Mid-Ohio Regional
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Memorandum

TO: William Murdock, Executive Director
Administrative Committee

FROM: Shawn Hufstedler, Chief of Staff & Finance Director

DATE: May 29, 2015

SUBJECT: Financial Report – March 2015

Summary

The accompanying financial statements are the first presented to the Executive Committee from the new accounting system, Abila MIP. The new accounting system allows for more traditional reporting in certain ways with more traditionally presented financial statements. For the purposes of reporting to the Executive Committee, serving as the Audit and Finance Committee, these summarized statements have been presented accompanied by this report to provide additional background, similar to past quarterly financial statement presentations.

Overall, the financial position shows underspending vs. the budget and similar under-collection of revenues vs. budget. The cash position was just over $700,000 in the operating account. Through the first quarter, the actual overhead and fringe rates were close to the expected figures, with the fringe rate higher than projected and the overhead lower than projected.

Operating Income (Change in Net Position)

There has been a decrease in net assets (operating loss) from operations on a year-to-date basis of $102,909. This is primarily the result of a combination of costs-to-date that are unearned and unbilled for home repair programs as well as costs incurred for building due diligence and office improvements for which revenue was recorded in prior years, partially offset by positive net income from the weatherization programs. The weatherization programs are trending positively as expected this year as a result of the process improvements and structural changes made in the Energy and Air Quality (EAQ) department in 2013 and 2014. The weatherization programs showed a positive net income of nearly $25,000 for the first quarter.

Some home repair programs are expected to incur net losses this year, as the funds available per unit were not sufficient to cover the costs of the program. Analysis of these programs have been performed emphasizing the need for cost effective and cost-covering programs resulting in a revised contractual proposal from EAQ to our primary funder, which was accepted. The new proposal is expected to cover the costs expected to be incurred while fulfilling the obligations of the program. Additional attention is also being given to process improvements in the home repair area, including sharing of capacity resources with the weatherization programs where functions can be streamlined to handle both programs, such as client intake.

Member Dues

Member dues revenue was 9.1% of total year-to-date operating revenue. Uses of current year member dues were approximately $11,579 under budget. Use of all current year and prior year (includes building due diligence and office improvement activities) member dues were as follows:

	Year-to-Date 2015	
	Budget	Actual
Services to Members	$ 78,155	$ 67,336
Local Matching Funds	$ 73,547	$ 72,601
Development Fund	$ 21,495	$ 24,696
Building Lease	$ 16,000	$ 15,990
Member Services Coordination	$ 21,764	$ 20,834
Leasehold Improvements & Building Due Diligence	$ 27,500	$ 39,699
Other	$ 12,631	$ 10,555
Total	$ 251,091	$ 251,711

Fringe Benefit and Indirect (Overhead) Variances

Fringe Benefits

The actual fringe benefit cost rate for the year-to-date was 69.6% which is higher than the budgeted rate of 68.5%, creating an unfavorable variance for the year-to-date of $9,395. The first three months of the year had three holidays, which negatively impacts the fringe rate as more fringe labor costs are incurred. This is only the second year MORPC team members received Presidents' Day off. Additionally, the increased collection of employee portion of the health care costs did not begin until April, which will help decrease net fringe costs. The fourth quarter of the year is traditionally the worst for fringe collection. This rate and variance is an improvement over 2014, and we will continue to monitor the fringe rate throughout the year.

Indirect (Overhead)

The actual indirect cost rate for the year-to-date was 53.8%, which is lower than the budgeted rate of 55.5%, creating a favorable variance for the year-to-date of $19,099. This too is an improvement over 2014, where the variance was unfavorable for the first quarter. The positive variance is largely due to vacancies in overhead departments.

Statement of Net Assets

- Cash on hand was $703,428 which was equal to 2.7 weeks' worth of cash flow. The HOPE 3 Trustee also held cash of $19,428 restricted to HOPE 3 and NSP costs. The building sale proceeds cash account remained at $2.1 million. The building improvement/maintenance fund held $843,803.
- Accounts Receivable totaled $2,368,793 compared to $1,778,386 at the end of 2014. The increase is the result of delayed invoicing to funders during the first quarter during year-end and audit preparation and delays as a result of the accounting system implementation.
- Accounts Payable plus Other Accrued Liabilities were $581,576, slightly less than the $650,804 combined balance at the end of 2014.

