Memo: Proposed Changes for 2014 Budget

Date: December 13, 2013

From: Jessica Nebeker

To: Chairman Eric

In preparation for our 2014 budget I have reviewed our current financials for 2013 and our projected financials for 2014. What I found was not encouraging to our company’s success. If we run our budget as originally projected, we will suffer a net loss of approximately $176,640. This being the case, it is necessary to cut some of our projected expenses so we may successfully run our programs next year. Although our company may face difficulties in these budget cuts, I believe we will still be able to meet our organizational goals and provide quality programs for our participants. Here is a summary of the changes I propose:

It is evident we have a lot of staff, and in my opinion, some unnecessary positions with such a limited budget.

* Combine the positions of Executive Director and Operations Manager. I believe our Executive Director is not nearly active enough for the level of salary he earns. Therefore I have combined these positions with an increased salary as incentive
* Combine the positions of Marketing Director and Sales Coordinator. These positions are similar enough that a strong person can effectively lead both sides of marketing and sales. We are also still small enough that we can effectively run both with one position
* Due to limited funds, we will not be hiring as much additional staff. As you are aware, Ryan, one of the nephews of the Flutie’s would like to work with us. Since Paul will be leaving us from sales, I believe Ryan can take his place as a salesman; I do not think we need any additional sales staff. I also feel that we do not have need for a full-time office assistant, and propose that we change it to a part-time position averaging about 25 hours a week. We will also only take one intern in 2014 rather than two, or offer them half their previous compensation- I consider interns a luxury for when our company has extra income. Our last cut in personnel is bus drivers. While we are adding additional programs, we will not be purchasing additional vehicles. We can hire one additional driver to help accommodate extra shifts, but I am confident we will be able to schedule new programs at times that will work for our drivers.
* Projected salary increases and bonuses are not currently possible. Although I agree we should reward staff for hard work, we cannot give money we do not have. I also strongly believe that because much of our income comes from grants, bonuses and salaries are our last priority. Unless revenues turn out to be higher than projected, I propose a conservative 1% increase to salaries with a severely cut back amount for bonuses.
* There are several expenses that we should look at more closely. I propose using company cell phones to help cut the expense of land lines since long distance calls are eating our bills. We will also require departments to approve printing as those costs are much higher than they should be. Also, we had projected approximately $7,000 of new furniture for new hires, but since we will not be hiring so many people, $3,000 should suffice. We will also cut spending for postage, office products (we should have enough in storage to cut costs for next year), and cut down on the number of refunds we issue. We also do not need to spend so much on consultants we have had a year of experience and are now more comfortable running programs. I still included them as a possible expense since 2014 will be our first year including sports programs.
* We can undoubtedly plan for increased expenses due to inflation, retrofitting vehicles, and more rental fees for program equipment

We will have some different revenue coming in for 2014 as well

* I expect we will see at least a slight increase in the rentals we bring in from our extra ski programs
* Possi-basketball and Youth Soccer will bring in extra revenue, though since it’ll be the first year these programs are offered, it’s difficult to say exactly how much they will bring (I expect the revenues will be higher than those I included in the budget)
* Since we had problems getting as much money as we did from the Children’s Guild last year, I have projected over a $20,000 loss from them as a source of income.

Now I will discuss the changes proposed to meet our organizational goals for 2014.

* We will add two sports programs for our Salt Lake youth: Possi-basketball and Youth Soccer. These programs will be offered for school-age children (6-17) in the Salt Lake County. Possi-basketball will be a program offered to kids of all abilities, including those with wheelchairs.
* We will also add ski programs- Salt Lake Ski School and additional private classes. Our ski classes have been quite successful, so this will allow us to accept more enrollments and bring in additional revenue.
* Although the goal was to retrofit all the existing vans and buses, I suggest that we only upgrade half our fleet at this time to accommodate ADA standards. This will allow us to offer assistance for those who need it, and we can finish retrofitting the rest in 2015. I believe this offers better financial stability for 2014 while still meeting our goal to provide better service and meet ADA requirements. I believe retrofitting the entire fleet would be an undue burden at this time.

I have confidence that if our company can follow these guidelines, we can have a successful 2014. The numbers I have depicted in my projected budget are conservative; we will plan for the worst and hope for the best. Although it is not a pleasant prospect to consider cutting so many employees, we must be willing to make sacrifices. I do not believe any of the cuts I have proposed endanger the quality of programs we offer. Our participants should see no negative effects of these cuts since they mostly effect upper management. They should only see the benefits of the new programs offered and the benefits of a more involved management.

Jessica Nebeker