

MEMO

To: Price Thomas, Executive Director
Molly Dunnington, Treasurer of the Board, City of Promise, Inc.
Members of the Finance Committee and Board of City of Promise, Inc.

From: Joshua Halko, YPTC

Date: July 29, 2024

Re: Financial Reports for June 2024

Attached, please find your financial reporting package for the twelve months ended June 30, 2024. It includes:

- Statements of Financial Position
- Statements of Activities
- Statements of Cash Flows
- Changes in Net Assets
- Rolling Forecast FYE June 30, 2024

Executive Summary

City of Promise is in a good place at the end of June. June saw contribution revenue for the year totaling \$910k, bringing a change in net assets year to date for City of Promise to \$248k. In addition, total revenue this year to date now exceeds revenue to date in the prior fiscal year by \$214k. Expenses are under budget by \$10k, and the overall picture as of the end of June has improved since the end of last year. City of Promise is well positioned cash-wise at the end of the second quarter of the calendar year, with four full months' worth of average monthly expenses in operating cash on hand, in addition to invested reserves.

Report Highlights and Notes

Statements of Financial Position

- Cash is up \$142k since the end of the last fiscal year, due to a higher than anticipated collection of contributions.
- Investments are up \$86k year-over-year primarily due to a cash transfer in from the checking account, reinvested dividends and unrealized gains, and increased investment of cash over the past few months.
- Liabilities total \$50k primarily for salary and vacation accruals as of the end of June. Salary accruals make up \$9k of this amount with 50% accrual of the July 12th pay date (for the pay period ending July 6th). The remaining balance is for accrued vacation of about \$25k, representing vacation benefits that have been earned, but not yet used, and payroll tax liabilities of \$5k that have not yet been paid.
- Due to a new accounting standard that requires leases to be presented on the balance sheet, Right of Use Asset and Lease Liability accounts have been added to the General Ledger. These accounts total \$9k for the asset (net of depreciation), and \$11k for the liability. These balances will decrease as the lease term expires.

Statements of Activities

- **Revenues:** Revenue is now outpacing the budget for the year by about \$214k. This includes two grants for the DreamBuilders program (\$50k from the Genan Foundation and \$53k from the Manning Family Foundation), and \$69k from the City of Charlottesville.
- **Public Relations and Fundraising:** Rebranding expenses related to a 3–5-minute branding video created by Lifeview Marketing (total estimated costs of \$5k, <\$3k paid as deposit) may need to be capitalized. We continue to wait for the full expense to be incurred before making any adjustments.

Rolling Forecast FYE June 30, 2024

- **Net Change in Cash:** Actual results for the fiscal year are an improvement for City of Promise since last year, stemming from a significant increase in revenue activity in November, December, and April. Overall cash increased by about \$142k from the balance at the beginning of the year of \$172k. We will continue to monitor the rolling forecast as we see fluctuations in contributions and sustained increased operating expenses throughout the next year.

Ongoing Recommendations and Updates

- Review of the following items is ongoing:
 - A new lease standard took effect for nonprofit organizations for fiscal years beginning after December 15, 2021. City of Promise recorded a year-end adjustment for the Right of Use Asset and Lease Liability for the lease for fiscal years 2023 and 2024.
 - The QuickBooks accounting system has the capability to track “Projects” for tracking expenditures that can be applied to restricted funding, particularly with the renewed funding for year 2 of the DreamBuilders program. City of Promise already has a process in place for tracking expenditures under the DreamBuilders program using “Classes.” Further analysis will be done to determine if implementation of “Projects” in QuickBooks would be beneficial.
 - Implementation of an electronic process for expense submission and purchase order approval is underway. During November, a process was identified using new features available in QuickBooks online at no additional cost to City of Promise. The proposed process has been presented for use by the staff and will continue to develop over the coming months.

Please let me know if you have questions or need additional information.

