

ALLIANCE FOR THE CHESAPEAKE BAY
2017 DRAFT BUDGET October 10 Version

	2017 Budget					2016 Budget	2015 Final
	Unrestricted			Temporarily Restricted			
	Administration	New Program Investment	Development & Fundraising	Program	Total		
1 Income							
2 Grant & Contracts- Direct Payments				4,613,026	4,613,026	3,930,420	4,041,996
3 Grant & Contracts- Indirect Cost Billing	574,956				574,956	554,956	549,724
5 Donations			110,000		110,000	120,000	83,505
6 Events (Taste)			110,000		110,000	120,000	119,549
7 Program Income & Sponsorships		75,000		75,000	150,000	150,000	89,987
8 Rental and Admin fees	1,200				1,200	7,800	7,800
9 Interest	1,500				1,500	350	165
10 Total Income	577,656	75,000	220,000	4,688,026	5,560,682	4,856,925	4,892,726
11 Expense							
12 Personnel*	314,228	91,845	109,752	1,647,856	2,163,681	2,070,466	1,945,009
13 Direct Grant & Program Expenses		25,000		2,878,657	2,903,657	2,368,044	2,909,821
14 Program Development (Innovation Fund)		25,000			25,000	25,000	30,211
15 Consulting & Professional	48,000		2,500		50,500	78,000	93,021
16 Computer	15,000				15,000	15,000	11,437
17 Rent & Utilities	115,000				115,000	108,000	109,727
18 Office Supplies	10,000		10,000		20,000	15,000	27,491
19 Insurance (non-health)	14,000				14,000	14,000	12,260
20 Insurance (health)	10,303			29,248	39,551	-	-
21 Interest	-				-	100	-
22 Phone/fax/internet	13,000				13,000	13,000	13,334
23 Postage	3,000		7,000		10,000	11,000	10,464
24 Travel & Meetings (non grant)	10,000	1,500	4,000		15,500	15,500	10,272
25 Dues & Subscriptions	850				850	800	1,340
26 Taxes, Fees & Licenses	800				800	725	-
27 Bank and Merchant Fees	3,000				3,000	3,500	3,510
28 Taste Expense			20,000		20,000	22,000	20,157
29 Outreach Events		3,000	5,000		10,000	10,000	1,142
30 Communicatons (Print/web)	5,000	2,000	13,000		20,000	12,000	18,365
31 Miscellaneous	1,000		1,000		2,000	5,000	1,180
32 Payment to Operating Reserve	50,000		-		50,000	-	-
33 Total Expense	613,181	148,345	172,252	4,555,761	5,491,539	4,787,135	5,218,741
34 Change in net assets	(35,525)	(73,345)	47,748	132,265			
35 Net change in assets			(61,122)		69,143		(326,015)

71,143

MEMO

TO: Board of Directors

Date: October 21, 2016

FROM: Al Todd, Executive Director
Jaja Leroux, Director of Finance

SUBJECT: Assumptions Made in Preparation of 2017 Budget

General Assumptions - Income

The 2017 budget continues a trend in program success consistent with aggressive targets achieved for growth in 2016. Last year represented a record year for the Alliance in terms of total grants on hand which exceeded our projections due to the hard work of our staff. In the 2017 budget, direct grant targets have been increased by an additional 15% over 2016 grant income. This estimate is based on current grant balances in hand that are likely to be spent in 2017 with the addition of a projected \$.75 million in new grant awards and expenditures in the coming year. Indirect cost recovery is only slightly higher however, as many high dollar grants are focused more and more on implementing on-the-ground practices rather than a majority of salary expenses (and our IDCR is currently based on a percentage of salary and fringe). For personnel expenses, we have budgeted current personnel plus two new entry level staff positions, which will be added if direct grant income is realized.

In development and fundraising, we have maintained the more ambitious goals we set in 2016 even though these have been difficult to reach this year. Program Income has been reduced since River Smart Homes has changed its co-pay policy removing this source of income. We have projected continued growth of the Businesses for the Bay program within New Program Investment where we hope sponsorships and membership will offset expenses. This stepped up efforts to seek Project Clean Stream sponsorships and Businesses for the Bay memberships that will yield at least \$75,000. This is ambitious and may be a bit optimistic but a worthy target. A new Membership campaign is expected to yield an increase in donations of \$10,000. Taste income is held constant. Unrestricted income as a percent of total income still remains our biggest challenge.

Indirect cost recovery is not projected to fully cover administrative costs, development, and communications. We must work with a variety of indirect cost recovery limits imposed by various funders that range from the federal 44.76% of salary and fringe rate to 1.5% administrative fee for MD DNR grants. There is a wide variety of state and private rate structures. Although it is not currently 100% guaranteed, we anticipate that all program staff (except for 30% of State Directors) will be covered by projected restricted grant funding in 2017.

General Assumptions – Expenses

Personnel expenses for 2017 provide for the 31 full time and 4 part time employees. In addition, we anticipate continuing to employ 7 year round part time READY crew leaders and approximately 40-45 crew members for 10 weeks as part of the READY Program (this may be our last year for this expense). For budget purposes, a 2% increase in salary is included for all employees with some additional increases projected for selected staff based on merit and performance as determined by the ED.

