

RI Community Food Bank

Budget Narrative

FY25

The Food Bank ended FY24 with a deficit of \$922,000 which was funded with surplus carried over from prior years. The budget proposes using \$3.4M of the remaining surplus funds in FY25 and will carry \$2.8M to FY26.

Expenditures with Surplus Funds:

The budget plans to utilize \$3.4 million in surplus funds in FY25. These funds will be used as follows:

• Food Acquisition	\$3,070,000
• Agency and Community Support	\$ 166,000
• Staff Training & Conferences	\$ 70,000
• Capital Expenditures	<u>\$ 100,000</u>
Total Surplus Funds to be Used in FY25	<u>\$3,406,000</u>

Overall Programmatic Goals for FY25:

- Acquire 16.3 million pounds of food.
- Pack and distribute 12,500 kid boxes, 10,000 to-go-bags and 10,000 spice boxes.
- Distribute 70,000 meals at Kids Cafe sites.
- Conduct 200 SNAP outreach visits.
- Provide \$291,000 in grants for agency and community support.

Government Grants:

Government Grants – (State):

The budget includes \$550,000 in funding from the State of Rhode Island for food acquisition, which is flat with FY24.

Government Grants – (Federal):

The large decrease from FY24 in federal government grants is because in FY24 we received a grant of \$3M from ARPA funds for food acquisition. We do not expect these funds to repeat in FY25.

The budget includes funding of \$250,000 for TEFAP administration and \$175,000 for the CSFP administration. It is estimated that the Food Bank will acquire about 4.5 million pounds of food from the TEFAP program and 650,000 pounds from the CSFP program.

Public Support:

We are projecting \$10,932,000 in public support for FY25, which is \$578,000 (5%) less than we received in FY24. We are assuming the trend of decreasing major corporate support and attrition of smaller dollar donors will level off this year. This reasoning is also in line with the Boston Consulting Group Fundraising Projection Model's low-end projection. The model was developed by Feeding America during the pandemic to help the network predict fundraising trends. It provides low, medium, and high estimates for individual food bank's fundraising based on our recent fundraising results.

While we feel it is safest to budget based on the low end of the projections, we are looking at implementing strategies through individual and corporate major gifts of \$5,000 or more, and digital fundraising strategies, in hopes of moving our results more towards the mid-level of the projection model.

Individual Giving (including Direct Mail):

Overall, Individual Giving is projected to decrease in FY24 year-end estimates.

The direct mail category is projected increase by 5% in FY25. Now that we have one year under our belt with the new direct marketing vendor, we have a better sense of how the mailings will perform. We are also making improvements to our email and digital fundraising strategies which we expect will boost revenue.

Other individual giving is projected to come in at \$4,385,000, or 4% under individual giving for FY24. This projection reflects both strategic efforts planned to increase giving from major donors of \$5,000 or more, but also the reality that some of these donors did not renew this year or renewed at a lower level.

Bequests:

FY25 projected revenue from bequests is based on an average of the bequest revenue for the past four years.

Grants:

We are projecting grants revenue to be \$1.8 million for FY25, about \$112,000 less than estimated FY24 grants revenue. We have continued to see a softening of our corporate support this year as companies readjust their giving strategies post pandemic, and we expect that will continue into FY25.

Organization Contributions:

We are projecting \$1,465,000 in gifts from organizations, about \$151,000 less than we raised in FY24. As with grants, corporate support in general has been softer this year, and gifts from small businesses and community organizations have also fallen off as we get further from the pandemic emergency.

Special Events:

We have budgeted \$315,000 for special events assuming we will do Empty Bowls again in spring 2025, and the Souper Bowl of Caring telethon with Channel 10 in February.

Expenses:**Salaries:**

The increase in salaries expense is due to the following:

- The proposed budget for FY25 includes a 3% salary increase for all staff with a bonus for staff that rate superior or exceptional on their performance evaluation.
- Over the past year, there have been several vacant positions, that resulted in savings. At the end of FY24, there were still two positions that remained vacant.

Benefits:

The increase in benefits include:

- Health insurance is estimated to increase by 12%, based on a January 1 renewal.
- Dental insurance is estimated to increase by 6%, based on a January 1 renewal.
- Life & Disability insurance increased by 3%.
- 401(k) Match expense is tied to the increase in overall payroll expense.
- Tuition reimbursement expense is estimated to increase by \$15,000. As we reviewed the personnel policies, we realized we had not updated to the tuition reimbursement allowance in 15 years. The current reimbursement rate is \$500 per course and \$100 for books for up to four classes per calendar year. Starting in FY25, the reimbursement will increase to \$1,000 per class and \$225 for books, for up to four classes per calendar year.
- Workers Compensation is estimated to increase by 10%, based on a January 1 renewal.

Advertising & Promotion:

The advertising and promotion budget is projected to decrease by \$42,000 as the expense for the direct marketing program for both print and digital advertising has been moved to direct mail expense, now called direct marketing expense.

Direct Marketing Expense:

As stated above, we have combined print and digital advertising/fundraising expenses under one category as the same vendor is managing the development of all components of our fundraising campaigns and appeals.

Consultants:

The budget for consulting expense increased slightly from FY24. Here is the detail of consultants included in the budget. Consulting expenses in the FY25 budget include:

- Outside IT Consulting - \$103,660
- Janitorial services and parking lot security for events - \$30,000
- Strategic Planning Consultant - \$45,000
- Website maintenance - \$30,000
- Employee Engagement Survey, AAP & Other HR Consultants \$30,000
- Translation services and interns for various programs - \$25,200
- Video production - \$25,000
- Development Department Database & Special Events Consultants - \$25,000
- Design consultant for newsletter, annual report, & photography - \$11,000
- Lobbying Consultant - \$12,000.
- Miscellaneous - \$13,000

Food Acquisition:

It is estimated that 16.3M pounds of food will be acquired at a total cost of \$6M. The chart below outlines the categories of food acquisition, pounds acquired by category and the cost of each category.

	Projected Pounds FY24	Estimated Pounds FY25	FY25 Budget
Donated - No Cost to Acquire	2,168,591	2,600,000	\$0
Donated -Freight/VAP Cost	2,660,354	2,885,000	\$836,650
TEFAP	5,085,728	4,500,000	\$0
CSFP	864,685	650,000	\$0
Purchases	7,070,679	5,116,856	\$4,963,350
Meals for Kid Boxes	102,887	100,000	\$200,000
Co-Op	259,607	450,000	\$0
Total	18,212,531	16,301,856	\$6,000,000

Agency & Community Grants:

Grants to support member agencies and the community will decrease by 21% in FY25 as the available surplus funds decrease. In FY25, the RICFB budget included grants of \$291,000, of which \$166,000 is from surplus funds.

Meetings/Conferences/Training/Travel:

During the pandemic, the Food Bank had scaled back employee conferences, training, and travel. Prior to the pandemic, we sent some employees each year to Feeding America or other conferences and provided many employees with different training opportunities. In FY24, we have been able to get back to providing these opportunities. We will continue to offer more of these opportunities in FY25. The budget sets aside \$70,000 of surplus funds to continue to enhance the training closer to pre-pandemic levels.

Professional Fees:

The increase is tied to the end of the three-year contract for the annual audit which ended with the FY23 audit. We have signed on with KLR for another three years, as we have been pleased with their services. The fee schedule for the next three years includes the following increases:

- FY24 – 6.5%
- FY25 – 4.5%
- FY26 – 4.3%