

## **GFDA FY 2022 BUDGET**

*Approved by Board 6/3/21*

### **Overview**

A budget reflects an economic development organization's priorities, but not its mission or financial goals. Financial goals are always higher than budget projections.

GFDA's budget projection for FY 2022 (July 1, 2021 - June 30, 2022) continues our practice of conservative financial projections, estimating income low and expenses high. Management will continue its practice of controlling discretionary expenses until budget revenue assumptions come to fruition. We anticipate budget adjustments after the first quarter of the FY to reflect final FY 2021 financial results.

Some expenses for one-time projects are carried forward from FY 2021 for things we did not get to and plan to do during FY 2022.

### **Priorities**

The budget supports GFDA's Strategic Plan and 2021 calendar year Business Development, Talent Attraction, and Operations plans approved by the Board. The budget reflects the FY 2022 Draft Priorities revised after Board discussion on May 6th, putting more emphasis on workforce.

Included in the budget are:

- Increases for talent attraction with emphasis on community engagement and more digital marketing.
- Increases in business and real estate development attraction with focus on lead generation and a return of travel to meet with site selectors, targeted companies and local business headquarters, as well as networking at targeted industry events. Housing production business development is included in lead generation.
- Expands entrepreneurship and existing business support with match for new Women's Business Center and volunteer entrepreneur mentor network.
- Developing new web sites for GFDA and HPF and continued development of content to effectively pitch Great Falls
- Supplementing staff with college interns and AmeriCorps volunteers
- Housing and childcare market assessments
- Undertaking strategic planning to engage investors, future investors, and partners
- \$188,000 in brownfield clean-up grants, assuming \$17,000 expended in FY 2021.

### **Assumptions**

- No unawarded grants except for \$1 million in CDFI Rapid Response Funds
- Investment flat with FY 2021
- \$2 million in new GFDA loans closed during FY with expensing 10% against loan loss
- No new SBA 504 loans except those approved by SBA and scheduled to close during FY
- Renewal of SBDC, FADC, PTAC and BID contracts without increases
- Drawing down remaining EDA COVID loan funds to close new loans
- No AgriTech Park lot sales
- Borrowing \$1 million in new loan capital
- 3% annual inflation

*Additional assumptions and details noted by line item.*

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	FY 2022 Budget	FY 2021 Budget	Difference	Percent Change	
<b>REVENUE</b>					
Investment	425,000	425,000	-	0%	
<b>Generated Revenue</b>					
AgriTech Park	-	-	-	0%	Assumes no lot sales
AgriTech TIF Reimbursement BID	514,137 35,000	514,137 38,500	- (3,500)	0% 100%	Assumes new 50/50 contract
FADC, PTAC & SBDC	311,117	394,999	(83,882)	-21%	See Schedule
HPF Management	80,000	66,000	14,000	21%	See Schedule
Lending Interest & Fees	789,000	607,600	181,400	30%	See Schedule
Project Grants	490,000	540,199	(50,199)	-9%	See Schedule
Client Grant Management	-	-	-	#DIV/0!	Assumes no client grant management
Events and Miscellaneous	-	-	-	#DIV/0!	Assumes no event revenue
Sponsorship	5,000	5,000	-	0%	
	<u>2,224,254</u>	<u>2,166,435</u>	<u>57,819</u>	<u>3%</u>	
PPP Loan Forgiveness	-	191,398	(191,398)	-100%	
Loan Capital Grants	1,752,550	4,608,099	(2,855,549)	-62%	See Schedule
<b>Total Revenue</b>	<b>4,401,804</b>	<b>7,390,932</b>	<b>(2,989,128)</b>	<b>-40%</b>	
<b>EXPENSE</b>					
<b>Staff</b>					
Payroll	1,168,758	1,155,417	13,341	1%	See Schedule
Benefits	342,688	326,653	16,035	5%	
Professional Development	49,350	45,000	4,350	10%	
	<u>1,560,796</u>	<u>1,527,070</u>	<u>33,726</u>	<u>2%</u>	
<b>Operations</b>					
Auto	11,124	10,800	324	3%	
Communication	22,000	20,000	2,000	10%	Phone, mail, delivery
Depreciation	28,840	28,000	840	3%	
Fundraising	3,605	3,500	105	3%	New materials
Insurance	19,570	19,000	570	3%	
Meetings & Events	15,965	15,500	465	3%	Hosted events & meetings
Office	75,190	73,000	2,190	3%	Rent, Janitorial
Operating Debt Interest & Fees	18,540	18,000	540	3%	
Professional Fees	71,200	40,000	31,200	78%	Adds indirect cost rate consultant & grant writing consultants
Supplies, Computing & Copying	35,200	32,000	3,200	10%	
Miscellaneous	17,500	16,500	1,000	6%	
	<u>318,734</u>	<u>276,300</u>	<u>42,434</u>	<u>15%</u>	
<b>Business Development</b>					
Marketing	80,000	73,800	6,200	8%	See Schedule
Partnerships/Memberships	97,052	72,500	24,552	34%	See Schedule
Professional Fees	195,000	170,000	25,000	15%	See Schedule
Publications	3,000	3,000	-	0%	
Travel	50,000	5,000	45,000	900%	Assumes return to travel
	<u>425,052</u>	<u>324,300</u>	<u>100,752</u>	<u>31%</u>	
<b>Lending</b>					
Allowance for Loan Losses	200,000	400,000	(200,000)	-50%	Based on 10% of new loans
Loan Capital Interest	35,000	46,000	(11,000)	-24%	Assumes \$1 million new borrowing
Brownfield Loan Capital Grants	188,000	162,868	25,132	15%	Assumes maximum of approved grants
Professional Fees & Misc.	52,000	96,000	(44,000)	-46%	See Schedule
	<u>475,000</u>	<u>704,868</u>	<u>(229,868)</u>	<u>-33%</u>	
<b>Projects</b>					
AgriTech Park	102,865	143,058	(40,193)	-28%	See Schedule
AgriTech TIF Reimbursement	514,137	514,137	-	0%	Equals TIF reimbursement revenue
Brownfield Assessment	101,000	98,633	2,367	2%	See Schedule
Strategic Planning	175,000	-	175,000	#DIV/0!	See Schedule
Talent Attraction	191,000	143,000	48,000	34%	See Schedule
	<u>1,084,002</u>	<u>898,828</u>	<u>185,174</u>	<u>21%</u>	
<b>Total Expense</b>	<b>3,863,584</b>	<b>3,731,366</b>	<b>132,218</b>	<b>4%</b>	
<b>NET INCOME</b>	<b>538,220</b>	<b>3,659,566</b>	<b>(3,121,346)</b>	<b>-85%</b>	

