

## GFDA FY 2024 BUDGET

*Approved 6/1/23*

### 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 2024 (July 1, 2023 - June 30, 2024) 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 2023 financial results.

### Priorities

The budget supports aggressive efforts to implement GFDA's new strategic plan.

Included in the budget are:

- Matching funds for energy market assessment, downtown market assessment, transload/logistics assessment, and one professional health school feasibility
- Aggressive implementation of many of the action items in new strategic plan

### Staff

- Assumes two open positions filled by start of FY
- Includes new Loan Officer position starting 10/1/23
- Includes new half-time Business Adviser position starting 7/1/23
- Includes \$40,000 merit salary increases and bonuses based on productivity growth

### Assumptions

- That matching funds will be used to secure 50% grant funding for market assessments and feasibility
- Local investment of \$550,000; slight increase from expected FY2023 actual results
- No new loan capital above what has been awarded/secured except Colter Falls \$3,000,000 SSBCI 2.0
- \$11.5 million in new GFDA loans closed during FY
- Increase in loans outstanding with expensing 8% against loan loss
- \$2 million in SBA 504 loans closed
- Renewal of SBDC and PTAC contracts without increases
- No AgriTech Park lot sales
- Continued BID and City TIF support of Downtown Business Development Officer
- Renewal of state funding for Food & Ag Development Center with level funding
- Does not include \$400,000 needed to be raised as match for new USDA loan funds; have option to raise the funds through grants and/or capital campaign or transfer unrestricted internal funds
- Assumes full year interest on proposed \$500,000 term loan

*Additional assumptions and details noted by line item.*

### Major Changes

- Increase in payroll of 16% driven by 1.5 FTE new positions, inflation & productivity bumps
- Increase in business development expenses of 8%, after taking into account dropped Women's Business Center partnership
- Increase in talent attraction expenses of 18%
- \$36,000 for CDFI grant writing consultants assuming FA and Capital Magnet applications
- \$30,000 budgeted to use grant writing consultants to pursue other new grants

### Projected Results

- Revenue increase: 47%
- Generated revenue increase: 32%
- Net income: \$ 4,299,682
- Limited progress on reducing operating deficit but management expects progress in FY 2025 as new loan capital generates a full year of interest earnings and expected ROI on investment in pursuing new loan capital and grants

