TO: CNE Board of Directors

FROM: Cristine Nardi, Executive Director & Ryan Jacoby, Deputy Director of Operations and Advancement

RE: Overview and Notes for FY 19-20 Draft Budget

DATE: June 5, 2019

OVERVIEW

This memo is in support of the draft FY 19-20 budget to be presented to the Board of Directors on June 11th for discussion and vote. Of note at a high altitude, and relative to projected FY 18-19 based on actuals through May 31, are (1) an anticipated 35% increase in adjusted total revenue, (2) an anticipated 40% increase in expenses, and (3) an anticipated 65% decrease in net income. Below are detailed notes to address some of these trends.

NOTE: This surplus budget includes a new strategic partnership with the Obici Foundation, located in Suffolk, Virginia, with whom we are building an MOU this summer. We anticipate bringing this partnership online on September 1, 2019. Should we not sign an MOU with Obici, we would need to develop a comparable new strategic partnership(s) to achieve our strategic partner income projections for FY 19-20.

REVENUE

1. **Direct Contributions: Corporations** is $46,300 higher than FY 18-19 Projected and reflects the majority of Philanthropy Day corporate sponsorships coming in the new FY due to the lateness of securing a speaker.

2. **CNE Program Revenue** is $16,375 less than FY 18-19 Projected due to having completed an additional Advanced Training series that will not be replicated in the new FY.

3. **Strategic Partnership Consulting** is $313,706 higher than FY 18-19 Projected due primarily to a new potential strategic partnership projected to come online in September and annualization of our partnership with the Cameron Foundation.

4. **Membership Revenue** is $24,469 higher than FY 18-19 Projected due to a reporting requirement that CNE classify this as deferred revenue, spreading the income from membership dues over the full twelve months versus recognizing it all at time of receipt. When the collected, but deferred, membership revenue is factored in, we are on budget for the current FY.
EXPENSES

1. **Salaries** is $129,000 higher than FY 18-19 Projected due to the addition of an Administrative Coordinator in the 4th Quarter of FY 18-19 and annualization of nine full-time staff, market adjustments for salary bands, investment in professional development, and a merit increase pool for staff.

2. **Health Insurance** is $14,379 higher than FY 18-19 Projected due to the addition of an Administrative Coordinator and anticipated premium increases of 17.4% upon renewal on September 1.

3. **Consultants and Subcontractors** is $207,742 higher than FY 18-19 Projected due to Cameron Foundation being annualized with a full-year contract, Obici Health Foundation coming online for ten months, engagement with the Nonprofit Finance Fund to support our *Investor Case for Support*, expanded contractor support for strategic partnerships, and funding for consultants to support our DEI and strategic planning work.

OPERATING RESERVE

1. We originally projected a surplus of $4,608 for FY 18-19. Our updated projection based on eleven months of actuals is $52,601.68. The Finance Committee’s recommendation is to invest all actual year-end surplus into the Operating Reserve. For upcoming FY 19-20 we are projecting a surplus of $18,380.97 and the Finance Committee is recommending quarterly investments of surplus income into the Operating Reserve up to the full surplus amount.