

**Narrative for RRBC Financial Reports  
January 21, 2010**

**Background**

The Rivanna River Basin Commission owes its initial existence to the efforts of The Nature Conservancy of Virginia (specifically Ridge Schuyler of the Piedmont Program) and the localities that joined during 2005 and 2006. The Nature Conservancy undertook substantial fundraising efforts and raised approximately \$400,000 from private donors to help launch the Commission. From the first meeting in April 2007 until the end of 2008, The Nature Conservancy also provided staff support to the Commission.

During this time, a Memorandum, of Agreement was signed between Thomas Jefferson Soil and Water Conservation Service (a participating member of the RRBC) and TNC that TJSWCD would act as Fiscal Agent on behalf of the Commission. From January 2009, when the Commission first hired staff, until August 1, 2009, TJSWCD provided banking and accounting services for the RRBC.

In August 2009 (one month into FY2010), the Commission assumed its own fiscal agency, transferring the TJSWCD-RRBC funds to its own bank account and assuming accounting operations with Mary Rice as the Commission's bookkeeper. As a result, there is a hybrid accounting for FY2010 (one month under TJSWCD and the remaining months under RRBC). Ms. Rice has worked with RRBC staff to customize QuickBooks accounting software to accommodate this transition and to be able to track and generate reports for federal and state grants.

**Statement of Revenue and Expenses as Compared to FY2010 Budget**

Income received to date is from two sources:

NFWF Grant	\$285,647	about 2/3 of expected FY2010 NFWF expenses
TNC	\$73,000	privately raised funds for RRBC start-up and operations

RRBC funds from TNC are also considered grants as they require an annual Grant Agreement and quarterly reports. However, these funds are "unrestricted" in the sense that they can be used for any expenses of the RRBC in conducting its business.

**Note a:**

The difference between the budgeted amount (\$67,936) and received to date (\$73,000) reflects the fact that we estimated the need for \$73,000 for operations in FY2010, but \$67,936 reflects the amount needed to balance the RRBC budget, once all funds were transferred from the TJSWCD RRBC account (our fiscal agent through July 2009). Thus, this is a result of setting up the accounting system to reflect the actual starting balance in the RRBC account when it assumed fiscal agency.

The full accounting of money raised by The Nature Conservancy for start-up and operations of the RRBC is on the last page.

Expenses are broken into “Program” and “Non-Program” to reflect the nature of our income, which is either specifically for grant projects (programs) or not. Most non-program expenses can be considered “overhead.” Some non-program expenses (including some staff salary) can be used as “grant match,” i.e. RRBC funds used to pay for costs associated with specific grant projects.

Grant match is almost always a condition of receiving grant funding, because funders want to know that their dollars are being “matched” by other funding or in-kind contributions (e.g. volunteer hours, goods or services). Each grant agreement includes an accounting of anticipated project match. Our QuickBooks accounting system has been set up to track the cash match for each grant for ease of grant reporting.

**Note b:**

Contract wages reflects a portion of one months’ salary paid to the Executive Director during July 2009 (while the ED was still operating under a contract agreement). This portion reflects the amount that in July that ED time was charged to grant programs.

**Note c:**

Construction – Program reflects our NFWF grant spending that provides “cost-share” to the localities for design/construction costs for demonstration stormwater BMPs. The budgeted amount is what we expect to transfer to localities in FY2010. RRBC has reimbursed Fluvanna County for \$147,000 of rainwater harvesting system components for Fluvanna High School. We will soon be reimbursing the City of Charlottesville for approximately \$73,000 for about half the cost of the bioswale and rainwater harvesting system at Charlottesville High School.

**Note d:**

Salaries – Non-program includes “overhead” salary (staff time that cannot be charged to a specific grant program) and “project match” salary (staff time devoted to grant programs, but not reimbursed by that grant).

About one-half of the Executive Director’s salary and benefits in FY 2010 and 2011 will be paid for by grant funding. About one-quarter of the Program Coordinator’s salary and benefits will be paid for our of grant funding. TNC start-up and operational funding pay for the remainder.

**Note e:**

Contractual Wages – Non-Program is higher than budgeted because employee TEMPs were used in December to help with administrative overload before Ms. Brown was hired. This should not affect the overall budget due to the fact that some of Ms. Brown’s salary will be paid for by grant funding, which was not anticipated when the original budget (which included funds for a part-time administrator) was approved.

