

GFDA FY 2023 DRAFT BUDGET

5/18/22

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 2023 (July 1, 2022 - June 30, 2023) 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 2022 financial results.

Priorities

The budget supports aggressive efforts in targeted business development, entrepreneurship and talent attraction. The budget includes completion of the strategic planning effort begun in FY 2022.

Included in the budget are:

- One new staff position to increase business development and operations.
- \$55,000 in brownfield cleanup grants to fulfill all grants approved by GFDA Board
- Wrapping up deep-dive strategic planning to engage investors, future investors, and partners

Assumptions

- \$100,000 in new grants
- Local investment of \$650,000
- No new loan capital above what has been awarded/secured
- \$4 million in new GFDA loans closed during FY
- Increase in loans outstanding of \$2.5 million with expensing 8% against loan loss
- \$4 million in SBA 504 loans closed
- Renewal of SBDC and PTAC contracts without increases
- No AgriTech Park lot sales
- BID \$12,000 contract and \$31,234 City TIF for Downtown BDO
- 8% annual inflation

Additional assumptions and details noted by line item.

Not in Budget

- Pending loan capital grants and loans that would allow for increased lending
- Any additional brownfield clean-up grants
- Grant, loan and carrying costs to acquire AgriTech Park land
- Second proposed new staff position

GFDA FY 2022 BUDGET

5/18/22

	<i>FY 2023 Budget</i>	<i>FY 2022 Budget</i>	<i>Difference</i>	<i>Percent Change</i>	
REVENUE					
Investment	650,000	425,000	225,000	53%	
Generated Revenue					
AgriTech Park	-	-	-	0%	Assumes no lot sales
AgriTech TIF Reimbursement	300,000	514,137	(214,137)	-42%	Estimate (pass thru)
Downtown BDO	43,234	35,000	8,234	100%	Not yet under contract
FADC, PTAC & SBDC	369,400	311,117	58,283	19%	See Schedule
HPF Management	91,000	80,000	11,000	14%	See Schedule
Lending Interest & Fees	1,025,000	789,000	236,000	30%	See Schedule
Project Grants	260,000	532,000	(272,000)	-51%	See Schedule
Client Grant Management	-	-	-	#DIV/0!	Assumes no client grant management
Events and Miscellaneous	-	-	-	#DIV/0!	Assumes no event revenue
Sponsorship	25,000	5,000	20,000	400%	
	2,113,634	2,266,254	(152,620)	-7%	
Loan Capital Grants	712,000	1,990,550	(1,278,550)	-64%	See Schedule
Total Revenue	3,475,634	4,681,804	(1,206,170)	-26%	
EXPENSE					
Staff					
Payroll	1,324,000	1,213,758	110,242	9%	See Schedule
Taxes & Benefits	370,720	355,288	15,432	4%	at 28% of Payroll
Professional Development	95,000	49,350	45,650	93%	Inflation, travel & larger team
	1,789,720	1,618,396	171,324	11%	
Operations					
Auto	12,000	11,124	876	8%	
Communication	28,000	22,000	6,000	27%	Phone, mail, delivery
Depreciation	32,400	28,840	3,560	12%	
Fundraising	10,000	3,605	6,395	177%	New materials
Insurance	23,000	19,570	3,430	18%	
Meetings & Events	16,000	15,965	35	0%	Hosted events & meetings
Office	47,000	75,190	(28,190)	-37%	Rent, Janitorial
Operating Debt Interest & Fees	27,600	18,540	9,060	49%	Term loan and office lease accounting
Professional Fees	60,000	71,200	(11,200)	-16%	
Supplies, Computing & Copying	38,000	35,200	2,800	8%	
Miscellaneous	25,000	17,500	7,500	43%	
	319,000	318,734	266	0%	
Business Development					
Marketing	86,000	80,000	6,000	8%	See Schedule
Partnerships/Memberships	135,000	97,052	37,948	39%	See Schedule
Professional Fees	47,000	195,000	(148,000)	-76%	See Schedule
Publications	3,000	3,000	-	0%	
Travel	75,000	50,000	25,000	50%	
	346,000	425,052	(79,052)	-19%	
Lending					
Allowance for Loan Losses	200,000	200,000	-	0%	\$2.5 million increase in portfolio at 8%
Loan Capital Interest	52,730	35,000	17,730	51%	See Schedule
Brownfield Loan Capital Grants	55,000	188,000	(133,000)	-71%	Assumes maximum of approved grants
Professional Fees & Misc.	71,600	52,000	19,600	38%	See Schedule
	379,330	475,000	(95,670)	-20%	
Projects					
AgriTech Park	66,000	123,865	(57,865)	-47%	See Schedule
AgriTech TIF Reimbursement	300,000	514,137	(214,137)	-42%	Equals TIF reimbursement revenue
Brownfield Assessment	105,500	101,000	4,500	4%	See Schedule
Strategic Planning	60,000	175,000	(115,000)	-66%	See Schedule
Talent Attraction	105,000	191,000	(86,000)	-45%	See Schedule
	636,500	1,105,002	(468,502)	-42%	
Total Expense	3,470,550	3,942,184	(471,634)	-12%	
NET INCOME	5,084	739,620	(734,536)	-99%	

