

MANNA Food Bank

Notes for Budget Draft 2021-2022

Background:

The proposed budget for 2021-22 has been compiled based on the Annual Business Plan previously reviewed with the Board. It continues to be difficult to fully anticipate the long-term effects of the COVID pandemic on the residents of Western North Carolina. We are beginning to see a decline in the total pounds distributed in our network but it is too soon to tell if there will continue to be a decline or if this is temporary.

Our operational goal is to source 22-23 M lbs of food for the next fiscal year which keeps us even with our actual food sourcing for 2019-2020. The donated food sourcing pipeline continues to be soft and we have seen a significant decrease in Federal Commodities, as was anticipated, which means that we will need to continue purchasing food to meet our goals.

Other factors which we have sought to take into consideration in this budget are:

- Potential donor fatigue
- Transition of the CEO
- Construction of a new facility
- Our organizational commitment to Equity, Diversity, and Inclusion (EDI)
- Other strategic initiatives as reflected in the Business Plan

Revenues:

- Contribution and Grant Income: 13% increase over the 2020-21 budget; however this is a decrease of <47%> from the actual adjusted receipts for the current fiscal year
- Gov't Grants: we have budgeted for a significant decrease from the current fiscal year due to the sharp drop in Federal Commodities --<78%> decrease
- Special Event Income: We have budget for revenues more in line with pre-covid receipts; this budget is a decrease of <12%> from the actual receipts for 2018-19.
- Earned Income: We are increasing this budget as we anticipate returning to our normal fees on the COOP food purchasing program—29% increase over the current year's budget
- Overall projected revenue is a decrease of <17%> from the current fiscal year budget but is a 16% increase over the prior fiscal year's budget and a 14% increase over the ACTUAL receipts for 2018-19 (the last fiscal year completed pre-Covid)
- MANNA is rolling forward the amount of \$1,000,000 received from NCDA through the CARES act to be used towards food distribution activities in the new fiscal year; in addition, we anticipate approximately \$300,000 in additional grant funds to be rolled forward—the bulk of these funds are for Benefits Outreach and other community-focused programming

Expenses:

- Wages represent a COL increase of 1.4% and estimated increases based on employee performance; no changes to the levels of staffing are reflected in this budget. Employee bonuses are also included in the budget at a rate of \$1000 gross up per employee plus 1.5% discretionary contribution to employee retirement accounts. Overall wages & benefits represent an increase of 9% over the current year's budget
- The budget for supplies is up 53% over the current year budget—the primary areas of increase are building & maintenance and software subscriptions. MANNA is moving to a new inventory/warehouse management platform and the increase represents the increase to the anticipated annual fees
- Equipment budget is up 10% for additional printer leases and equipment maintenance & repairs
- We anticipate that during this next fiscal year we will begin to have travel expenses for conferences and meetings; the budgeted amount is a 72% increase over the current year's budget
- Printing expenses reflect a 12% increase, primarily for direct mail; accordingly, postage is also budgeted for an increase of 26%
- Occupancy expenses include 7 months of rent for the Bee Tree Warehouse (a 6 month extension through 2/1/22) as well as the lease for the College Place offices for benefits outreach—overall the budget reflects an 8% increase over the current fiscal year
- Insurance represents a 50% increase over the current year's budget —increases are due to the additional properties and an increase in cyber liability insurance
- Vehicle expenses are projected to be down <4%> due primarily to a decrease in vehicle leasing
- Contract freight is up 48% based on our levels of purchasing and increases in freight costs overall
- Food purchasing is projected to be <42%> less than the current year budget; however, this represents a 106% increase over the prior year's budget
- Programming expenses are up 28%--the increase is for re-activating special events
- Operating Reserves represent the annual depreciation for vehicles and equipment; since we are planning on building a new facility I have removed the roof and HVAC system from the reserves.

Summary:

- We are requesting a board designation from the anticipated net gain for the current fiscal year in the amount of \$1,084,500 to be used for food purchasing
- We received \$1,000,000 from the State as part of the last round of CARES Act funding; we will roll these funds forward to the next fiscal year as additional funding for food purchase and freight
- We anticipate having about \$300,000 from restricted grants from the current year that we will roll forward to cover budget programming expenses

- We anticipate receiving the loan forgiveness of the PPP loan in the next fiscal year in the amount of \$612,980; however, we are reflecting this below the line rather than including in the revenue section of the budget
- Based on the adjustments as listed the projected operating budget we project a near net zero budget; however, based on GAAP accounting we project a deficit of <\$3,204,759>