

Natural Heritage Trust

Adopted Annual Budget and Multi-Year Financial Plan

Fiscal Year 2018-19

Background and Mission of the Natural Heritage Trust

Established by Chapter 653 of the Laws of 1968 as a public benefit corporation of the State of New York, the Natural Heritage Trust receives and manages gifts, grants and contributions to further public programs in support of parks, conservation, recreation, historic preservation and waterfront revitalization. The NHT accomplishes its mission by facilitating private investment for these purposes.

The NHT ensures the safekeeping, prudent investment and appropriate expenditure of funds held in trust for cooperative programs and projects with its agency partners: New York State Office of Parks, Recreation and Historic Preservation (OPRHP), Department of Environmental Conservation (DEC) and the Department of State (DOS). The NHT also partners with other public and private entities, not-for-profits and friends groups that share mission-compatible goals and purposes.

The NHT is governed by a Board of Directors comprised of the Commissioner of Parks, Recreation and Historic Preservation, the Commissioner of Environmental Conservation, the Secretary of State and the Chair of the State Council of Parks. The NHT is tax exempt pursuant to Section 170 (b) of the Internal Revenue Code and has been designated a 501(c)(3) corporation.

Summary of 2018-19 Administrative Operating Budget

The Operating Budget supports the core administrative functions of the NHT which include: bookkeeping, accounting, finance, human resources, contract management, compliance, fundraising and donor relations. Fiduciary program and project spending is not included in the Operating Budget and is reported on separately in the NHT's audited financial statements.

The Adopted Budget contemplates retention of existing staff while also adding new entry/mid-level development staff mid-year:

- The Budget supports the following **four** existing Full Time Equivalent (4 FTE's): Executive Director, Deputy Director/Chief Financial Officer, Bookkeeper and Development Associate; and **three** additional (1.5 FTE's): Grants Writer, Development Assistant, Office Assistant.
- Accounting, Auditing and Investment Advisory/Custody Services continue as contractually-based services

The Budget recognizes both revenue sources and expenditures previously unbudgeted, but always accounted for in the year-end Audited Financial Statements: 1) Residual Fringe Income from administering project employees' benefits; 2) Contributed services (1 FTE) of an Administrative Analyst from OPRHP, with an offset of the same value; and 3) Retiree Health Benefit Costs.

So while the budgeted expenditures are increasing from \$610,000 (FY 2017-18) to \$900,000, budgeted revenues are also increasing from \$535,000 (FY 2017-18) to a projected \$990,000, resulting in budget surplus. This surplus is projected into each of the out-years as well.

Budget Process

The Annual Budget and Multi-Year Financial Plan are developed by Executive staff of the NHT incorporating the input of the Board of Directors. The Budget is submitted to the Board no later than 90 days prior to the commencement of its next fiscal year for review and revisions as directed by the Board. Upon approval by the Board the Budget and Financial Plan are submitted to the Governor, Legislative Fiscal Committees and Office of State Comptroller. The Budget is also posted for review by the public at least 30 days prior to approval by the Board in no less than five convenient public places throughout the State for at least 45 days, as well as on the NHT's website.

Assessment of Budgetary Risks

The Operating Budget supports administrative operations of the NHT and is supported by two primary revenue sources:

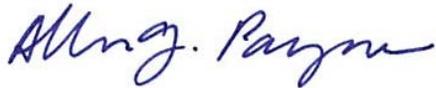
- Income earned on the investment of funds held in trust
- Administrative fees assessed on specific programs that have staff and investment (endowment) accounts.

Accordingly, the funds available for NHT operations are subject to market risk and fluctuations, interest rates and renewed funding for certain programs.

The investment guidelines of the NHT allow funds to be managed in three different ways depending on the underlying purpose and goals of the gift agreement, consistent with State Law and Regulations. The majority of funds held in trust are invested in fixed income investment products, largely guarding against loss of principal. However, the US economy continues to be in a very low interest rate environment, keeping annual income earned on fixed income funds at historically low levels.

Certification

After reasonable inquiry, the Annual Budget and Multi-Year Financial Plan presented herein is, to the best of my knowledge and belief, based on reasonable assumptions and methods of estimation with the applicable regulation being satisfied.



Allen G. Payne
Executive Director



Sarah Purcell
Deputy Director & Chief Financial Officer

FY 2018-19 NHT ADOPTED OPERATING BUDGET

<u>REVENUE</u>	2017-18 ADOPTED	2018-19 ADOPTED	<i>Budget CHANGE</i>
Investment Income	\$ 300,000	\$ 300,000	\$ -
Administrative Income - Management Fees	\$ 235,000	\$ 245,000	\$ 10,000
Administrative Income - Indirect/Residual Fringe	\$ -	\$ 350,000	\$ 350,000
Contributed Goods and Services	\$ -	\$ 95,000	\$ 95,000
TOTAL REVENUES	\$ 535,000	\$ 990,000	\$ 455,000
<u>EXPENDITURES</u>			
Salaries	\$ 312,000	\$ 397,000	\$ 85,000
Fringe benefits	\$ 175,000	\$ 235,000	\$ 60,000
Professional fees and contractual services	\$ 63,000	\$ 63,000	\$ -
Contributed Goods and Services	\$ -	\$ 95,000	\$ 95,000
Bank investment fees and service charges	\$ 38,000	\$ 38,000	\$ -
Retiree Health Benefits	\$ -	\$ 40,000	\$ 40,000
Office supplies and postage	\$ 15,000	\$ 15,000	\$ -
Travel	\$ 5,000	\$ 10,000	\$ 5,000
Huttleston Program	\$ -	\$ 5,000	\$ 5,000
Miscellaneous	\$ 2,000	\$ 2,000	\$ -
TOTAL EXPENDITURES	\$ 610,000	\$ 900,000	\$ 290,000
SURPLUS (DEFICIT) OF REVENUE OVER EXPENDITURES	\$ (75,000)	\$ 90,000	\$ 165,000
TRANSFER FROM RESERVE	\$ 75,000	\$ -	\$ (75,000)
YEAR END RESULT	\$ -	\$ 90,000	\$ 90,000