**Note f:**

Legal services are considerably higher than budgeted and reflects the additional costs associated with determining issues related to the legal and fiscal status of the RRBC with respect to its designation as an “independent local entity without political subdivision status.”

**Note g**

Web expenses are higher than anticipated and will continue to accrue for the next several months. Though \$1000 of web design and build costs have been allocated to grant expense, our contractor in his original proposal did not anticipate the cost of uploading three years’ of archived materials. In addition, we are presently relying on our web-designer to upload meeting materials. We plan to develop in-house capability to upload content, photos, and meeting materials during this next quarter.

**Statement of Revenue and Expense by Class**

This financial report shows Income and Expense by “class,” with each class representing a separate grant. This report can be used to track income and expense for each grant. This report reflects the fact that, as of December 31, 2009, we have only received funding for the NFWF Stormwater grant, though we have incurred expenses against the two DCR grants. Unlike the NFWF grant, DCR grants are on a reimbursable basis only. The negative numbers at the bottom of the first two columns (-\$4,993 and -\$12,640) reflect the amount of money spent but not yet reimbursed by the grantor (DCR). Invoicing is generally quarterly. The TNC operating funds assist with cash flow. Thus, we show a positive balance of \$140,932 as of December 31, 2009.

This report also shows clearly that no overhead costs are associated with grant expenditures (all zeros in the Non-Program Expenses columns 1, 2, and 3.)

It also shows the amount of TNC cash match that has been expended to date for grant programs (\$10,008).

**Balance Sheet**

The balance sheet reflects balances in our two interest-bearing SunTrust accounts (Business Checking and Money Market accounts). It does not include money held in trust by The Nature Conservancy for RRBC and so does not reflect total available funds. Total available funds as of December 31, 2009:

RRBC Bank Accounts less Accounts Payable	\$153,410
RRBC Funding Held in Trust by TNC	<u>\$269,363</u>
<b>Balance</b>	<b>\$422,773</b>

## **TNC Funds Held for RRBC**

This report shows the history and current status of funds raised by The Nature Conservancy specifically for the start-up and operations for the Rivanna River Basin Commission.

It reflects a total of \$124,900 in disbursements with a balance of \$269,363. All told, TNC raised approximately \$392,000 for the Rivanna River Basin Commission from approximately twenty donors. Holding the balance in the TNC account ensures that these specific RRBC donations are allocated properly and that donors can be kept apprised of the work of the RRBC. RRBC coordinates communication and updates for the donors with TNC. Since July 2009, TNC has not paid interest on these funds in accordance with an organization-wide policy.

The Commission receives a quarterly updates from The Nature Conservancy on funds held in trust for the RRBC.

**Rivanna River Basin Commission**  
**Statement of Revenue and Expense as Compared to FY2010 Budget**  
**December, 2009 and FY2010 YTD (July-Dec 2009)**