**GFDA FY 2022 BUDGET**

Approved 6/1/23

	FY 2024 Budget	FY 2023 Budget	Difference	Percent Change	
<b>REVENUE</b>					
Investment	550,000	650,000	(100,000)	-18%	Increase from expected FY 2023 actual
<b>Generated Revenue</b>					
AgriTech Park	-	-	-	#DIV/0!	Assumes no lot sales
AgriTech TIF Reimbursement	270,000	300,000	(30,000)	-11%	Estimate (pass thru)
Downtown BDO	51,000	43,234	7,766	15%	Assumes continued funding
FADC, PTAC & SBDC	340,000	369,400	(29,400)	-9%	See Schedule
HPF Management	48,500	91,000	(42,500)	-88%	See Schedule
Lending Interest & Fees	1,868,600	1,025,000	843,600	45%	See Schedule
Project Grants	647,280	360,355	286,925	44%	See Schedule
Client Grant Management	-	-	-	#DIV/0!	Assumes no client grant management
Events and Miscellaneous	-	-	-	#DIV/0!	Assumes no event revenue
Sponsorship	25,000	25,000	-	0%	Of major GFDA events
	<u>3,250,380</u>	<u>2,213,989</u>	<u>1,036,391</u>	<u>32%</u>	
Loan Capital Grants	4,981,254	1,799,015	3,182,239	64%	See Schedule
<b>Total Revenue</b>	<b>8,781,634</b>	<b>4,663,004</b>	<b>4,118,630</b>	<b>47%</b>	
<b>EXPENSE</b>					
<b>Staff</b>					
Payroll	1,575,000	1,324,000	251,000	16%	See assumptions on first page
Taxes & Benefits	441,000	370,720	70,280	16%	at 28% of Payroll
Professional Development	110,000	95,000	15,000	14%	Inflation, travel & larger team
	<u>2,126,000</u>	<u>1,789,720</u>	<u>336,280</u>	<u>16%</u>	
<b>Operations</b>					
Auto	12,000	12,000	-	0%	
Communication	28,000	28,000	-	0%	Phone, mail, delivery
Depreciation	28,000	32,400	(4,400)	-16%	
Fundraising	7,000	10,000	(3,000)	-43%	New materials
Insurance	32,000	23,000	9,000	28%	Inflation and land ownership
Meetings & Events	15,000	16,000	(1,000)	-7%	Hosted events & meetings
Office	50,000	47,000	3,000	6%	Rent, Janitorial
Operating Debt Interest & Fees	40,000	27,600	12,400	31%	Term loan and office lease accounting
Professional Fees	90,000	60,000	30,000	33%	Increase for grant writing consultants
Supplies, Computing & Copying	32,000	38,000	(6,000)	-19%	Cost savings
Miscellaneous	15,000	25,000	(10,000)	-67%	Cost savings
	<u>349,000</u>	<u>319,000</u>	<u>30,000</u>	<u>9%</u>	
<b>Business Development</b>					
Marketing	99,000	86,000	13,000	13%	See Schedule
Partnerships/Memberships	102,000	135,000	(33,000)	-32%	See Schedule
Professional Fees	47,000	47,000	-	0%	See Schedule
Publications	3,000	3,000	-	0%	
Travel	90,000	75,000	15,000	17%	Inflation and increase in prospect visits
	<u>341,000</u>	<u>346,000</u>	<u>(5,000)</u>	<u>-1%</u>	
<b>Lending</b>					
Allowance for Loan Losses	585,000	200,000	385,000	66%	Assumes 8% of increased portfolio
Loan Capital Interest	88,952	52,730	36,222	41%	See Schedule
Brownfield Loan Capital Grants	50,000	55,000	(5,000)	-10%	Assumes one new grant
Professional Fees & Misc.	150,000	71,600	78,400	52%	See Schedule
	<u>873,952</u>	<u>379,330</u>	<u>494,622</u>	<u>57%</u>	
<b>Projects</b>					
AgriTech Park	135,000	66,000	69,000	51%	See Schedule
AgriTech TIF Reimbursement	270,000	300,000	(30,000)	-11%	Equals TIF reimbursement revenue
Brownfield Assessment	80,000	105,500	(25,500)	-32%	See Schedule
Strategic Planning	179,000	60,000	119,000	66%	See Schedule
Talent Attraction	128,000	105,000	23,000	18%	See Schedule
	<u>792,000</u>	<u>636,500</u>	<u>155,500</u>	<u>20%</u>	
<b>Total Expense</b>	<b>4,481,952</b>	<b>3,470,550</b>	<b>1,011,402</b>	<b>23%</b>	
<b>NET INCOME</b>	<u><u>4,299,682</u></u>	<u><u>1,192,454</u></u>	<u><u>3,107,228</u></u>	<u><u>72%</u></u>	

