Rockville Economic Development, Inc.

Monthly Financial Report Package

Eleven Months Ended May 31, 2026 | July 1, 2025 – May 31, 2026

6.2 Mo	7.7 Mo	$1.42M	$1.98M	$150.8K	$573.9K
ED Oper Cash Coverage	**MWBC Cash Coverage**	**Cash on Hand**	**Total Revenue (11 Mo)**	**Operating Income**	**A/R Balance**
Actuals | May '26	*Actuals | May '26*	*↓ vs $1.54M Apr '26*	*83% of FY26 budget*	*7.6% margin | budget $30K*	*$390K as of June 30th (SBA $ rec'd)*

Executive Summary

As of May 31, 2026, REDI — inclusive of ED & MWBC — is tracking positively through eleven months of FY2026. Operating income of $150,847 reflects a 7.6% margin on year-to-date revenue of $1,976,851 — above the full-year budget target of $29,993 with one month remaining. Cash on hand of $1.42M reflects normal operating activity; ED operating cash coverage (excluding grant funds) of 6.2 and MWBC cash coverage of 7.7 months. Operating expenses are pacing at 77% of the full-year budget at the 92% point of the fiscal year, a $562,000 favorable variance driven by salaries, marketing, and professional services. MWBC continues to generate positive operating results across all three programs.

Metric	Actuals (11 Mo)	FY26 Full-Year Budget	% of Budget	Prior Year (11 Mo)
Total Revenue	$1,976,851	$2,385,409	83%	$2,280,505
Total Operating Expenses	$1,826,004	$2,355,416	77%	$1,968,073
Operating Income	$150,847	$29,993	—	$312,431
Operating Margin %	7.6%	1.3% target	—	13.7%
Cash on Hand (May 31, 2026)	$1,415,869	—	—	$1,519,478
Grants & Contracts Receivable	$573,927	$390K @ 6/30	—	$284,634

Potential Risks — For Board Awareness

- Revenue vs. full-year budget: At $1.98M through eleven months, YTD revenue is at 83% of the $2,385,409 full-year budget with one month remaining. City of Rockville operating funds have been received in full; the June revenue position will be driven by SBIF/Incentive award activity as deferred grant funds are recognized upon award to recipients. State & Local Contracted Services is at 70% of budget YTD — Q4 program deliverables underway.
- Year-over-year operating income: YTD operating income of $150,847 (7.6% margin) is below the prior-year same period of $312,431 (13.7%). The variance is driven by lower State & Local Contracted Services revenue ($286,447 vs. $480,122 prior year) — a program delivery and contracting timing difference, not a structural funding change.
- A/R aging: $501,477 (87%) of $573,927 in receivables is 91+ days past due. SBA balances ($362,500 combined) are confirmed and FY25 payments received; Rock East ($100,000) and MC MWBC ($25,000) are execution-dependent. The $538,630 in refundable advances on the balance sheet represents SBIF/Incentive grant funds received from the City of Rockville and held until awarded to recipients — a timing item, not a revenue or collection risk.
- Office expense: At 95% of the full-year budget through eleven months, this category warrants monitoring in June close. Rent escalation and equipment/software costs are the primary drivers.

Strengths — For Board Confidence

- Operating income of $150,847 already exceeds the full-year budget target of $29,993 with one month of the fiscal year remaining — a strong position heading into year-end close.
- ED cash coverage of 6.2 and MWBC of 7.7 months and solid overall cash position of $1.42M provide ample liquidity through fiscal year-end and into FY2027.
- Total operating expenses are pacing at 77% of budget at the 92% mark of the fiscal year — a $562,000 favorable variance reflecting disciplined cost management, particularly in salaries (73% of budget) and marketing (40% of budget).
- Federal grant revenue (SBA) is on track at 100% of budget through May — all $300,000 recognized year-to-date.
- MWBC is generating positive operating results across all three programs, with SBA Core and SBA Bowie both producing strong margins.

Section 1 | Statement of Financial Position

Balance Sheet — May 31, 2026 vs. May 31, 2025 | June 30, 2026 cash and A/R shown for reference

Account	May 31, 2026	Jun 30, 2026 *	May 31, 2025	$ Chg YOY	% Chg
ASSETS					
ED Cash	$1,203,983	$1,084,847	$1,469,478	$(265,495)	(18%)
MWBC Cash	$211,886	$431,114	$50,000	$161,886	324%
Total Cash on Hand	**$1,415,869**	**$1,515,961**	**$1,519,478**	$(103,609)	(7%)
Grants & Contracts Receivable	$548,927	$390,050	$284,634	$289,293	102%
Prepaid & Other Current Assets	$10,818	—	$10,708	$110	1%
Total Current Assets	**$1,975,614**	—	**$1,814,820**	$185,794	10%
Fixed & Other Assets	$193,222	—	$289,296	$(96,074)	(33%)
TOTAL ASSETS	**$2,168,836**		**$2,104,116**	**$89,720**	**4%**
LIABILITIES & NET ASSETS					
Current Liabilities (incl. $538,630 refundable advance)	$641,599	—	$339,973	$301,668	89%
Non-Current Liabilities (lease)	$199,035	—	$301,814	$(102,779)	(34%)
Total Liabilities	**$840,634**	—	**$641,787**	$198,889	31%
TOTAL NET ASSETS	**$1,353,203**		**$1,462,329**	**$(109,169)**	**(7%)**