	<u>Dec 09</u>	<u>Jul - Dec 09</u>	<u>Budget</u>	<u>% of Budget</u>	
<b>Income</b>					
Government Grants	285,674	285,674	431,800	66%	
Nature Conservancy Income	0	73,000	67,936	107%	Note a
Interest	81	165	10	1,650%	
<b>Total Income</b>	<b>\$285,755</b>	<b>\$358,839</b>	<b>\$499,746</b>	<b>72%</b>	
<b>Expense</b>					
<b>Program Expenses</b>					
Payroll Expenses - Program					
Salaries - Program	10,454	24,450	50,950	48%	
Contractual Wages - Program	0	1,832	1,818	101%	Note b
Employee Benefits - Program	0	0	3,215	0%	
Payroll Taxes & Unemp - Program	1,004	2,238	4,217	53%	
<b>Total Payroll Expenses - Program</b>	<b>11,458</b>	<b>28,520</b>	<b>60,200</b>	<b>47%</b>	
Construction - Program	147,000	147,000	211,208	70%	Note c
Contractual Expense - Program	6,280	17,406	131,615	13%	
Equipment - Program	0	0	18,600	0%	
Miscellaneous Expense - Program	1,375	2,454	4,500	55%	
Printing and Postage - Program	0	33	3,750	1%	
Supplies - Program	0	119	15,068	1%	
Travel - Program	195	564	4,455	13%	
<b>Total Program Expenses</b>	<b>166,308</b>	<b>196,096</b>	<b>449,396</b>	<b>44%</b>	
<b>Non-Program Expenses</b>					
Payroll Expense - Non-Program					
Salaries - Non-Program	379	2,633	14,271	18%	Note d
Contractual Wages - Non-Program	1,289	4,721	3,432	138%	Note e
Employee Benefits - Non-Program	0	0	907	0%	
Payroll Taxes & Unemp - Non Prog.	29	295	1,190	25%	
<b>Total Payroll Expense - Non-Program</b>	<b>1,697</b>	<b>7,649</b>	<b>19,800</b>	<b>39%</b>	
Commissioner Expense	0	0	1,000	0%	
Conference Expense	0	0	100	0%	
Dues and Subscriptions	0	0	500	0%	
Fees and Charges	0	15	50	30%	
Grants to Other Orgs. -	0	0	5,000	0%	
Insurance (Business)	0	0	3,000	0%	
Meeting Expense (Comm. Mtgs)	0	255	600	43%	
Miscellaneous - Non-Program	0	0	2,000	0%	
Office Expenses & Non-Cap Equip	1,498	1,686	2,000	84%	
Office Supplies	90	456	1,000	46%	
Professional Services					
Accounting Services	263	2,286	5,500	42%	
Legal Services	3,248	3,248	1,000	325%	Note f
Payroll Processing Services	2	40	700	6%	
<b>Total Professional Services</b>	<b>3,513</b>	<b>5,574</b>	<b>7,200</b>	<b>77%</b>	
Rent	800	2,800	4,000	70%	
Telephone	0	0	1,000	0%	
Travel - Non-Program	61	71	600	12%	
Web Expense	706	3,305	2,500	132%	Note g
<b>Total Non-Program Expenses</b>	<b>8,365</b>	<b>21,811</b>	<b>50,350</b>	<b>43%</b>	
<b>Total Expense</b>	<b>\$174,673</b>	<b>\$217,907</b>	<b>\$499,746</b>	<b>44%</b>	
<b>Total Income</b>	<b>\$285,755</b>	<b>\$358,839</b>	<b>\$499,746</b>		
<b>Total Expense</b>	<b>\$174,673</b>	<b>\$217,907</b>	<b>\$499,746</b>		
<b>Net Income</b>	<b>\$111,082</b>	<b>\$140,932</b>	<b>\$0</b>		

**Rivanna River Basin Commission**  
**Statement of Revenue and Expense By Class \***  
**July 1 - December 31, 2009**

\* NOTE: Cless equals one grant

	DCR Greene	DCR Healthy	NFWF Stormwater	Total TNC Funds	TOTAL
<b>Income</b>					
Government Grants	0	0	285,674	0	285,674
Nature Conservancy Income	0	0	0	73,000	73,000
Interest	0	0	0	165	165
<b>Total Income</b>	<b>\$0</b>	<b>\$0</b>	<b>\$285,674</b>	<b>\$73,164</b>	<b>\$358,839</b>
<b>Expense</b>					
<b>Program Expenses</b>					
Payroll Expenses - Program					
Salaries - Program	325	2,275	12,783	9,066	24,449
Contractual Wages - Program	96	720	1,016	0	1,832
Payroll Taxes & Unemp - Program	28	200	1,225	784	2,238
<b>Total Payroll Expenses - Program</b>	<b>449</b>	<b>3,195</b>	<b>15,024</b>	<b>9,825</b>	<b>28,519</b>
Construction - Program	0	0	147,000	0	147,000
Contractual Expense - Program	4,544	9,435	3,427	0	17,406
Miscellaneous Expense - Program	0	0	2,354	100	2,454
Printing and Postage - Program	0	0	0	33	33
Supplies - Program	0	10	108	0	118
Travel - Program	0	0	514	50	564
<b>Total Program Expenses</b>	<b>4,993</b>	<b>12,640</b>	<b>168,427</b>	<b>10,008</b>	<b>196,094</b>
<b>Non-Program Expenses</b>					
Payroll Expense - Non-Program					
Salaries - Non-Program	0	0	0	2,633	2,633
Contractual Wages - Non-Program	0	0	0	4,721	4,721
Payroll Taxes & Unemp. - Non-Program	0	0	0	296	296
<b>Total Payroll Expense - Non-Program</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,650</b>	<b>7,650</b>
Fees and Charges	0	0	0	15	15
Meeting Expense (Comm. Mtgs)	0	0	0	255	255
Office Expenses & Non-Cap Equip	0	0	0	1,686	1,686
Office Supplies	0	0	0	457	457
Professional Services					
Accounting Services	0	0	0	2,286	2,286
Legal Services	0	0	0	3,248	3,248
Payroll Processing Services	0	0	0	40	40
<b>Total Professional Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,574</b>	<b>5,574</b>
Rent	0	0	0	2,800	2,800
Travel - Non-Program	0	0	0	71	71
Web Expense	0	0	0	3,305	3,305
<b>Total Non-Program Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,813</b>	<b>21,813</b>
<b>Total Expense</b>	<b>\$4,993</b>	<b>\$12,640</b>	<b>\$168,427</b>	<b>\$31,821</b>	<b>\$217,907</b>
<b>Net Income</b>	<b>-\$4,993</b>	<b>-\$12,640</b>	<b>\$117,247</b>	<b>\$41,343</b>	<b>\$140,932</b>

