

MANNA Food Bank
Budget Draft 2018-19
Assumptions & Notes

ASSUMPTIONS:

We are coming off of a very strong year in terms of fundraising. Based on current performance through the end of April, we anticipate a net gain for the year to be around \$500,000. This is due primarily to the incredible gifts received through bequests and planned giving. Additionally, our direct mail program has been hugely successful this year with an unprecedented **86%** increase over the prior year!

However, we are also entering into uncharted waters with the Tax Reform Legislation that was passed. According to many experts in the fundraising arena, the potential *decline* in charitable giving may be anywhere from 4-9%. Additionally, we are already aware of 3 grants that we would typically receive that will not be renewed next year (due to changes in funding priorities by the grantors) totaling approximately \$150,000.00. Two of these grants are budget relieving which means that the expenses related to these grants remain in the budget; the other grant was specifically for food purchasing so we have had to reduce this line item accordingly in our projections.

Based on these realities which are beyond our control we are being cautious in our forecasting for the next year. We are **not** decreasing our projections for revenues but at the same time, we are not projecting a lot of growth. Overall, we are budgeting for a modest 2% increase in revenues generated by our fundraising efforts. On the expense side, our overall increase over the revised 2017-18 budget is less than 1%. The net effect, after including investment spendable income and estimated restricted grant roll-forward balances, is a net gain of \$69,000.

REVENUES:

Contributions & Grants: We are budgeting basically flat to the budget for 2017-18. We are, however, reallocating the sources of revenues. Direct Mail budget is \$125,000 more than the current year budget. This is based on 2 things: (a) the success of the direct mail campaign in the current year--projected actuals are \$745,000, an incredible 86% increase over the prior year's actuals; (b) a short and long term strategy that adds an additional cultivation mailing as well and expands our acquisition mailing. This strategy will help us broaden our donor base and offset any decreases in gift size and/or donor attrition. We are slightly decreasing our Foundation giving projections and have re-allocated some funds from corporate to event contributions.

Bequests & Planned Giving: This has been an exceptional year for planned gifts; however, it is a difficult area to predict for obvious reasons. We are increasing the budget for this year by 150%.

Gov't Grants: The funding for the food purchase program (SAM) is staying flat; we have requested a slight increase in funding for the SNAP (food stamp outreach) program; the TEFAP commodities program has been declining over the last few years; in addition, the uncertainty of the FARM Bill leads us to be conservative in our estimates for this program.

Earned Income: We are projecting a 3% increase in program fees, such as agency share and coop, and are budgeting for a slight decrease in reclamation fees. This decrease is based on our projections of the number of scans we believe we can sustain over time.

EXPENSES:

Wages & Benefits: We are budgeting for an increase in headcount by 2.3 FTE; we have decided that this is the appropriate time to add the Director of Programs position that was approved 2 years ago; in addition we are adding a Program Manager for the new Mobile Pantry Program(funding has been secured for 3 years of operation of this new program); in addition, we believe it is prudent from a safety perspective to add a part-time person to assist with the evening and weekend volunteer shifts so that we do not have a single employee on premises by themselves. We have included a pool of 3% of current wages for merit-based raises for next year as well.

Given the uncertainty around health care, we have budgeted for a 10% increase in premiums at the time of renewal in January; we have kept the ancillary lines flat in our projections. We are also adding a new EAP benefit which we believe will more than pay for itself in terms of employee productivity and wellbeing. The overall projected increase is \$84,682.

Professional Services: We are adding \$27,000 to the budget for re-building the architecture of our website and creating new web interfaces. This is 25% of the actual cost; the remaining cost is being donated as an in-kind contribution. There will be additional work in the following year's budget of an equivalent amount to complete the overall project.

Direct Mail: We are increasing our direct mail program by adding 1 new mailing as well as a new acquisition. The total direct mail expense is \$245,608, up 27% over the current year budget of \$193,000. We see this as an investment in the future by acquiring new donors through the acquisition mailings. This is our largest single area for potential growth in building and expanding our donor base. The projected ROI for direct mail is nearly 3:1.

Occupancy & Insurance: Based on our actuals for the past 2 years we are decreasing the budget for overall occupancy expenses. In addition, we have received all of our renewals for our general liability, flood, D&O, Vol, and Cyber policies and have a slight decrease in premiums for the next year.

Freight & Handling: We are budgeting for an increase in vehicle maintenance over the current fiscal year based on our YTD actuals as well as the fact that about half of our vehicles are showing signs of aging. We are also increasing our budget for contract freight to handle more loads of produce and other offerings from the Feeding America Choice system.

Food Purchases: We do not have funding from SECU this year for food purchases so we have reduced our budget accordingly. However, if we find during the course of the year, that we are operating with a surplus we would like to be able to add up to **\$60,000** back into the budget for food purchasing.

Restricted Grant Roll Forward: We have received notification of several very significant grants that are going to be booked in the current fiscal year but the expenses for these grants will be in future years. In addition, there is one grant that crosses multiple fiscal years.

The following is the schedule of awards and expenditures:

Grantor	Term	\$\$ Awarded	Expenditures	FY Impacted
Blue Cross Blue Shield	3 Yrs	\$596,861	\$126,437 \$237,401 \$233,024	FY 18-19 FY 19-20 FY 20-21
Glass Foundation	1 Yr	\$170,000	\$170,000 Will be a capital item and not P&L	FY 18-19
CFWNC	1 Yr	\$40,000	\$40,000	FY 18-19

MAZON	1 Yr	\$20,000	\$20,000	FY 18-19
UW AB	1 Yr	\$20,066	\$20,066	FY 18-19
UW Haywood	1 Yr	\$15,000	\$15,000	FY 18-19
UW Henderson	1 Yr	\$32,000	\$32,000	FY 18-19
Mission Grant II	Oct 17 – Sept 18	\$22,857	\$22,857	FY 17-19
TOTAL Roll Forward 18-19		\$446,360		