City of Promise
Statements of Financial Position
As of June 30, 2024 and 2023

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
ASSETS		
Cash	\$ 313,612	\$ 171,887
Accounts Receivable	21,213	-
Prepaid Expenses	-	-
Security Deposit	500	500
Investments	417,709	331,470
Fixed Assets, Net of Accumulated Depreciation	8,968	22,256
TOTAL ASSETS	<u>\$ 762,002</u>	<u>\$ 526,113</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 330	\$ 1,656
Accrued Expenses	-	93
Accrued Salaries and Payroll	38,714	39,841
Other Long-Term Liabilities	10,502	19,691
Total Liabilities	49,547	61,281
Net Assets		
Net Assets without Donor Restrictions	379,273	411,756
Net Assets with Donor Restrictions	85,560	35,308
Change in Net Assets	247,623	17,769
Total Net Assets	712,455	464,832
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 762,002</u>	<u>\$ 526,113</u>

City of Promise
 Statements of Activities
 For the Twelve Months Ended June 30, 2024 and 2023

	ACTUALS		BUDGET COMPARATIVE		PRIOR YEAR COMPARATIVE	
	Year-to-Date	Year-to-Date	\$ Variance Favorable/ (Unfavorable)	Year-to-Date	Year-to-Date	\$ Variance Favorable/ (Unfavorable)
REVENUES						
Contributions	\$ 909,813	\$ 810,000	\$ 99,813	\$ 776,728	\$ 133,085	
Contributed Nonfinancial Assets	30,600	-	30,600	30,850	(250)	
Government Grants	69,000	-	69,000	20,460	48,540	
Book and Special Event Income	449	-	449	-	449	
Investment Income, Dividends and Interest	14,301	-	14,301	-	14,301	
TOTAL REVENUES	1,024,163	810,000	214,163	828,038	196,125	
EXPENSES						
Salaries	448,812	468,600	19,788	408,141	(40,671)	
Employment Taxes and Benefits	84,516	93,840	9,324	82,038	(2,478)	
Public Relations and Fundraising	21,140	7,600	(13,540)	14,435	(6,704)	
Professional Fees	49,999	63,820	13,822	95,097	45,099	
Software Costs	15,542	9,500	(6,042)	9,507	(6,035)	
Occupancy Costs	11,421	17,512	6,092	39,412	27,992	
In-Kind Rent Expense	30,600	-	(30,600)	-	(30,600)	
Depreciation	13,288	-	(13,288)	13,288	0	
Electronic Equipment	4,003	7,050	3,047	6,349	2,346	
Insurance	7,499	7,000	(499)	7,606	107	
General Program Expenses	31,223	52,300	21,077	61,653	30,429	
Family Subsidies and Grants	37,613	33,000	(4,613)	35,673	(1,940)	
Partner Organization Fees	10,214	17,500	7,286	15,656	5,442	
Food and Neighborhood Needs	10,432	14,500	4,068	17,421	6,989	
Other Expenses	3,791	2,650	(1,141)	3,990	199	
Office and Administrative Expense	10,976	6,627	(4,349)	5,492	(5,484)	
Telephone	4,479	6,000	1,521	5,944	1,465	
Vehicle Expense	4,105	2,500	(1,605)	3,567	(538)	
TOTAL EXPENSES	799,651	809,999	10,348	825,270	25,618	
NET OPERATING INCOME/(LOSS)	224,512	1	224,511	2,769	221,743	
Unrealized Gain (Loss)	23,167	-	23,167	15,000	8,167	
Realized Gain (Loss)	(56)	-	(56)	-	(56)	
CHANGE IN NET ASSETS	\$ 247,623	\$ 1	\$ 247,622	\$ 17,769	\$ 229,854	
Net Assets, Beginning	464,832			447,064		
Net Assets, Ending	\$ 712,455			\$ 464,832		

City of Promise
Statements of Cash Flows
For the Twelve Months Ended June 30, 2024 and 2023

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 247,623	\$ 17,769
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by/(Used in) Operating Activities:		
Depreciation	13,288	21,411
Net Unrealized Loss (Gain) on Investments	(73,032)	(15,000)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(21,213)	-
Accounts Payable	(1,326)	(5,705)
Accrued Expenses	(93)	(18,150)
Accrued Salaries and Payroll	(1,126)	(7,116)
Deferred Revenues	-	(0)
Operating Lease Liability	(9,189)	19,691
Due to Westhaven Clinic	-	(34,845)
Net Cash Provided by /(Used in) Operating Activities	<u>154,932</u>	<u>(21,945)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Reinvestment of Dividends & Interest	(13,207)	
Operating Right of Use Asset	-	(33,337)
Retained Earnings	-	(2,741)
Net Cash Provided by/(Used in) Investing Activities	<u>(13,207)</u>	<u>(36,078)</u>
CHANGE IN CASH	141,725	(58,023)
Cash, Beginning of Period	<u>171,887</u>	<u>229,910</u>
Cash, End of Period	<u>\$ 313,612</u>	<u>\$ 171,887</u>