NOTE: Program expenses are ALL expenditures to conduct grant projects (programs).

Non-program expenses are essentially "overhead" costs.

**Rivanna River Basin Commission  
Balance Sheet  
As of December 31, 2009**

**ASSETS**

**Current Assets**

**Checking/Savings**

Suntrust Checking \$6,675

Suntrust Money Market 146,735

**Total Checking/Savings** \$153,410

**Total Current Assets** \$153,410

**TOTAL ASSETS** \$153,410

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

Accounts Payable \$7,748

**Total Accounts Payable** \$7,748

**Other Current Liabilities**

Salaries Payable \$5,416

Payroll Taxes Payable 619

**Total Other Current Liabilities** \$6,035

**Total Current Liabilities** \$13,783

**Total Liabilities** \$13,783

**Net Assets**

Unrestricted Net Assets \$22,380

**Temp. Restricted Net Assets**

NFWF Stormwater Grant Funds 117,247

**Total Temp. Restricted Net Assets** \$117,247

**Total Net Assets** \$139,627

**TOTAL LIABILITIES & NET ASSETS** \$153,410

**The Nature Conservancy Funds Held for RRBC**  
**FISCAL SUMMARY: January 7, 2010**

Balance as of August 30, 2007		\$	297,308.83
	Interest Earned (Sept.07)	\$	247.76
Balance as of Sept. 30, 2007		\$	297,556.59
	Interest Earned (Oct.-Dec.07)	\$	773.84
	Donations received	\$	55,594.38
	Less stock gift (non-cash)	\$	(20,394.38)
Balance December 31, 2008		\$	333,530.43
	Proceeds from Stock Sales	\$	20,380.40
	Donations / (Adjustments)	\$	(5,363.50)
	Interest Earned (Jan - Mar -08)	\$	878.77
Balance April 14, 2008		\$	349,426.10
	Interest Earned (Apr - Jun -08)	\$	876.63
	Donations	\$	2,800.00
Balance July 31, 2008		\$	353,102.73
	Interest 08 - 09 (July 07 - Sept 08)	\$	883.49
Balance September 30, 2008		\$	353,986.22
	Donations(Oct 08 - Dec-08)	\$	32,849.60
	Interest 08 - 09 (Oct 08 - Dec 08)	\$	936.47
Balance December 31, 2008		\$	387,772.29
	Interest 08 - 09 (Jan 09 - Mar 09)	\$	900.38
	Disbursements:		
	Authorized 10/18/07	<b>25,500.00</b>	
	Authorized 4/24/08	<b>1,400.00</b>	
	Authorized 1/22/09	<b>15,000.00</b>	
	Less Disbursements		\$ 41,900.00
Balance April 20, 2009		\$	346,772.67
	Estimated Interest 08 - 09 (Apr 09 - Jun 09)	\$	790.15
	Disbursements:		
	Authorized 4/23/09	<b>10,000.00</b>	
	Authorized 6/09/09	<b>73,000.00</b>	
	Less Disbursements		\$ 83,000.00
Balance June 30, 2009		\$	264,562.82
	Interest (Jul 09 - Sep 09)	\$	-
	Disbursements:		
		0.00	
	Less Disbursements		\$ -
Balance September, 2009		\$	264,562.82
	Donations(Sep 09 - Dec 09)	\$	4,800.00
	Disbursements:		
		0.00	
	Less Disbursements		\$ -
<b>TNC Funds transferred to RRBC to date</b>	<b>\$</b>	<b>124,900.00</b>	
<b>TNC Funds for RRBC Balance Dec 2009</b>	<b>\$</b>	<b>269,362.82</b>	

(report created prior to Dec close)

(Funds are still in TNC accounts pending legal reviews by TNC to authorize transfer of funds to RRBC)