

WLS Trustee Institute

Budget with a Mission



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“Success for my clients is not just about getting the numbers right, but also being able to tell the story behind the numbers.”

Robert Cordero is a Partner and the leader of our independent school practice for the Firm with more than 15 years of experience in public accounting. Rob specializes in auditing and business consulting, working with several types of organizations including Private Foundations, educational institutions, general charities and other fee-for-service not-for-profits including national and international organizations, governmental bodies and commercial entities. Rob is a frequent lecturer and presents continuing professional education courses to members of the Firm’s staff. Rob also leads the Firm’s initiative in the use of CAATs (Computer assisted audit techniques). He has authored numerous accounting articles and is a member of the Firm’s Accounting and Auditing Committee.

Recently, Rob has had the honor of being identified as one of the Westchester Business Council’s 2016 Rising Stars receiving the “Forty under Forty” award.



“As a partner and leader in our not for profit entities practice, I am dedicated to being completely accessible to clients. My goal is to provide hands-on advice and expertise when they need it most.”

Susan M. Barossi is a Partner of the Firm and has more than 35 years of experience in public accounting. She is known industry-wide as an expert in all aspects of accounting, auditing and consulting, and has specialized knowledge of government entities, not-for-profit organizations, higher education institutions and other public sector industries. Susan regularly receives recognition for her skill in conducting Uniform Guidance and program-specific audits.

Beyond her role with PKF O'Connor Davies, Susan actively contributes to her community through a number of not-for-profit board positions. She is currently on the Finance Committee and the former Vice President of the New York State Society of Certified Public Accountants' (NYSSCPA), and present Chair of the Government Accounting & Auditing Committee. Susan is also particularly enthusiastic about her involvement with Gilda's Club Westchester, which provides resources and support to cancer patients and their families. She is on the board and finance committee of RiverArts which celebrates and cultivates the arts in the Westchester County, New York Rivertowns. RiverArts produces and promotes high quality cultural events and educational programs that engage communities and support local artists.



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Agenda

- Strategic Plan
- Meaningful Financial Reporting
- Board Interaction and Involvement
- Successful Budgeting



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Strategic Plan



- Many public libraries throughout the US have benefited greatly from independent fundraising activities as budget support for traditional government sources has been stretched.
- Non-government support has provided public libraries will the incremental resources required to materially enhance and expand programs and services.



- Fines & Fees: Many libraries collect fees to help support a tight institutional budget.
- Fundraising: Broaden geographic base of support, identify a path forward for improved fundraising yield, clearly articulate funding needs, and broadly publicize successes that can yield a broader base of funding.
- Technology leverage: Commit to better utilization of technology to support business processes across the organization, limit manual reporting wherever possible.



- Develop timeline and approach
- Review / validate Mission and Vision
- Gather relevant data and Board input
- Establish goals
 - Prioritize them
- Develop strategies necessary to implement
 - Estimate the cost or resources required to achieve each objective or goal
- Approve plan



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Meaningful Financial Reporting



Reporting

- What type of reporting is prepared for the board and committee members?
 - How frequently?
 - How timely?
- Comparisons of budgeted to actual results?
- Are they focusing on the right areas?
- Multi-year trends?

Meaningful Financial Reporting

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 7,186,002	\$ 7,186,002	\$ 7,186,002	\$ -
Other tax items	125,958	125,958	121,156	(4,802)
Departmental income	77,000	77,000	66,839	(10,161)
Use of money and property	13,000	13,000	25,028	12,028
State aid	281,343	281,343	291,559	10,216
Local sources - County	30,000	45,000	15,520	(29,480)
Gifts and donations	156,983	156,983	139,955	(17,028)
Miscellaneous	43,800	43,800	52,857	9,057
Total Revenues	7,914,086	7,929,086	7,898,916	(30,170)



Board Interaction and Involvement



Understand and define the roles of the Board

- Establish mission, vision, values and goals
- Reviews and adopts program plans and monitors progress towards goals
- Hires management and evaluates the management's performance
- Responsible for assuring long-range commitments of resources; establishes a fund raising plan
- Promotes the organization to the general public; serves as a emissary of the organization to the broader community



Role Clarification Board of Directors (continued)

- Strategically recruits Board members
- Orients new members: sets expectations
- Assess performance of all Board members
- Reviews and approves annual budget
- Reviews periodic financial reports
- Ensures that proper internal controls are in place
- Reviews strategic work plan and progress
- Assess compliance/progress in achieving goals



Accountability

The Board and its members, can be held to account by government officials (the state Attorney General and the IRS, among others) and can be sued for failing to meet their responsibilities with care or with loyalty. Boards often purchase Director and Officers (“D&O) Insurance to reduce the risk of personal loss for the individual board members if that should happen. Insurance can only protect against losses when the board or board member acted “in good faith,” which explains to some extent why paying attention to potential conflicts of interest is a good idea.