City of Promise
Changes in Net Assets
For the Twelve Months Ended June 30, 2024

	07/01/2023 - 06/30/2024			
	06/30/2023	Additions/ Revenues	Releases/ Expenditures	Ending Balance
Net Assets Without Donor Restrictions	\$ 447,077	\$ 872,634	\$ (692,816)	\$ 626,896
Net Assets With Donor Restrictions:				
Purpose Restrictions:				
Family Travel Fund	2,187	-	(1,641)	546
Scholastic Books	529	-	(298)	231
Story Project	2,857	-	-	2,857
Literacy	2,183	-	-	2,183
Therapy Teen Counseling	10,000	-	-	10,000
Dream Builders	-	104,500	(35,897)	68,603
Gardening & Landscaping	-	1,140	-	1,140
Time Restrictions:				
Charlottesville Grant	-	69,000	(69,000)	-
Net Assets With Donor Restrictions	<u>17,755</u>	<u>174,640</u>	<u>(106,836)</u>	<u>85,560</u>
TOTAL NET ASSETS	<u>\$ 464,832</u>	<u>\$ 1,047,274</u>	<u>\$ (799,651)</u>	<u>\$ 712,455</u>

City of Promise
Rolling Forecast FYE June 30, 2024
For the Fiscal Year Ended June 30, 2024

	6/30/2024			\$ Variance
	Actual	Actual	Annual	Favorable/ (Unfavorable)
	YTD	Total	Budget	
REVENUES				
Contributions	\$ 909,813	\$ 909,813	\$ 810,000	\$ 99,813
Contributed Nonfinancial Assets	30,600	30,600	-	30,600
Government Grants	69,000	69,000	-	69,000
Book and Special Event Income	449	449	-	449
Investment Income, Dividends and Interest	14,301	14,301	-	14,301
TOTAL REVENUES	1,024,163	1,024,163	810,000	214,163
EXPENSES				
Salaries	448,812	448,812	468,600	19,788
Employment Taxes and Benefits	84,516	84,516	93,840	9,324
Public Relations and Fundraising	21,140	21,140	7,600	(13,540)
Professional Fees	49,999	49,999	63,820	13,822
Software Costs	15,542	15,542	9,500	(6,042)
Occupancy Costs	11,421	11,421	17,512	6,092
In-Kind Rent Expense	30,600	30,600	-	(30,600)
Depreciation - Vehicle	13,288	13,288	-	(13,288)
Electronic Equipment	4,003	4,003	7,050	3,047
Insurance	7,499	7,499	7,000	(499)
General Program Expenses	31,223	31,223	52,300	21,077
Family Subsidies and Grants	37,613	37,613	33,000	(4,613)
Partner Organization Fees	10,214	10,214	17,500	7,286
Food and Neighborhood Needs	10,432	10,432	14,500	4,068
Other Expenses	3,791	3,791	2,650	(1,141)
Office and Administrative Expense	10,976	10,976	6,627	(4,349)
Telephone	4,479	4,479	6,000	1,521
Vehicle Expense	4,105	4,105	2,500	(1,605)
TOTAL EXPENSES	799,651	799,651	809,999	10,348
NET OPERATING INCOME/(LOSS)	224,512	224,512	1	224,511
Unrealized Gain (Loss)	23,167	23,167	-	23,167
Realized Gain (Loss)	(56)	(56)	-	(56)
CHANGE IN NET ASSETS	\$ 247,623	\$ 247,623	\$ 1	\$ 247,622
Adjustments				
Depreciation	13,288	13,288		
Net Unrealized (Gain) Loss on Investments	(73,032)	(73,032)		
Changes in Operating Assets and Liabilities:				
Accounts Receivable	(21,213)	(21,213)		
Prepaid Expenses	-	-		
Security Deposits	-	-		
Reinvestment of Dividends & Interest	(13,207)	(13,207)		
Accounts Payable	(1,326)	(1,326)		
Accrued Expenses	(93)	(93)		
Accrued Salaries and Payroll	(1,126)	(1,126)		
Operating Lease Liability	(9,189)	(9,189)		
Total Adjustments	(105,898)	(105,898)		
Net Change in Cash	141,725	141,725		
Beginning Cash	171,887	171,887		
Ending Cash	\$ 313,612	\$ 313,612		