BUDGET SCHEDULES - INCOME

	<i>FY 2023 Budget</i>	<i>FY 2022 Budget</i>	<i>Difference</i>	<i>Percent Change</i>	
FADC, PTAC & SBDC					
FADC	65,000	65,000	-	0%	Under contract
FADC SCBG Staff	70,400	-	70,400	100%	Under contract
PTAC	74,000	77,000	(3,000)	-4%	Contract renewal approved by DOD
SBDC	130,000	129,117	883	1%	Anticipated contract renewal January 1st
SBDC COVID	25,000	35,000	(10,000)	-40%	Existing contract through September
SBDC Program Income	5,000	5,000	-	0%	Based on average annual income
	<u>369,400</u>	<u>311,117</u>	<u>58,283</u>	<u>16%</u>	
HPF Management					
Closing Fees	56,000	45,000	11,000	20%	Assumes \$5 million closed loans
Servicing Fees	35,000	35,000	-	0%	Based on existing portfolio
	<u>91,000</u>	<u>80,000</u>	<u>11,000</u>	<u>12%</u>	
Lending					
Interest from Existing Loans	725,000	637,000	88,000	12%	Based on existing portfolio
Loan Fees	60,000	20,000	40,000	67%	Assumes \$4 million closed loans at 1.5%
Interest from New Loans	240,000	132,000	108,000	45%	Assumes \$4 million at 8% for 9 months
	<u>1,025,000</u>	<u>789,000</u>	<u>236,000</u>	<u>23%</u>	
Project Grants					
EPA RLF Admin	60,000	-	60,000	100%	Estimated use of new award
EPA 2020 Assessment	100,000	100,000	-	0%	Estimated use of existing grant
EDA COVID RLF Admin	-	240,000	(240,000)	#DIV/0!	Estimated use of existing grant
New Grants	100,000	-	100,000	100%	
CDFI FA Admin	-	-	-	#DIV/0!	
CDFI Rapid Response	-	192,000	(192,000)	#DIV/0!	
	<u>260,000</u>	<u>532,000</u>	<u>(272,000)</u>	<u>-105%</u>	
Loan Capital Grants					
EDA COVID	-	902,550	(902,550)	#DIV/0!	
CDFI FA	-	-	-	#DIV/0!	
EPA RLF	712,000	-	712,000	100%	Estimated use of new award
CDFI Rapid Response	-	1,088,000	(1,088,000)	#DIV/0!	
	<u>712,000</u>	<u>1,990,550</u>	<u>(1,278,550)</u>	<u>-180%</u>	

BUDGET SCHEDULES - EXPENSE

Staff

Payroll Includes cost of living increase of 2% based on 2021 CPI after 5% increase in January
Assumes two planned new positions at \$60,000 each for full year
Includes \$40,000 merit salary increases and bonuses based on productivity growth.

