

Partner4Work Board of Directors' Meeting

2 to 2:30 p.m. June 28, 2018

1-877-820-7831; 396334

Welcome and Call to Order

Roll call and declaration of proxies

Mr. Mark Latterner, Chair

Audit/Finance Committee

Presentation of the Fiscal Year 2019 Budget

- ***ACTION: Approve the Fiscal Year 2019 Budget***

Mr. Ed Hartman, Treasurer

Mr. Ray Herron, CFO

Open Forum

Adjournment

MEMORANDUM

TO: Partner4Work Board
FROM: Ed Hartman/Ray Herron
DATE: June 28, 2018
RE: FY2019 Budget

We have enclosed the proposed FY2019 Partner4Work budget. The following represents a more detailed narrative surrounding the FY2019 Budget Analysis.

Income:

- **Public Funds/Government Grants**
 - The proposed FY2019 budget shows a \$2.4 million increase, which is caused by the following:
 - FY2018 Underspending:
 - Learn & Earn \$1,000,000 – For FY2018, we budgeted 100% of the Learn & Earn funds received. During FY2018, Learn & Earn participants worked approximately 80% of the allotted hours. Therefore, provider invoices were submitted resulting in a 20% underspending of Learn & Earn program expenses.
 - Adult TANF (“EARN”) \$500,000 – This was P4W’s first year overseeing the program, and this amount represents unspent Performance Bonuses. These bonuses can be spent in future years for the EARN Program.
 - FY2019 Increased WIOA Allocations:
 - P4W WIOA Allocations increased for Program Year 2018, which will result in additional spending of \$900,000 in the FY2019 Budget
- **Foundation & Private Contributions**
 - The \$150,000 increase represents the income from the Midwest Urban Strategies Initiative, which will offset some of the costs associated with our new Fund Development Department in FY2019.

Expense:

- **Direct Program Expense**
 - The \$1.5 million increase relates to the underspending identified above:
 - Learn & Earn - \$1.0 million
 - Adult TANF - \$500,000
 - Direct Program Expenses will be budgeted in FY2019 consistent with how it was budgeted in FY2018 with a slight increase of \$200,000
- **Salaries, Wages and Benefits**
 - We are budgeting a \$900,000 increase in this area, which is directly connected to two areas:
 - FY2018 Budgeted Positions not filled (3 positions) and Vacant Positions (2 positions – CEO and CSO) during FY2018

- (\$360,000) – May 2018 Salary & Wages were \$130,000, and the budgeted monthly amount was \$160,000.
 - In FY2019, we will continue to build the infrastructure to right-size the organization by adding 13 additional positions primarily in the following areas:
 - Fund Development – 4 positions for \$165,000
 - Compliance – 3 positions for \$155,000
 - Operations – 2 positions for \$115,000
 - Program – 3 positions for \$130,000
 - Staff level for 2019 will be 45 FTE and 2/3 Seasonal versus 2018 of 31 FTE and 3 Seasonal
 - For FY2018, P4W's budgeted overhead rate was 5%. With the increases in infrastructure outlined above, the overhead rate would increase to 7%. As the new Fund Development Team fundraises additional revenue, the overhead rate would decrease as these new funds are disbursed to providers.
- **Communication**
 - Partner4Work has various communication initiatives planned for FY2019. Therefore, we will keep the FY2019 budget consistent with the FY2018 budget.
- **Information Technical Service**
 - BlackBaud Financial NXT fees of \$15,000 for the monthly subscription to the Cloud Based Software and IT Consulting to move network to the Cloud.
- **Materials / Supplies**
 - P4W continues to experience underspending of Material/Supplies directly connected to Grants. The \$30,000 primarily relates to amounts specifically budgeted on Grants, where we will need to request budget modifications and reallocate if not spent.
- **Meeting Expenses / Travel & Conference**
 - These expenses were under during FY2018 due to the vacancy of various positions, which include CEO and CSO. For FY2019 budget, these expense categories were kept consistent with FY2018 budget.
- **Membership**
 - The \$16,000 increase primarily relates to the Midwest Urban Strategies Annual Fee.
- **Rent**
 - The \$20,000 increase pertains to potential additional space needs for continued growth.

**PARTNER4WORK
BUDGET ANALYSIS
FY2018 VERSUS FY2019**

	Forecast FY 2018	Budget FY 2019	Inc (Dec)
Ordinary Income/Expense			
Income			
4000 · Public Funds/Government Grants	17,998,860	20,446,556	2,447,696
4200 · Foundation & Private Contrib	1,250	153,642	152,392
4300 · Interest	3,000	3,500	500
4400 · Inter-Fund Transfer	0	0	0
4700 · Other Income	0	0	0
4800 · Assets Released frm Restriction	1,295,059	1,312,292	17,233
Total Income	19,298,169	21,915,990	2,617,821
Gross Profit	0	0	0
Expense			
5000 · Direct Program Expenses	16,277,507	17,814,061	1,536,554
5200 · Salary, Wages, and Benefits	2,355,034	3,266,232	911,198
5350 · Communication	19,214	46,000	26,786
5370 · Contracted Service	157,265	135,000	(22,265)
5400 · Depreciation Expense	10,740	10,740	0
5450 · Equipment Expense	49,609	56,000	6,391
5500 · Fiscal	48,910	55,000	6,090
5650 · Insurance	8,250	14,000	5,750
5660 · Information Technical Service	83,235	112,500	29,265
5700 · Legal Expense	26,978	27,500	522
5750 · Materials / Supplies	21,728	51,700	29,972
5760 · Meeting Expense	22,625	40,000	17,375
5770 · Memberships	23,944	40,000	16,056
5900 · Postage / Messenger	0	2,500	2,500
5940 · Publications	0	2,000	2,000
5950 · Rent	127,560	147,500	19,940
6000 · Staff Administration	13,296	20,000	6,704
6050 · Telephone	15,000	17,500	2,500
6080 · Travel & Conference	48,014	68,497	20,483
Total Expense	19,308,909	21,926,730	2,617,821
Net Income	(10,740)	(10,740)	0

