

MANNA Food Bank

Notes for Budget Draft 1 2019-2020

Background:

MANNA continues to experience growth in our revenues despite the predictions AND reality of decreased contributions for many non-profits locally and throughout the country. MANNA supporters have continued to give generously to provide food for their neighbors throughout our 16-county service area. Some highlights through the month of April are:

- Individual Contributions are already **9% above** the budget for the year and are at 97% of the total Individual Contributions for the prior fiscal year
- Grants from foundations are **8% above** the budget for the year
- Contributions from Direct Mail are **4% above** the budget for the year and are at 94% of the total for the prior fiscal year
- Due to the unprecedented increase in the TEFAP program, our government receipts are **12% above** the budget for the year and are expected to continue at least through calendar year 2019
- Overall, we are at 92% of our total revenue budget for the year; based on a 4-year historical average we estimate that we will end the year at **3% above** our budget

The development team at MANNA, led by Mary Nesbitt, has devoted a great deal of time researching giving trends, conducting thorough data analytics, and seeking input from trusted advisors. Some of their findings include:

- A comparative analysis of MANNA vs the non-profit industry and other foodbanks indicates that MANNA is significantly outpacing others' performance with higher retention rates, gift size, revenue per donor and gift frequency (*RKD Alpha Dog, March 2019*)
- *NC Center for Nonprofits Giving Trends to Watch for in 2019* predicts a decline in giving levels and acquiring new donors by **<4-5%>**
- *National Council for Non-Profit Giving* predicts a **<4-9%>** decline due to the standardized tax deduction and stock market volatility
- Other potential impacts on individual giving trends are increases of "Go Fund Me" campaigns and other social media giving campaigns which re-directs giving as well as bombards donors with "asks" for funding; increased number of intergenerational households where primary breadwinners are supporting adult children still needing assistance or, on the other end of the spectrum, parents who are living longer and needing financial assistance. (*McQueen Mackin Associates*)

During our *Framing the Future* planning, the body of work outlined includes increases in food procured and distributed, adoption of new distribution methods (mobile pantries), increased partnerships & collaboration with the medical profession (nutrition work), building new collaborations with other

organizations to provide a broader array of services at our mobile pantry distributions, increased FNS outreach, deployment of new technologies to provide efficiencies—all while maintaining the current levels of activity, supporting and developing our staff, maintaining our facilities and equipment, providing support to all our partner agencies, engaging and managing our cadre of volunteers, developing new communication tools, increasing our ability to do data mining and visualizations of data, and so on

We have considered all of the trends noted above balanced against our program needs in developing the revenue projections for the next year. We believe this is an **aggressive and bold plan** which will require new strategies and the work of everyone to ensure its success. We will be closely monitoring our actuals on a monthly basis, especially as we reach December, and will determine if any mid-course corrections are needed.

Revenues:

- Contribution and Grant Income: increase 3.75% to \$3,290,500
- Gov't Grants: increase 35% based on our most recent information from NCDAs regarding the funds that have been allocated for the remainder of 2019 for Trade-Mitigation TEFAP commodities
- Special Event Income: increase by 20% as part of our strategy to generate new sources of revenue
- Overall increase in revenues: 6%
- Restricted Grant Roll Forward balances are estimated to be \$436,814—the bulk of this amount is the year 2 funding of the BCNC grant along with a few additional grants pledged late in the fiscal year whose expenses are reflected in the 2019-20 operating budget

Expenses:

The management team has spent a great deal of time in deliberation regarding what resources we will need to successfully implement the new and increased programming to which we have committed ourselves. In developing our staffing plan for the next year, we have taken into consideration the stress and strain that staff have been carrying over the last few years as we have continued to grow. There are clearly signs of fatigue that surface throughout the organization. Thus, in this budget we are proposing the addition of 4 new positions which we believe are justified:

- Material Handling/Backup Driver: The operations team is significantly impacted by the implementation and growth of all of our mobile programs—manna express, pop-up markets, and now the new mobile pantry program. This position will support the day-to-day operations of product movement between the 2 buildings, agency shopping, as well as all the mobile program
- Food Drive Coordinator: This position has historically been filled by an Americorp volunteer; we believe that there is great potential to increase the scope and reach of food drives as well as generate additional income by making this a permanent, full-time position

- Mobile Pantry Driver: This position is funded through the BCNC grant for 2 years
- Manager of Corporate Engagement: One of our fundraising strategies is to invest more time and energy in growing our corporate engagement—this is a long-term strategy to help off-set any potential downturn in individual giving; in year 1 we are budgeting a net addition to the bottom line of \$50,000
- HR/Admin Assistant—this position was approved during the current fiscal year but will not be filled until the start of the new fiscal year

- The gross impact of all the staffing changes noted above is \$230,657; additionally, we have included 3% for performance-based increases totaling \$73,304 and end of year bonuses totaling \$39,500. This amount does not include any potential impacts from the compensation study that is being conducted. We will need to develop a separate strategy to deal with any findings from this study. The total for wages and benefits is a 10.5% increase over the current year budget.
 In addition, we would like to be able to add a discretionary contribution of 1.5% of salary to employee 401K accounts as part of the bonus package if we end the year better than budgeted. The additional amount would be roughly \$45,000.

- Other items to note are:
 - Supplies up 12% related to increases in programming activities
 - Equipment related expenses up 33% primarily for equipment maintenance on forklifts, pallet jacks, etc
 - Printing up 11% for direct mail campaigns and program related materials
 - Advertising up 300% specifically for FNS outreach—covered in full by grant funding
 - Occupancy up 13%
 - Freight & Handling, including vehicle operating expenses, up 17.6%--we have more vehicles on the road with all the additions of trucks in the last year

- Total Operating expenses represent a 7% increase over the current year budget

- We have chosen to break out the annual depreciation into 2 line items in the budget; one line item is a replacement reserve for specific items, such as roofs, HVAC systems, and vehicles; the balance is reflected as usual as depreciation. Our intent in doing this is to begin to capture and fund the appropriate reserves for the future.

- The adjusted net gain/loss including the funding of the replacement reserves is <\$14,270>