**BUDGET SCHEDULES - INCOME**

	<i>FY 2022 Budget</i>	<i>FY 2021 Budget</i>	<i>Difference</i>	<i>Percent Change</i>	
<b>FADC, PTAC &amp; SBDC</b>					
FADC	65,000	65,000	-	0%	Contract renewal awarded with an additional \$7,000
PTAC	77,000	74,000	3,000	4%	Contract renewal approved by DOD
SBDC	129,117	129,117	-	0%	Anticipated contract renewal January 1st
SBDC COVID	21,000	81,882	(60,882)	-290%	Existing contract through September
Supplemental SBDC COVID	14,000	40,000	(26,000)	-186%	Existing contract through September
SBDC Program Income	5,000	5,000	-	0%	Based on average annual income
	<u>311,117</u>	<u>394,999</u>	<u>(83,882)</u>	<u>-27%</u>	
<b>HPF Management</b>					
Closing Fees	45,000	33,750	11,250	25%	Assumes closing \$4 million in already approved loans
Servicing Fees	35,000	32,250	2,750	8%	Based on existing portfolio
	<u>80,000</u>	<u>66,000</u>	<u>14,000</u>	<u>18%</u>	
<b>Lending</b>					
Interest from Existing Loans	637,000	257,600	379,400	60%	Substantially larger loan portfolio
Loan Fees	20,000	50,000	(30,000)	-150%	\$2 million at 1%
Interest from New Loans	132,000	300,000	(168,000)	-127%	\$2 million at 6% for 6 months
	<u>789,000</u>	<u>607,600</u>	<u>181,400</u>	<u>23%</u>	
<b>Project Grants</b>					
State CARES Act	-	168,189	(168,189)	#DIV/0!	
EPA 2018 Assessment	-	27,066	(27,066)	#DIV/0!	
EPA 2003 RLF Admin	-	25,623	(25,623)	#DIV/0!	
EPA 2020 Assessment	100,000	80,000	20,000	20%	Estimated use of existing grant
EDA COVID RLF Admin	240,000	182,917	57,083	24%	Estimated use of existing grant
CDFI 2020 FA	-	56,404	(56,404)	#DIV/0!	
CDFI Rapid Response	150,000	-	150,000	100%	Assumes new \$1 million award
	<u>490,000</u>	<u>540,199</u>	<u>(50,199)</u>	<u>-10%</u>	
<b>Loan Capital Grants</b>					
EDA COVID	902,550	4,000,000	(3,097,450)	-343%	Under contract
CDFI 2020 FA	-	319,621	(319,621)	#DIV/0!	
EPA 2003 RLF	-	288,478	(288,478)	#DIV/0!	
CDFI Rapid Response	850,000	-	850,000	100%	Assumes new \$1 million award
	<u>1,752,550</u>	<u>4,608,099</u>	<u>(2,855,549)</u>	<u>-163%</u>	