**Partner4Work
Statement of Activities
FY2019 BUDGET**

	Reimbursement Contracts										Restricted Grants											
	Management & General		Allegheny County WIOA		City of Pittsburgh WIOA		TANF		DOL Ex-Offenders		Sector Strategies		Pittsburgh Works		Place Based Strategies		Learn & Earn		Total Program		Total Unrestricted	
	(Unrestricted)	(Program)	(Program)	(Program)	(Program)	(Program)	(Program)	(Program)	(Program)	(Program)	(Program)	(Program)	(Program)	(Program)	(Program)	(Program)	(Program)	(Program)	(Unrestricted)	Total		
Ordinary Income/Expense																						
Income																						
4000 · Public Funds/Government Grants	0	5,460,240		3,911,517		6,840,545		600,000		702,254		0		75,000		2,857,000		20,446,556		20,446,556		
4200 · Foundation & Private Contrib	153,642	0		0		0		0		0		0		0		0		0		153,642		
4300 · Interest	3,500	0		0		0		0		0		0		0		0		0		3,500		
4400 · Inter-Fund Transfer	0	0		0		(400,000)		0		0		0		0		400,000		0		0		
4700 · Other Income	0	0		0		0		0		0		0		0		0		0		0		
4800 · Assets Released frm Restriction	0	0		0		0		0		0		402,292		150,000		760,000		1,312,292		1,312,292		
Total Income	157,142	5,460,240		3,911,517		6,440,545		600,000		702,254		402,292		225,000		4,017,000		21,758,848		21,915,990		
Expense																						
5000 · Direct Program Expenses	0	4,477,625		3,096,564		5,330,740		522,656		563,054		98,843		175,479		3,549,100		17,814,061		17,814,061		
5200 · Salary, Wages, and Benefits	1,080,274	473,693		445,417		635,313		59,734		94,963		223,220		32,521		221,097		2,185,958		3,266,232		
5350 · Communication	35,000	0		0		75,000		0		0		5,000		0		6,000		11,000		46,000		
5370 · Contracted Service	10,000	0		0		10,740		0		0		0		0		45,000		125,000		135,000		
5400 · Depreciation Expense	0	0		0		5,000		0		0		0		0		6,000		11,000		10,740		
5450 · Equipment Expense	45,000	0		0		0		0		0		0		0		0		0		56,000		
5500 · Fiscal	55,000	0		0		0		0		0		0		0		0		0		55,000		
5650 · Insurance	14,000	0		0		0		0		0		0		0		0		0		14,000		
5660 · Information Technical Service	75,000	0		0		0		0		0		7,500		0		30,000		37,500		112,500		
5700 · Legal Expense	15,000	2,500		2,500		0		0		0		2,500		0		5,000		12,500		27,500		
5750 · Materials / Supplies	25,000	5,000		5,000		2,500		2,200		7,500		2,500		0		2,000		26,700		51,700		
5760 · Meeting Expense	25,000	0		0		0		2,000		2,000		10,000		1,000		0		15,000		40,000		
5770 · Memberships	40,000	0		0		0		0		0		0		0		0		0		40,000		
5900 · Postage / Messenger	2,500	0		0		0		0		0		0		0		0		0		2,500		
5940 · Publications	2,000	0		0		0		0		0		0		0		0		0		2,000		
5950 · Rent	147,500	0		0		0		0		0		0		0		0		0		147,500		
6000 · Staff Administration	20,000	0		0		0		0		0		0		0		0		0		20,000		
6050 · Telephone	17,500	0		0		0		0		0		0		0		0		0		17,500		
6090 · Travel & Conference	20,000	10,000		10,000		7,497		2,000		6,000		7,500		1,000		4,500		48,497		68,497		
Total Expense before M&G Allocation	1,628,774	4,968,818		3,559,481		6,066,790		588,590		673,517		362,063		210,000		3,868,697		20,297,956		21,926,730		
M&G Allocation	(1,471,632)	491,422		352,036		384,495		11,410		28,737		40,229		15,000		148,303		0		(1,471,632)		
Net Ordinary Income	(0)	(0)		0		(10,740)		0		(0)		0		(0)		0		1,460,892		1,460,892		
Net Income	(0)	(0)		0		(10,740)		0		(0)		0		(0)		0		(10,740)		(10,740)		

**PARTNER4WORK
FUNDRAISING NEEDS - PRIVATE \$\$
FY2019 BUDGET**

Learn & Earn	\$ 710,000
Pittsburgh Works	\$ 350,000
	<u>\$ 1,060,000</u>