** June 30, 2026 figures shown for cash and A/R reference only. The $538,630 in refundable advances represents SBIF/Incentive grant funds received from the City of Rockville and held until awarded to recipients — normal program cycle,* *not a cash risk. MWBC cash increased to $431,114 in June following receipt of SBA program funds. The year-over-year net assets decline is attributable to SBIF/Incentive award timing differences.*

Section 2 | Statement of Activity — Revenue & Expenses

Revenue — Eleven Months Ended May 31, 2026

Revenue Source	FY26 YTD (11 Mo)	FY25 YTD (11 Mo)	FY26 Full-Year Budget	$ Remaining	% of Budget
City of Rockville	$1,293,836	$1,418,960	$1,597,878	$304,042	81%
State & Local Contracted Services	$286,447	$480,122	$410,431	$123,984	70%
Federal Grants (SBA)	$300,000	$300,000	$300,000	$—	100%
Program Income	$62,711	$58,465	$77,100	$14,389	81%
Contributions, Interest & Other	$33,856	~$14,149	—	—	N/A
Total Revenue	**$1,976,851**	**$2,280,505**	**$2,385,409**	**$408,558**	**83%**

Revenue is tracking at 83% of budget through 92% of the fiscal year — slightly behind pace, driven by State & Local Contracted Services (70% of budget) which is $193,675 below the prior-year same period. This reflects program delivery timing, not a funding loss. Federal grants are fully on track at 100% of budget. One month of revenue recognition remains; June SBIF/Incentive award activity will determine final year-end position.

Expenses — Eleven Months Ended May 31, 2026

Expense Category	FY26 YTD (11 Mo)	FY25 YTD (11 Mo)	FY26 Full-Year Budget	$ Remaining	% of Budget
Salaries	$801,283	$837,027	$1,092,632	$291,349	73%
Employee Benefits	$149,377	$155,110	$173,854	$24,476	86%
Direct Program Costs	$318,017	$398,651	$350,411	$32,394	91%
Marketing	$64,061	$125,075	$159,671	$95,610	40%
Office Expense	$249,295	$220,792	$261,758	$12,463	95%
Travel	$21,570	$24,556	$26,229	$4,659	82%
Professional & Contracted Services	$222,399	$206,862	$290,861	$68,462	76%
Total Expenses	**$1,826,004**	**$1,968,073**	**$2,355,416**	**$529,414**	**78%**
Operating Net Income	**$150,847**	$312,431	$29,993		
Operating Margin	**7.6%**	13.7%	1.3% target		

Total operating expenses of $1,826,004 represent 78% of the full-year budget through 92% of the fiscal year — a $529,414 favorable variance. Salaries at 73% of budget and marketing at 40% of budget are the two largest favorable variances. Office expense at 95% of budget with only one month remaining is the one category to watch in June close — only $12,463 of budget remains. Operating income of $150,847 already exceeds the full-year budget of $29,993.

Section 3 | Department Performance — Eleven Months Ended May 31, 2026

Economic Development — Department Summary

ED Department	YTD Revenue	YTD Expenses	Op. Income	Status
M&G (Operations)	$626,428	$352,341	$274K	✓
Marketing Activities	$73,485	$44,129	$29,356	✓
Small Business Impact Grants	$25,500	$25,500	$—	Pass-thru
Incentive Program Funding	$120,456	$120,456	$—	Pass-thru
Life Sciences Branding	$50,000	$47,733	$2,267	✓
Rockville Rewards	$25,000	$9,051	$15,949	✓
County Placemaking / Rock East	$5,000	$40,360	$(35,360)	⚠ A/R carryover
Total ED	**$926K**	**$640K**	**$286K**	✓

Rock East $(35,360) shortfall reflects costs incurred against the $100,000 receivable (91+ days) not yet collected — a timing issue, not a program deficit.

MWBC — Department Summary

MWBC Program	YTD Revenue	YTD Expenses	Op. Income	Status
MWBC General Operations	$155,958	$145,451	$10,507	✓
SBA Core Program	$261,423	$254,829	$6,594	✓
SBA Bowie (BSU)	$280,000	$254,683	$25,317	✓
Total MWBC	**$697K**	**$655K**	**$42K**	✓

SBA Core and SBA Bowie are both performing towards planned breakeven. MWBC General Operations is running positive through May.

Section 4 | Year-End Close Priorities — June 2026

Item	Description	Owner
Office Expense — Monitor	Category at 95% of budget with one month remaining ($12,463 left). Confirm all June facility and operating commitments — any unplanned June charges could result in an overrun.	CFO + Ops
SBIF / Incentive Awards	Q4 revenue recognition driven by award activity. June awards to grant recipients determine final year-end City	CEO/CFO + DD

	of Rockville and State & Local revenue recognition. Coordinate with program director on final award schedule.	
SBA A/R Collection	SBA CORE ($150,000) and SBA Bowie ($212,500) are confirmed collectible — ensure all reimbursement submissions are complete and receipts are tracked before June 30 close.	CFO + MWBC
Rock East A/R ($100K)	$100,000 receivable (91+ days) remains outstanding. Confirm collection timeline with County and coordinate proper revenue recognition before year-end.	CFO + DD
June Final Close	Complete all revenue recognition, post adjusting entries, finalize payroll accruals, and reconcile all accounts. Submit PBC package to audit firm — August 15 target.	CFO
FY27 Budget Adoption	Board has approved the FY27 budget. MWBC scenarios under review with possible proposed budget adjustments.	CEO + Board