The Board is responsible for all the assets of the organization, including its reputation in the community. If resources that might have been used to further the mission are wasted or misused, the board should expect to be asked “How did that happen?”

More basically, though, the board responsibility is to build and maintain a culture in which all the assets of the organization are focused on achieving the mission and being used as productively as possible toward that end.



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The Board & Management need to ask...

- Do we have a sound financial plan?
- Do we have the “right” people?
- Do we evaluate the strengths and weaknesses of these relationships annually?
- Do we have an accurate inventory of resources we presently have on our board?
- Why have members joined the Board?
- Why have members left the Board?
- Are we scheduling periodic board and staff retreats?



Successful Budgeting

Keys to a Successful Budget

- Clearly identify programmatic objectives that are aligned with the mission and strategic plan
- Determine the financial resources needed and available to achieve program goals
- Involve staff and board members in the process to improve accuracy of information and commitment to the plan



10-Step Checklist

1. Determine timeline
2. Agree on goals
3. Understand current financial status
4. Agree on budget approach
5. Develop draft expenses and income budget
6. Review draft budget
7. Approve budget
8. Document budget decisions
9. Implement budget
10. Monitor the budget



- Match your budget line items to your organization's chart of accounts
- Do not forget to include indirect costs in your program budget
- Be conservative/realistic about your projected revenue
- Involve staff at all levels in the budgeting process
- Add in a little cushion if at all possible to take into account the unknown



Budget Items – Fine & Fees

AVERAGE FINE & FEE COLLECTIONS

	TOTAL*	SMALL (<25K)	MIDSIZE (25K–99K)	LARGE (100K+)
Fines	\$3,345	\$449	\$2,691	\$9,788
Fees	\$1,758	\$291	\$1,241	\$6,770

SOURCE: LJ FINES & FEES SURVEY 2017; *Weighted

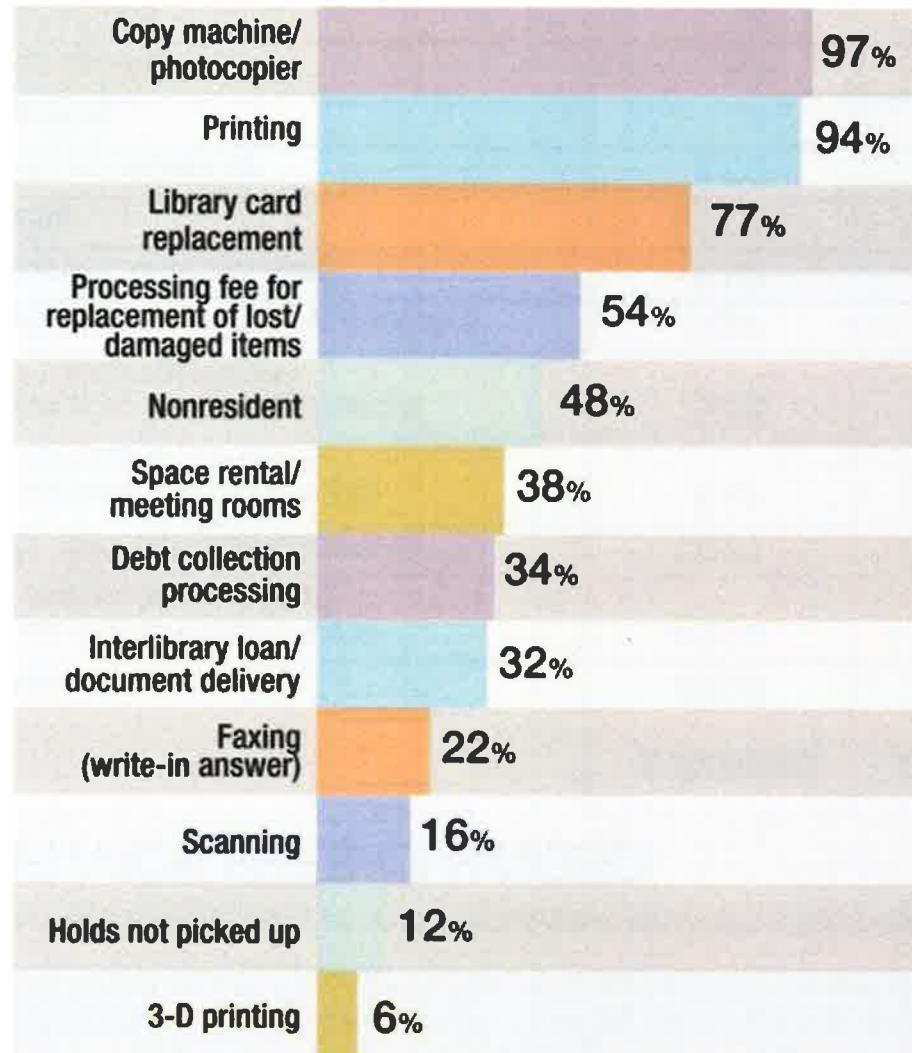
HOW MUCH DOES IT COST YOUR LIBRARY MONTHLY TO COLLECT FINES?