**BUDGET SCHEDULES - INCOME**

	<i>FY 2024 Budget</i>	<i>FY 2023 Budget</i>	<i>Difference</i>	<i>Percent Change</i>	
<b>FADC, PTAC &amp; SBDC</b>					
FADC	65,000	65,000	-	0%	Assumes renewal of state funding
FADC SCBG Staff	66,000	70,400	(4,400)	-7%	Under contract
PTAC	74,000	74,000	-	0%	Contract renewal approved by DOD
SBDC	130,000	130,000	-	0%	Anticipated contract renewal January 1st
SBDC COVID	-	25,000	(25,000)	#DIV/0!	Existing contract through September
SBDC Program Income	5,000	5,000	-	0%	Based on average annual income
	<u>340,000</u>	<u>369,400</u>	<u>(29,400)</u>	<u>-9%</u>	
<b>HPF Management</b>					
Closing Fees	22,500	56,000	(33,500)	-149%	Assumes \$2 million closed loans
Servicing Fees	26,000	35,000	(9,000)	-35%	Based on existing portfolio
	<u>48,500</u>	<u>91,000</u>	<u>(42,500)</u>	<u>-88%</u>	
<b>Lending</b>					
Interest from Existing Loans	1,173,600	725,000	448,600	38%	Based on existing portfolio
Loan Fees	115,000	60,000	55,000	48%	Assumes \$11.5 million closed loans at 1.0%
Interest from New Loans	580,000	240,000	340,000	59%	Assumes \$11.5 million at 7% for 8 months
	<u>1,868,600</u>	<u>1,025,000</u>	<u>843,600</u>	<u>45%</u>	
<b>Project Grants</b>					
EPA RLF Admin	60,000	60,000	-	0%	Estimated use of new RLF grant funds
EPA Assessment	100,000	100,000	-	0%	Estimated use of new grant
USDA MPILP 1	50,000	25,000	25,000	50%	Estimated use new grant
USDA MPILP 2	50,000	-	50,000	100%	Estimated use new grant
Downtown Market Assess.	45,000	-	45,000	100%	State, City & NWGF funds awarded
New Grants	50,000	100,000	(50,000)	-100%	
CDFI FA	-	75,355	(75,355)	#DIV/0!	Assumes FA 2022 award drawn in FY23
CDFI ERP	292,280	-	292,280	100%	Awarded grant
	<u>647,280</u>	<u>360,355</u>	<u>286,925</u>	<u>44%</u>	
<b>Loan Capital Grants</b>					
EPA RLF	500,000	712,000	(212,000)	-42%	Estimated use of new award
CDFI FA	-	427,015	(427,015)	#DIV/0!	Assumes FA 2022 award drawn in FY23
SSBCI 2.0	1,500,000	60,000	1,440,000	96%	Assumes Colter Falls funded in FY24 (50% income)
USDA MPILP 1	325,000	600,000	(275,000)	-85%	Estimated use of new award
USDA MPILP 2	1,000,000	-	1,000,000	100%	Estimated use of new award
CDFI ERP	1,656,254	-	1,656,254	100%	Awarded grant
	<u>4,981,254</u>	<u>1,799,015</u>	<u>3,182,239</u>	<u>64%</u>	