Expenses and Appropriations

Year-to-date expenses totaled $2,441,691 or 18.3% of the total year's operating appropriations of $13,345,462 for the year as MORPC spent well within appropriations through the first 25% of the year.

MORPC
Balance Sheet
As of 3/31/2015

	Balance at 3/31/2015	Balance at 12/31/2014
Assets		
Current Assets		
Cash	703,428.40	690,133.88
Cash with Trustee HOPE 3	19,462.63	19,462.63
Cash - Building Sale Proceeds	2,103,356.11	2,103,356.11
Cash-Building improvement Reserve	843,802.88	891,964.80
Accounts Receivable	2,368,792.28	1,778,385.54
Prepaid Expenses	108,019.87	101,806.42
Total Current Assets	6,146,862.17	5,585,109.38
Non-Current Assets		
Forgivable Mortgages	145,798.03	152,330.63
Fixed Assets	849,077.61	805,826.61
Contributed Assets	448,890.74	448,890.74
NSP 1 Properties	255,750.33	255,750.33
Accumulated Depreciation	(1,036,442.01)	(1,036,442.01)
Total Non-Current Assets	663,074.70	626,356.30
Total Assets	6,809,936.87	6,211,465.68
Liabilities		
Current Liabilities		
Accounts Payable	466,175.27	465,210.60
Accrued Payroll	279,823.11	222,456.42
Accrued Fringe Benefits	62,004.49	48,476.48
Other Accrued Liabilities	115,401.36	166,750.55
Accrued Annual & Separation Sick Leave	60,000.00	60,000.00
Deferred Income	399,752.31	453,122.63
Deferred Income-Member Dues	683,218.80	0.00
Deferred Income-Indirect Reserve	(206,040.12)	(239,645.41)
Deferred Fringe Benefit Reserve	(281,857.92)	(284,654.11)
Total Current Liabilities	1,578,477.30	891,717.16
Non-Current		
Accured Annual and Separation Sick Leave	348,494.19	316,810.11
HOPE 3 Deferred Income	38,879.83	42,432.43
Other Mortgages-Deferred Income	106,918.20	109,898.20
Accrued Building Lease Expense	79,125.84	89,657.46
Total Non-Current	573,418.06	558,798.20
Total Liabilities	2,151,895.36	1,450,515.36
Net Assets		
Beginning Net Assets		
Net Assets	4,760,950.32	4,760,950.32
Total Beginning Net Assets	4,760,950.32	4,760,950.32
Current YTD Net Income		
	(102,908.81)	0.00
Total Net Assets	4,658,041.51	4,760,950.32
Total Liabilities and Net Assets	6,809,936.87	6,211,465.68

MORPC

Statement of Revenues, Expenses and Change in Net Position

1-1-2015 through 3-31-2015

	Budget to Date Quarter Ending 3/31/2015	Actual to Date Quarter Ending 3/31/2015	Variance
Revenue			
Member Dues	$ 149,121	$ 139,411	$ (9,710)
Energy and Air Quality	1,091,585	863,211	(228,374)
Environment, Mapping & Transportation	1,481,563	1,117,474	(364,088)
Residential Rehabilitation & Homebuyer Counseling	556,542	193,783	(362,759)
Other	87,586	24,903	(62,683)
Total Operating Revenue	$ 3,366,396	$ 2,338,783	$ (1,027,613)
Expenses			
Salaries & Fringe Benefits	$ 1,648,935	$ 1,470,553	$ (178,381)
Materials & Supplies	137,500	83,552	(53,948)
Services - Subcontractors	845,206	505,891	(339,315)
Services - Other	724,384	381,695	(342,689)
Total Expenditures	$ 3,356,025	$ 2,441,691	$ (914,333)
Change in Net Position	$ 10,371	$ (102,909)	$ (113,280)