**MEMO**

To: Board of Directors

From: Michelle Davis

Date: December 7, 2016

Re: Approved 2016 Budget

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This memo is to summarize the approved budget numbers for the 2016 fiscal year. Many changes have been made with the purchase of the new ADA compliant van which accommodates wheelchairs and the implementation of the new Basketball After School Program launched this year. The summary and specifics is below.

**1. Basketball After School Program Details**

This year we launched the Basketball After School Program that was designed to accommodate those members in our community that require wheelchairs to participate. Many members showed interest in basketball and with the help from private sponsors, the county, and the elementary schools, we were able to make it happen and become a permanent part of our program. A total of 10 teams were created, and an average of 10 players on each team signed up to participate. Practice and games are held at the local elementary school gyms as a show of their support. Coaches and officials are volunteers from the community. Below is a list of what was purchased for the program and the initial costs associated with it along with the extra revenue generated from the program.

Staff: Full-Time basketball program coordinator was hired. Salary $38,000. Full-Time benefits included 50% of salary.

Expenses: 20 basketballs $300, 120 Jersey’s (variable sizes) $1,440, miscellaneous program supplies $100. Adaptive basketball wheelchairs were also purchased from the Challenged Athletes Foundation in the amount of $15,000.

Total Expenses (including added staff): $73,840

Revenue: Elementary school program $25,000 (includes gym fees), SLCo Parks and Recreation $24,000 (includes participation fee of $30 per person), private group sponsors and donations $40,000.

Total Revenue: $89,000

**2. REVENUE 2016**

With the initiation of our Basketball After School Program, our revenue numbers have increased by about 13% overall, which was higher than our initial goal of 7% before the program was launched. This growth stems from our sponsorships from private organizations and families, and the generous grant from the Salt Lake County Parks and Recreation to purchase most of our equipment. A lot of money was also donated to us and earned through the elementary schools who provide the gyms for this new program. As expected, this new program would bring in more revenue and provide us with more opportunities to serve the community.

Our fundraising revenue and our grant revenue will stay about the same this year with a smaller donation coming from The Children’s Guild Foundation in the amount of $90,000 down from their $103,800 the year before. The Rock Climbing and Skiing programs are averaging at about 96% of what they were at last year and still continue to be self-sufficient and a great success.

Our budgeted total revenue for 2016 is $747,250.

**3. EXPENSES 2016**

**Personnel Expenses**

As requested, the 2016 budget includes the 3% salary and wage increases for existing employees from last year’s budget. Each existing employee, whether full time or part time, was granted that increase.

With the implementation of the new basketball program, a new full time basketball coordinator was hired, along with a third bus driver for our new van purchase this year. Their starting salary and wages do not include the 3% raise as that was only applied to existing employees from last year.

Unfortunately, this year due to our new capital purchases, we dropped the internship stipends and bonuses offered at our company. While internships are still encouraged and count for college credit, we will no longer be able to pay for their work. With the increasing number of applications for internship positions, we feel the experience at our company is worth their time. Bonuses were dropped this year due to limited amount of funds, each year we will re-evaluate this change and return those funds into the budget as soon as we are able.

Due to the hiring of two new employees and benefits, our total personnel expenses grew to $430,906 in 2016.

**Operating Expenses**

With the goal set last year of reducing our operating expenses by 3%, many changes had to be made in the budget to accommodate this request. With the added expenses accompanied with the purchase of new equipment and van for 2016, many reductions in the budget were necessary.

The success over the years within our organization has been largely due to our consultants who have gave us direction and advice about how to proceed. With this in mind, I believe we can stay financially stable with the information they have provided and with what we have learned. For this reason, no money was budgeted in 2016 to pay for consultants for the company. That money had to be used elsewhere in the operating budget in order to meet the 3% decrease goal.

Postage, printing, and office supplies was decreased by an average of 41% in order to meet the decreased overall goal as well. Due to ever growing increase of technology being the number one educational tool, postage and printing needed to decrease by almost half. Most announcements can be made through email, and less signage around the community will save you money. Focusing more on electronic ways of communication will move our company in the right direction. Our office supplies budget was high, only purchase essentials. Many office supplies were wasted and the current budget of $14,100 should cover your office supply needs.

Our community events and public advertising also had to drop by about 41% as well. With our relationship with the elementary schools and Salt Lake County Parks and Recreation, we should be able to fund our community events through sponsorships or donors associated with these organizations. Also, with so many people currently attending our events as well, less advertising is necessary because the demand for our programs is already so high. The development of this basketball program has helped to increase our supply of programs to meet the needs of the growing demand in the community of children with disabilities needing a way to participate in sports.

The vehicle repair and maintenance as well as our fuel and liability insurance has increased due to the purchase of the new ADA accommodating 2016 van. A third debt payment was also included from the loan used to finance the purchase. These added expenses were necessary as with any new vehicle purchase. Although this came as an added expense to the company, it does provide us with many more opportunities to include those members who need a wheelchair to participate in our programs.

Lastly, the training/certifications, memberships, and miscellaneous fees and charges decreased by about 35% overall due to the shortage of funds and return of our previous employees. In 2015, our employees were trained and certified. Due to their return, less money was spent because training was only necessary for the new full time basketball coordinator and the new van driver in our company. Fees and charges were able to significantly drop after we switched to a new ski resort who offered us passes for our program at a reduced cost because of our non-profit status.

Our total operational budget for 2016 was approved at $264,718 which met our goal of 3% below the approved operational budget for 2015 at $272,905.

**Depreciation Expenses**

The depreciation expenses include the office furniture, equipment, purchased wheelchairs for the new program, and the depreciation of each of the 3 vans now owned by the company.

The total depreciation expenses for 2016 is $48,300

**Total Expense Budget**

For 2016, the significant changes in the budget resulted in a total expense budget of $743,924 which was 10% higher than the 2015 approved total expense budget of $676,210.

**4. CAPITAL BUDGET 2016**

A new 2016 ADA accommodating van was purchased through a credit union vehicle loan for a total of $83,750.

10 Adaptive basketball wheelchairs were also purchase by the Challenged Athletes Foundation in the amount of $15,000 for our basketball program. The Challenged Athletes Foundation’s mission is to provide opportunities and support to people with physical challenges, so they can pursue active lifestyles through physical fitness and competitive athletics. We have been lucky enough to have received wheelchairs for our basketball program through this great foundation.

The total capital expenses for the 2016 approved budget is $98,750.

**5. SUMMARY**

Although our total expenditures have increase with the addition of the 2016 ADA Van, our company still has a net income of $3,326 which is about 31% lower than in 2015, but is still positive. As a non-profit, most of our revenue is invested back into the company to build more programs and services for the community. Some difficult cuts were made in order to achieve our desired goals from the 2015 year, but I believe we can continue strongly as a company with the changes made to the 2016 budget.

In summary, we’ve expanded our company by launching the new Basketball After School Program. With the donated wheelchairs and support from the local elementary schools, Salt Lake County Parks and Recreation, and the private donors, we will be able to sustain the program without going into debt. The new ADA accommodating van will help us transport those participants in wheelchairs for the basketball program and the other programs already in place. As a non-profit, we have built this company to support and serve the community around us and especially those children and adults who have special needs for recreation. I believe we will continue to do good and grant those who were previously unable to participated in sports and recreation, a chance to experience the thrill and excitement of our three wonderful programs.