6,000 | \$ (11,321) | -189% |
| Legal General Counsel | \$ 10,051 | \$ 21,000 | \$ (10,949) | -52% |
| Regulatory Counsel | \$ 28,791 | \$ 51,000 | \$ (22,209) | -44% |
| Joint CCA Regulatory counsel | \$ 8,952 | \$ 4,800 | \$ 4,152 | 87% |
| Legislative - (Lobbyist) | \$ 22,000 | \$ 17,250 | \$ 4,750 | 28% |
| Accounting Services | \$ (5,855) | \$ 750 | \$ (6,605) | -881% |
| Financial Consultant | \$ - | \$ 6,000 | \$ (6,000) | -100% |
| Audit Fees | \$ 5,500 | \$ 45,000 | \$ (39,500) | -88% |
| Marketing | \$ 44,689 | \$ 75,000 | \$ (30,311) | -40% |
| Marketing Collateral | \$ 44,689 | \$ 72,000 | \$ (27,311) | -38% |
| Community Engagement Activities & Sponsorships | \$ - | \$ 3,000 | \$ (3,000) | -100% |
| Programs | \$ 334,813 | \$ 824,500 | \$ (489,687) | -59% |
| Program Costs (Rebates, Incentives, etc.) | \$ 86,627 | \$ 180,000 | \$ (93,373) | -52% |
| AG Fit | \$ 248,186 | \$ 640,000 | \$ (391,814) | -61% |
| PIPP Program | \$ - | \$ 4,500 | \$ (4,500) | -100% |
| Rents & Leases | \$ 17,940 | \$ 12,300 | \$ 5,640 | 46% |
| Hunt Boyer Mansion | \$ 17,940 | \$ 6,300 | \$ 11,640 | 185% |
| Lease Improvement | \$ - | \$ 6,000 | \$ (6,000) | -100% |
| Other A&G | \$ 99,805 | \$ 184,900 | \$ (85,095) | -46% |
| Development - New Members | \$ - | \$ 6,300 | \$ (6,300) | -100% |
| Strategic Plan Implementation | \$ - | \$ 19,200 | \$ (19,200) | -100% |
| PG&E Data Fees | \$ 89,195 | \$ 72,000 | \$ 17,195 | 24% |
| Insurance | \$ 10,610 | \$ 12,000 | \$ (1,390) | -12% |
| Banking Fees | \$ - | \$ 75,400 | \$ (75,400) | -100% |
| Miscellaneous Operating Expenses | \$ 677 | \$ 3,000 | \$ (2,323) | -77% |
| Contingency | \$ - | \$ 60,000 | \$ (60,000) | -100% |
| | 0 | 0 | | |
| TOTAL OPERATING EXPENSES | \$ 13,040,228 | \$ 15,706,750 | \$ (2,666,522) | -17% |
| Interest on RCB Term loan | \$ - | \$ - | \$ - | 100% |
| Interest Expense - Bridge Loan \ Line of Credit | \$ - | \$ - | \$ - | 100% |
| NET INCOME | \$ 7,322,729 | \$ 5,852,250 | | |