**BUDGET SCHEDULES - EXPENSE**

	<i>FY 2024 Budget</i>	<i>FY 2023 Budget</i>	<i>Difference</i>	<i>Percent Change</i>	
<b>Business Development</b>					
<i>Marketing</i>					
GFDA Events	25,000	20,000	5,000	20%	Added funds for Angel Network events
Conf & Trade Show Registrations	30,000	30,000	-	0%	Includes exhibiting at SelectUSA 2024 and several site selector events
Advertising	22,000	18,000	4,000	18%	Increase for more social media efforts
Marketing Materials	22,000	18,000	4,000	18%	Increased marketing materials
	<u>99,000</u>	<u>86,000</u>	<u>13,000</u>	<u>13%</u>	
<i>Partnerships/Memberships</i>					
Memberships & Dues	32,000	30,000	2,000	6%	Chamber and targeted industry trade organization memberships
Partnerships	15,000	15,000	-	0%	Assumes continued partnership support
Women's Business Center	-	35,000	(35,000)	#DIV/0!	Dropped partnership
Entrepreneur Mentor Network	5,000	5,000	-	0%	Mentor support and miscellaneous expenses
Online System Subscriptions	50,000	50,000	-	0%	JobsEQ, SizeUp, Zoom Prospector and others
	<u>102,000</u>	<u>135,000</u>	<u>(33,000)</u>	<u>-32%</u>	
<i>Professional Fees</i>					
Content Providers	5,000	12,000	(7,000)	-140%	
Photography & Videography	22,000	15,000	7,000	32%	Increased client success storytelling
Web and Graphic Design	20,000	20,000	-	0%	New GFDA and HPF web sites
	<u>47,000</u>	<u>47,000</u>	<u>-</u>	<u>0%</u>	
<b>Loan Capital Interest</b>					
USDA IRP	3,166	3,456	(290)	-9%	
MBOI IRP	1,516	1,704	(188)	-12%	
CNote	10,080	10,080	-	0%	
CDFI FA 2020	4,800	4,800	-	0%	
MBOI CDFI FA 2020	5,640	5,640	-	0%	
MDOC MBDC	13,750	13,750	-	0%	
CDFI FA 2021	10,000	10,000	-	0%	
MBOI CDFI FA 2021	3,300	3,300	-	0%	
CDFI FA 2022	3,300	-	3,300	100%	
MBOI CDFI FA 2022	6,000	-	6,000	100%	
US Bank	27,400	-	27,400	100%	
	<u>88,952</u>	<u>52,730</u>	<u>36,222</u>	<u>41%</u>	
<b>Lending Professional Fees &amp; Misc.</b>					
Legal	30,000	12,000	18,000	60%	
Miscellaneous	12,000	6,500	5,500	46%	Fees, etc.
Portfolio Management Systems	7,000	8,100	(1,100)	-16%	Annual licenses
Brownfield Engineering	25,000	25,000	-	0%	Estimated use of EPA grant funds
CDFI Consultants	56,000	13,000	43,000	77%	Grant writing & recertification consultant Assumes FA and Capital Magnet applications at \$18,000 each and \$20,000 finish recertification
Lending Consultants	20,000	7,000	13,000	65%	Underwriting consultant
	<u>150,000</u>	<u>71,600</u>	<u>78,400</u>	<u>52%</u>	
<b>Projects</b>					
<i>AgriTech Park</i>					
Property Taxes	25,000	36,000	(11,000)	-44%	
Bank Loan Interest	65,000	-	65,000	100%	
Legal	25,000	15,000	10,000	40%	Assumes work on potential sales
Professional Fees	15,000	10,000	5,000	33%	Engineering for potential sales
Miscellaneous	5,000	5,000	-	0%	
	<u>135,000</u>	<u>66,000</u>	<u>69,000</u>	<u>51%</u>	
<i>Brownfield Assessment</i>					
Grant Engineering	80,000	98,000	(18,000)	-23%	Assumed use of new grant
Grant Writing Consultant	-	7,500	(7,500)	#DIV/0!	Do not expect to apply this FY
	<u>80,000</u>	<u>105,500</u>	<u>(25,500)</u>	<u>-32%</u>	
<i>Strategic Planning</i>					
Strategic Planning Consultants	-	60,000	(60,000)	#DIV/0!	
Downtown Market Assessment	50,000	-	50,000	100%	\$45,000 in funds secured
CDFI Growth Model	9,000	-	9,000	100%	Balance of contract
Energy Market Assessment	40,000	-	40,000	100%	Match for grant applic
Transload/Logistics Mkt Assess.	40,000	-	40,000	100%	Match for grant applic
Health Professional School Feas	40,000	-	40,000	100%	Match for grant applic
	<u>179,000</u>	<u>60,000</u>	<u>119,000</u>	<u>66%</u>	
<i>Talent Attraction</i>					
Marketing Materials	10,000	10,000	-	0%	
Website	10,000	10,000	-	0%	
Photography and Videography	20,000	15,000	5,000	25%	Increase in social media storytelling
Marketing & Advertising	80,000	65,000	15,000	19%	Increased social media engagement
Events & Miscellaneous	8,000	5,000	3,000	38%	
	<u>128,000</u>	<u>105,000</u>	<u>23,000</u>	<u>18%</u>	