



MEMORANDUM

DATE: February 12, 2015
TO: Members, Board of Directors
FROM: Judy Bernas, Treasurer
SUBJECT: Finance Committee Report

Below is the report of the January 28, 2015 Finance Committee meeting in which items A and B were reviewed in detail and approved by the committee.

Item A – December 2014 Financials

Attached for your review and consideration are highlights of the Phoenix IDA's financial statements, dated December 31, 2014.

Statement of Assets, Liabilities and Net Assets

- Down Payment Assistance (DPA) Program Receivables, a monthly variable amount that represents receivables for down payment assistance and is expected to drop to zero in January 2015.

Statement of Revenues, Expenses and Changes in Net Assets

- Operating Revenues, Fee Income, includes revenue from Guam Facilities Project in December 2014 (see also last item below).
- Operating Revenues, DPA Fees, higher than expected loan volume in Home in Five Advantage Program resulting in increased revenues for the fiscal year.
- Operating Expenses, Project Development, includes approximately \$3,700 in due diligence costs for West Fillmore acquisition, approved by Board in December 2014, to be reallocated to asset cost at closing with the City of Phoenix.
- Operating Expenses, Business Development, increased event sponsorship and marketing costs in the first half of the year, which are addressed in the mid-year budget review.
- Operating Expenses, Administrator Salaries and Wages, reflects salary adjustments for employees in second quarter of fiscal year, approved by the Executive Committee in September 2014, which are addressed in the mid-year budget review.

- Operating Expenses, Community Development Fund Awards, \$500,000 budget increase approved by Board in October 2014, increased following the closing of the Guam Facilities Project in December 2014.

Total operating expenses through December 2014 were below budgeted expense levels. Revenues for the year to date exceed budgeted revenues, primarily due to DPA fees.

The Board is requested to approve the financial statements as of December 31, 2014.

Item B – Operating Budget for Fiscal Year 2014-2015

Staff prepared the annual mid-year review of the budget with recommendations for changes to the budget. These budget neutral adjustments reflect additional needs in areas such as human resources/employment consulting, record storage, business development/marketing, legislative affairs, and wages and benefits identified in the last six to nine months. Estimates for expenditures are expected to be lower in 7 expense categories, allowing for increases in 4 expense categories, with a total request to shift \$86,000 of budgeted outlays. Attached for your review is a schedule showing that adjustment to the current year budgeted amounts which was approved by the committee.

Overall, revenues are expected to exceed budgeted amounts, which will generate a significant surplus at the end of the year. As these budget adjustments do not create new categories or increase total budgeted expenditures, only Finance Committee approval was required to make the adjustments, which are presented for your information.

**Statement of Net Position
December 31, 2014**

Assets

Current Assets	
Cash and cash equivalents	\$ 3,597,923
Receivables, net	
Accounts receivable, net	3,000
DPA Program Receivables	1,056
Notes receivable, current portion	32,724
Loans receivable	100,000
Prepaid expenses	9,563
Total Current Assets	<u>3,744,266</u>
Noncurrent Assets	
Investments	15,054,719
Long term notes receivable, net	220,304
Fixed Assets	527,933
Total Noncurrent Assets	<u>15,802,957</u>
Total Assets	<u><u>\$ 19,547,223</u></u>

Liabilities and Net Position

Current Liabilities	
Accounts payable	\$ 39,470
Total Current Liabilities	<u>39,470</u>
Allocated Funds	9,215,350
Net Assets - Unrestricted	<u>10,292,403</u>
Total Liabilities and Net Assets	<u><u>\$ 19,547,223</u></u>

**Statement of Revenues, Expenses and Changes in Net Position
For the Month and Year to Date as of December 31, 2014**

	<u>December-14</u> Current	<u>Actual</u>	<u>Year to Date</u> Budget	<u>Variances</u>	<u>Annual</u> Budget
Operating Revenues					
Fee income-single family, application & other	\$ 100,800	\$ 138,411	\$ 29,690	\$ 108,721	\$ 74,250
Down Payment Assistance Program Fees	235,249	1,458,818	456,000	1,002,818	910,000
User assessment fees	196,179	282,143	123,069	159,074	815,000
Interest income	11,758	54,966	50,800	4,166	114,000
Other income - non-recurring fees	0	-	-	-	-
Other income-bond redemption	0	1,201	-	1,201	-
Net increase in the fair value of investments	0	-	-	-	-
Total Operating Revenues	<u>543,986</u>	<u>1,935,539</u>	<u>659,559</u>	<u>1,275,980</u>	<u>1,913,250</u>
Operating Expenses					
Accounting Services	\$ 223	\$ 1,602	\$ 1,700	\$ 98	\$ 3,500
Administration	5,567	17,426	25,400	7,974	48,000
Audit	0	14,557	17,400	2,843	17,400
Board of Directors	3,697	23,499	38,720	15,221	65,000
Bond Administration	0	2,800	6,500	3,700	13,000
Bond Administration - Single Family	1,500	1,500	4,450	2,950	7,500
Director and Officer Insurance	1,553	9,315	9,360	45	19,300
General Expenses	5,586	34,221	41,837	7,616	117,475
Loan Portfolio Administration	248	1,260	3,500	2,240	6,500
Program Development	0	382	5,000	4,618	10,000
Project Development	2,038	5,506	4,000	(1,506)	8,000
Business Development	6,663	43,539	46,450	2,911	82,650
Home in Five Advantage Program	963	2,842	15,000	12,158	25,250
Legislative Affairs	2,500	15,000	15,000	0	22,500
Salaries and Wages	54,969	399,572	384,000	(15,572)	748,000
Staff Development	0	2,202	6,500	4,298	7,500
Technology	800	5,001	18,760	13,759	35,500
Community Development Fund	4,650	4,650	320,500	315,850	820,500 ¹
Total Operating Expenses	<u>90,955</u>	<u>584,873</u>	<u>964,077</u>	<u>379,204</u>	<u>2,057,575</u>
Other Expenses					
Bad Debt Expense	0	0	0	0	0
Fee Waiver	0	0	0	0	0
Change in Net Position	453,031	1,350,666	(304,518)	1,655,184	(144,325)
Revenues Moved to Restricted Assets	(495,350)	(495,350)			
Unrestricted Net Position, beginning	<u>10,334,722</u>	<u>9,437,086</u>			
Unrestricted Net Position, end	<u>\$ 10,292,403</u>	<u>\$ 10,292,403</u>			

¹ Reflects changes to budget approved by Board on October 19, 2014