	TOTAL*	SMALL (<25K)	MIDSIZE (25K–99K)	LARGE (100K+)
Average \$	\$714	\$84	\$594	\$3,265

SOURCE: LJ FINES & FEES SURVEY 2017; *Weighted

Budget Items – Fine & Fees

LIBRARY CHARGES A FEE



SOURCE: LJ FINES & FEES SURVEY 2017



Budget Items – Fine & Fees

SERVICE FEES CHARGED

	\$ AVERAGE	\$ MEDIAN
Nonresident (per year)	46.96	32.00
Space rental/Meeting rooms for Businesses (per hour)	40.24	30.00
Debt collection processing fees	12.21	10.00
Space rental/meeting rooms for nonprofits (per hour)	8.48	10.00
Processing fee for replacement of lost/damaged items	5.58	5.00
Interlibrary loan/document delivery	3.27	3.00
Library card replacement	1.92	2.00
Faxing	1.23	1.00
Holds not picked up	1.02	1.00
Scanning	.58	.25
Color printing	.50	.50
B/W printing	.16	.15
Color copies	.49	.50
B/W copies	.16	.15

SOURCE: L/J FINES & FEES SURVEY 2017



Multi-year Modeling

- Long term view of the Library's financial picture
 - How many years into the future?
 - How do you manage risks of the unknown?
- Prevent surprise budget gaps – make annual budget process easier
 - Balance increases in costs (salaries) and increases in revenue
- Cash flow projections –
 - When will the Library collect any Campaign payments?
 - Will the Library need borrowing to cover construction expenses?



Multi-year Modeling

	A	B	D	E	F
1		2017 Actual	2018-2019	2019-2020	2020-2021
2	Increase for Salaries		2%	2%	2%
3	Increase for Adjunct Faculty/staff		2%	2%	2%
4	Increase for Payroll taxes		2%	2%	2%
5	Increase in Retirement plan		10%	15%	15%
6	Increase in Benefits		10%	10%	10%
7					
8	Fiscal Year	2017 Actual	2018-2019	2019-2020	2020-2021
9					
10	Salaries	3,550,320	3,621,326	3,693,753	3,767,628
11	Adjunct Faculty/staff	58,572	59,743	60,938	62,157
12	Payroll taxes	309,578	340,535	391,616	450,358
13	Retirement plan	60,637	66,701	73,371	80,708
14	Benefits	692,513	761,764	837,940	921,734
15		4,671,619	4,850,070	5,057,618	5,282,585



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Multi-year Modeling

	A	B	D	E	F
1		2017 Actual	2018-2019	2019-2020	2020-2021
16					
17	EXPENSES RATES				
18	Grants and contributions		2.0%	2.0%	2.0%
19	Awards		1.0%	1.0%	1.0%
20	Oustide services		-5.0%	0.0%	0.0%
21	Professional fees		3.0%	3.0%	3.0%
22	Legal		-50.0%	0.0%	0.0%
23	Consultants		-50.0%	0.0%	0.0%
55					
56	Expenses				
57	Grants and contributions	2,500	2,550	2,601	2,653
58	Awards	8,511	8,596	8,682	8,769
59	Oustide services	20,000	19,000	19,000	19,000
60	Professional fees	67,075	69,087	71,160	73,295
61	Legal	25,630	12,815	12,815	12,815
62	Consultants	1,020	510	510	510



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