	<i>FY 2023</i>	<i>FY 2022</i>	<i>Difference</i>	<i>Percent</i>
	<i>Budget</i>	<i>Budget</i>		<i>Change</i>

Business Development

Marketing

GFDA Events	20,000	18,000	2,000	10%	Ignite, Fire Within, Invest Downtown, FDI Celebration and Pitch Nights
Conf & Trade Show Registrations	30,000	25,000	5,000	17%	Includes exhibiting at SelectUSA 2023 and several site selector events
Advertising	18,000	12,000	6,000	33%	Includes SBA Montana annual magazine and Loopnet AgriTech listings
Marketing Materials	18,000	25,000	(7,000)	-39%	Includes graphic design in costs of materials
	86,000	80,000	6,000	7%	

Partnerships/Memberships

Memberships & Dues	30,000	24,000	6,000	20%	Chamber and targeted industry trade organization memberships
Partnerships	15,000	9,500	5,500	37%	\$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	35,000	13,552	21,448	61%	
Entrepreneur Mentor Network	5,000	5,000	-	0%	Mentor support and miscellaneous expenses
Online System Subscriptions	50,000	45,000	5,000	10%	JobsEQ, SizeUp, Zoom Prospector and others
	135,000	97,052	37,948	28%	

Professional Fees

Content Providers	12,000	20,000	(8,000)	-67%	
Photography & Videography	15,000	25,000	(10,000)	-67%	
Web and Graphic Design	20,000	40,000	(20,000)	-100%	New GFDA and HPF web sites
Lead Generation	-	110,000	(110,000)	#DIV/0!	
	47,000	195,000	(148,000)	-315%	

Loan Capital Interest

USDA IRP	3,456				
MBOI IRP	1,704				
CNote	10,080				
CDFI FA 2020	4,800				
MBOI CDFI FA 2020	5,640				
MDOC MBDC	13,750				
CDFI FA 2021	10,000				
MBOI CDFI FA 2021	3,300				
US Bank	-				
	52,730	35,000	17,730	34%	

Lending Professional Fees & Misc

Legal	12,000	12,000	-	0%	
Miscellaneous	6,500	6,000	500	8%	Fees, etc.
Portfolio Management Systems	8,100	7,000	1,100	14%	Annual licenses
Brownfield Engineering	25,000	-	25,000	100%	Using new EPA grant funds
CDFI FA application	13,000	12,000	1,000	8%	Grant writing consultant
Lending Consultants	7,000	15,000	(8,000)	-114%	Completion Policies & procedures update
	71,600	52,000	19,600	27%	

Projects

AgriTech Park

Property Taxes	36,000	55,165	(19,165)	-53%	Assumes only lot 8 and former ethanol
Bank Loan Interest	-	1,700	(1,700)	#DIV/0!	
Legal	15,000	15,000	-	0%	Estimate to amend option agreement and misc.
Professional Fees	10,000	31,000	(21,000)	-210%	Engineering, etc.
Miscellaneous	5,000	21,000	(16,000)	-320%	
	66,000	123,865	(57,865)	-88%	

Brownfield Assessment

2020 Grant Engineering	98,000	95,000	3,000	3%	Estimate for assessment work
Grant Writing Consultant	7,500	6,000	1,500	20%	Assume applying for new assessment grant
	105,500	101,000	4,500	4%	

Strategic Planning

Housing Market Assessment	-	40,000	(40,000)	#DIV/0!	
Childcare Market Assessment	-	10,000	(10,000)	#DIV/0!	
Strategic Planning	60,000	125,000	(65,000)	-108%	
	60,000	175,000	(115,000)	-192%	

Talent Attraction

Marketing Materials	10,000	15,000	(5,000)	-50%	
Website	10,000	15,000	(5,000)	-50%	
Photography and Videography	15,000	20,000	(5,000)	-33%	
Marketing & Advertising	65,000	101,000	(36,000)	-55%	
Miscellaneous	5,000	40,000	(35,000)	-700%	
	105,000	191,000	(86,000)	-82%	