**BUDGET SCHEDULES - EXPENSE**

**Staff**

Payroll Includes cost of living increase of 1.6% based on 2020 CPI 1.4% plus re-evaluatd 2019 0.2% Includes \$40,000 merit salary increases and bonuses based on productivity growth. Assumes new lending position and replacement investment director start July 1st. Assumes \$30,000 for interns and AmeriCorps volunteers

<i>FY 2022 Budget</i>	<i>FY 2021 Budget</i>	<i>Difference</i>	<i>Percent Change</i>
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**Business Development**

*Marketing*

GFDA Events	18,000	16,200	1,800	10%	Ignite, Fire Within, Invest Downtown, FDI Celebration and Pitch Nights
Conf & Trade Show Registrations	25,000	9,500	15,500	62%	Includes exhibiting at SelectUSA 2022 and several site selector events
Costar/LoopNet AgriTech Park	-	15,000	(15,000)	#DIV/0!	
SBDC COVID Marketing	-	5,800	(5,800)	#DIV/0!	
Advertising	12,000	12,000	-	0%	Includes SBA Montana annual magazine and Loopnet AgriTech listings
Marketing Materials	25,000	15,300	9,700	39%	Includes graphic design in costs of materials; includes new lapel pins
	80,000	73,800	6,200	8%	

*Partnerships/Memberships*

Memberships & Dues	24,000	22,600	1,400	6%	Chamber and targeted industry trade organization memberships
Partnerships	9,500	11,500	(2,000)	-21%	\$2,500 each for Montana Defense Alliance, Downtown Development Partnership, GF Chamber Flight Initiative; \$1,000 each for KEY and ExpoPark for All
Women's Business Center	13,552	-	13,552	100%	Committed first year match
Entrepreneur Mentor Network	5,000	-	5,000	100%	Mentor support and miscellaneous expenses
Online System Subscriptions	45,000	38,400	6,600	15%	JobsEQ, SizeUp, Zoom Prospector and others; adds Startup Space
	97,052	72,500	24,552	25%	

*Professional Fees*

Content Providers	20,000	15,000	5,000	25%	Speakers and writers
Photography & Videography	25,000	35,000	(10,000)	-40%	
Web and Graphic Design	40,000	25,000	15,000	38%	New GFDA and HPF web sites
Lead Generation	110,000	95,000	15,000	14%	Continuation of DCI ABM efforts and adds GSLI membership
	195,000	170,000	25,000	13%	

**Lending Professional Fees & Misc**

Legal	12,000	35,000	(23,000)	-192%	Anticipates less loan workouts legal expense
Miscellaneous	6,000	6,000	-	0%	Fees, etc.
Portfolio Management System	7,000	10,000	(3,000)	-43%	Annual license
Brownfield Engineering	-	18,000	(18,000)	#DIV/0!	Borrowers to pay expenses in FY22
CDFI FA application	12,000	12,000	-	0%	Grant writing consultant
Update Lending Policies	15,000	15,000	-	0%	Estimated consultant cost
	52,000	96,000	(44,000)	-85%	

**Projects**

*AgriTech Park*

Property Taxes	55,165	52,538	2,627	5%	Lots 6A, 7, 8, 9 and 10; assumes 5% increase
Loan Interest	-	52,600	(52,600)	#DIV/0!	Lowered to 0% during FY2021
Bank Loan Interest	1,700	8,100	(6,400)	-376%	On term loan for power line raising
Legal	15,000	15,000	-	0%	Estimate to amend option agreement and misc.
Appraiser	21,000	5,000	16,000	76%	High estimate; needed to amend option agreement
Engineering	10,000	10,000	-	0%	As needed to advance potential sales
	102,865	143,238	(40,373)	-39%	

*Brownfield Assessment*

2018 Grant Engineering	-	15,633	(15,633)	#DIV/0!	
2020 Grant Engineering	95,000	74,000	21,000	22%	Estimate for assessment work
Grant Writing Consultant	6,000	9,000	(3,000)	-50%	To apply for new RLF
	101,000	98,633	2,367	2%	

*Strategic Planning*

Housing Market Assessment	40,000	-	40,000	100%	Estimate; assumes partner support
Childcare Market Assessment	10,000	-	10,000	100%	Balance of contract
Strategic Planning	125,000	-	125,000	100%	
	175,000	-	175,000	100%	

*Talent Attraction*

Marketing Materials	15,000	6,000	9,000	60%	Boost for community engagement
Website	15,000	25,000	(10,000)	-67%	Adding content to new website
Photography and Videography	20,000	18,000	2,000	10%	
Social Media Advertising	36,000	24,000	12,000	33%	To boost posts
Livability Ads	10,000	10,000	-	0%	Includes graphic design
Miscellaneous	40,000	20,000	20,000	50%	Boost for community engagement
Marketing/Social Media Firms	55,000	40,000	15,000	27%	Social media and marketing
	191,000	143,000	48,000	25%	