The Executive Director is paid as Administration and Development (98%) with a small amount allocated to direct project costs. Thirty percent (30%) of State Directors salaries are included in the Personnel costs line item and split between administration (office management and personnel), development (outreach/member support) and new program investment (partnership building and grant writing), and 30% of our Online Resources Manager (Web) salary is paid from Administration for time spent on the Alliance website, newsletter and communications materials in support of fundraising.

For the second year we have also included an unrestricted funds column titled “New Program Investment”. In 2017, this column includes costs for staff working on Businesses for the Bay, support for staff expenses in new grant writing and project development, as well as the “Program Innovation Fund” recommended by the Program Committee in 2016. In the past, these expenses would have been factored into development or administration costs.

The budget assumes that most operational expenses of the Alliance will continue along a similar path as in 2016 with the exception of additional expenses projected in rent and utility costs, modest increases for office supplies, computers, communications, and non-grant travel reflecting a larger organization and greater support needed for an increased project workload. Consulting and Professional fees reflect the part time support we have contracted for grants management assistance (Drew Siglin) and the cost of our 2016 Audit. Adjustments in expenses related to development include a decrease in postage (as we discontinue the direct mail campaign), some increases in communications as we contract the design of fundraising appeals and increase our outreach events.

It should be noted that direct grant income (Line 2) as well as indirect cost billing (Line 3) is based on an allocation of staff to grants. Likewise, direct grant expenses (Line 13) and Personnel (Line 12) make up the primary costs expected to result from grant funded projects. Although we propose increases here, the income and expense lines for direct expenses tend to balance each other out.

New Additions/Changes

- Line 20 is proposed as a new benefit for Alliance staff. In 2016, we were able to make three health plans available to staff as group plans they could enroll in at their cost. We propose for the first time to pay 50% of the base plan premiums for all employees. Expenses on this line represent an estimate of these costs for all employees we expect to take advantage of the benefit. It should be recognized that these are an estimate as insurance rates are highly personal. For administrative employees this expense is an admin cost, for grant funded employees the amount will be factored into collections for fringe benefits. This is a starting point and base from which benefits can be improved upon in the future.
- Line 32 has been added to illustrate a shift from what was titled “*Repayment to Unrestricted Funds*” and intended to reduce the unrestricted deficit, to “*Payment to Operating Reserve*”. This reflects the Finance Committee’s desire to begin planning for a future reserve or “rainy day fund” although the amount and nature of that reserve has yet to be defined by the Committee.
- MD, PA and VA State Directors are allocated 30% of their salaries as part of Administrative, New Program Investment, and Development expenses with the majority of their time directly covered by restricted grants. State Directors manage these funds and may reallocate a portion of the available budget (based on their salary) to other staff if desired within the cap on these expenses. Total expense is \$80,000.

Notes on Specific Budget Line Items

1. Grants & Contracts – Direct Costs (line 2) and Program Income (line 7) are the total of funded grants supporting personnel costs (line 12) plus direct grant expenses (13).
2. Grants & Contracts – Indirect Cost Billing (line 3) is the total of the indirect cost recovery identified within grants to pay for organization administrative costs. This is higher than previous year due to increase in staffing and grant income. Under the indirect cost agreement with the government, administrative cost recovery is based only on salary and fringe, not on other types of grant/contract expenses. In the past, we determined that, with our mix of grants and income sources, such a change of formulation would significantly reduce our IDRC collections. In 2017, with the changing nature of our grant portfolio, we will once again explore altering this calculation to reflect a percent of full project costs according to approved rules for indirect cost recovery.
3. Donation Income (line 5) –this is an estimate of income generated from membership, bi-annual appeals, and all other direct donations.
4. Event Income (line 6) – reflects the Taste of the Chesapeake.
5. Program Income and Sponsorships (line 7) – includes Watershed Forum and other registration fees collected for workshops. Program Income funds remain tied to the original purpose for the period of time the grant is open. Column 2 includes corporate or other sponsorships designated for Project Clean Stream or Businesses for the Bay.
6. Rental and Admin Fees (Line 8) represents 10% financial service fee charged to manage partner grants as well as cash back on credit card purchases
7. Personnel (line 12) – includes all salaries plus fringe benefits
8. Direct Grant Expenses (Line 12) – includes costs of project implementation aside from staff salary such as materials, contracts, and other project supplies.
9. Program Development (Innovation Fund) (Line 13) funds to support employee led innovations or enhancements that advance strategic plan.
10. Consulting & Professional (line 15) – includes contract costs for the financial management and grants support and the cost of the annual audit.
11. Computer (line 16) – contract for IT system support and purchase of computer equipment.
12. Travel & Meetings – (Line 24) – travel of the Executive Director and administrative staff, travel for employees to attend all-hands meetings and Staff Retreat, and travel costs not associated with specific grants.
13. Outreach Events (Line 28) – Hosting Business Forum and Field Office Member Events
14. Communications (line 30) – Includes new publications, fact sheets, and other promotional materials to support ongoing outreach and fundraising efforts.
15. Payment to Operating Reserve (Line 32) is essentially an unrestricted balance.