

Board 09/30/2021

FY 2021 FINANCIAL INFORMATION

The COVID-19 variant has clearly put any attempt at projecting revenue into a state of chaos. Looking back at last month's financial report to the Board, (at that time), the State of Hawaii was experiencing fluctuating daily infection rates above 1,000, with 7-day averages hovering at approximately 900. These counts raised grave concern and an expectation that factors such as:

- Implementation of more restrictive operating policies to slow the spread of the virus in the community.
- Likelihood of more restrictive travel policies intended to slow the spread into the State of Hawaii, and
- Curtailed shopping, in favor of banking disposable income in anticipation of leaner times ahead.

Collectively would be considered the anticipated course of action.

Now, one-month later, albeit a little more desensitized, we continue to see a pattern of slow but steady decline in infection rates while concurrently being mindful of the potential volatility of a surge in infection and hospital bed occupancy.

Given the significant amount of uncertainty, this month's report does not include any type of statistical analysis prompting any change in projections, as we clearly do not know what the future holds and whether any outcomes will be on a sustained basis.

Moving forward, the practice will be to continue to monitor trends and adjust our projections accordingly but am hesitant and as such, do not expect to adjust projections frequently or (haphazardly) without having compelling reason or strong data to support a sustained trend.

PROFIT/LOSS:

The end result of our revenue and expenditure projection is a net loss of **(\$1.717M)** for FY '22. When overlaid with our existing cash balance, coupled with

revenue earned over the course of FY '22, and then adding-in our ARPA net allocation, we project to end the year with a carryover cash balance of \$1.79M to start FY '23. For the time being, we will continue to be mindful of maintaining a lean and practical pattern of expenditure.

ARPA FUNDING STATUS (show sheet):

On a related note, in last month's meeting, the Board was apprised of the \$2.3M subaward from our \$4.4M ARPA appropriation through Act 88, SLH 2021. We applied to the Governor's Office for \$4.1M of the \$4.4M and negotiated with B&F to settle on a lean supplement of \$2.3M for FY '22 with the understanding that we would keep B&F apprised of any projected shortfall as soon as we detect it.

This letter is our subaward letter that validates the \$2.3M subrecipient award.

We will continue with a lean and practical pattern of expenditure for FY 2022.