MULTI-YEAR FINANCIAL PLAN

<u>REVENUE</u>	2018-19 ADOPTED	2019-20 PROJECTED	2020-21 PROJECTED	2021-2022 PROJECTED
Investment Income	\$ 300,000	\$ 340,000	\$ 382,500	\$ 425,000
Administrative Income - Management Fees	\$ 245,000	\$ 245,000	\$ 245,000	\$ 235,000
Administrative Income - Indirect/Residual Fringe	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Contributed Goods and Services	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000
TOTAL REVENUES	\$ 990,000	\$ 1,030,000	\$ 1,072,500	\$ 1,105,000
<u>EXPENDITURES</u>				
Salaries	\$ 397,000	\$ 466,000	\$ 475,320	\$ 484,826
Fringe benefits	\$ 235,000	\$ 274,940	\$ 280,439	\$ 286,048
Professional fees and contractual services	\$ 63,000	\$ 63,000	\$ 63,000	\$ 63,000
Contributed Goods and Services	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000
Bank investment fees and service charges	\$ 38,000	\$ 38,000	\$ 38,000	\$ 38,000
Retiree Health Benefits	\$ 40,000	\$ 45,000	\$ 45,000	\$ 45,000
Office supplies and postage	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Travel	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Huttleston Program	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Miscellaneous	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
TOTAL EXPENDITURES	\$ 900,000	\$ 1,013,940	\$ 1,028,759	\$ 1,043,874
SURPLUS (DEFICIT) OF REVENUE OVER EXPENDITURES	\$ 90,000	\$ 16,060	\$ 43,741	\$ 61,126

ASSUMPTIONS

Investment income derived from interest and dividends off of the "Main Management" Investment Accounts (Aggregate value of ~\$17Million); Projections estimate modest gradual increases on total rate of return in each of the out-years, increasing from 1.75% to 2.0%, 2.25% and 2.50% respectively

Salaried positions support the following four FTE's: Executive Director, Deputy Director & CFO, Bookkeeper/AP, Development Associate and three .50 FTE's to be hired mid-year FY 18-19: Grants Writer, Development Assistant, Office Assistant. These 3 new positions are fully annualized in 2019-20 and contemplated moving forward into the out years with 2% colas

Fringe benefit rate used is 59% and carried forward in the out-years. Rate is mostly dependent on the cost of pension contributions and health insurance premiums

2016-17 NHT OPERATING BUDGET - ACTUAL

<u>REVENUE</u>	2016-17 BUDGETED	2016-17 ACTUAL BUDGETED	2016-17 ACTUAL UNBUDGETED	2016-17 TOTAL ACTUAL	Variance Favorable (Unfavorable)
Administrative Income - Indirect/Residual Fringe	\$ -	\$ -	\$ 504,002	\$ 504,002	\$ 504,002
Administrative Income - Management Fees	\$ 235,000	\$ 243,045	\$ -	\$ 243,045	\$ 8,045
Investment Income	\$ 300,000	\$ 219,296	\$ -	\$ 219,296	\$ (80,704)
Contributed Goods & Services	\$ -	\$ -	\$ 94,211	\$ 94,211	\$ 94,211
Realized Gains (Losses) on Investments	\$ -	\$ -	\$ 106,794	\$ 106,794	\$ 106,794
Unrealized Gains (Losses) on Investments	\$ -	\$ -	\$ (62,664)	\$ (62,664)	\$ (62,664)
TOTAL REVENUES	\$ 535,000	\$ 462,341	\$ 642,343	\$ 1,104,684	\$ 569,684
<u>EXPENDITURES</u>					
Salary and payroll related costs	\$ 305,000	\$ 301,119	\$ -	\$ 301,119	\$ 3,881
Fringe Benefits	\$ 180,000	\$ 165,784	\$ -	\$ 165,784	\$ 14,216
Professional fees and contractual services	\$ 63,000	\$ 52,897	\$ -	\$ 52,897	\$ 10,103
Bank investment fees and service charges	\$ 40,000	\$ 32,700	\$ -	\$ 32,700	\$ 7,300
Office supplies and materials	\$ 15,000	\$ 16,595	\$ -	\$ 16,595	\$ (1,595)
Travel	\$ 5,000	\$ 8,573	\$ -	\$ 8,573	\$ (3,573)
Miscellaneous	\$ 2,000	\$ 34,110	\$ -	\$ 34,110	\$ (32,110)
Huttleston Program	\$ -	\$ 4,900	\$ -	\$ 4,900	\$ (4,900)
Contributed Salaries and Overhead	\$ -	\$ -	\$ 94,211	\$ 94,211	\$ (94,211)
Retiree Health Benefit Costs	\$ -	\$ -	\$ 26,644	\$ 26,644	\$ (26,644)
TOTAL EXPENDITURES	\$ 610,000	\$ 616,678	\$ 120,855	\$ 737,533	\$ (127,533)
SURPLUS (DEFICIT) OF REVENUE OVER EXPENDITURES	\$ (75,000)	\$ (154,337)	\$ 521,488	\$ 367,151	\$ 442,151