

Natural Heritage Trust

Annual Budget and Multi-Year Financial Plan

Fiscal Year 2019-20

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 2019-20 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 the same staffing structure as the FY 2018/19 budget:

- The Budget supports the following **six** existing Full Time Equivalents (6 FTE's): Executive Director, Deputy Director/Chief Financial Officer, Bookkeeper, Development Associate, Development/Office Assistant and Grants Writer.
- Accounting, Auditing and Investment Advisory/Custody Services continue as contractually-based services

The Budget also recognizes in-kind (Contributed) services from OPRHP.

The increase from the FY18/19 Adopted Budget of \$900,000 to the FY 19/20 Adopted Budget of \$1,015,000 is due to the cost of fully annualizing the Development/Office Assistant and Grants Writer positions. A small budget surplus is still projected in FY 19/20 and into the out-years, after several years of budget deficits.

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 and to the NHT's website for at least 30 days prior to approval by the Board.

Assessment of Budgetary Risks

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

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

Accordingly, the funds available for NHT operations are dependent upon interest rates and the broader markets, as well as 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. Most of the NHT's portfolio is 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. Additionally, some of the endowment accounts have a largely weighted equity exposure; those accounts are subject to the largest market risk and fluctuations.

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

2017-18 NHT OPERATING BUDGET - ACTUAL (AUDITED)

<u>REVENUE</u>	2017-18 BUDGETED	2017-18 ACTUAL BUDGETED	2017-18 ACTUAL UNBUDGETED	2017-18 TOTAL ACTUAL	Variance Favorable (Unfavorable)
Administrative Income - Indirect/Residual Fringe	\$ -	\$ -	\$ 592,049	\$ 592,049	\$ 592,049
Administrative Income - Management Fees	\$ 235,000	\$ 239,699	\$ -	\$ 239,699	\$ 4,699
Investment Income	\$ 300,000	\$ 278,640	\$ -	\$ 278,640	\$ (21,360)
Contributed Goods & Services	\$ -	\$ -	\$ 98,215	\$ 98,215	\$ 98,215
Realized Gains (Losses) on Investments	\$ -	\$ -	\$ 63,307	\$ 63,307	\$ 63,307
Other Income	\$ -	\$ -	\$ 154	\$ 154	\$ 154
Unrealized Gains (Losses) on Investments	\$ -	\$ -	\$ (146,965)	\$ (146,965)	\$ (146,965)
TOTAL REVENUES	\$ 535,000	\$ 518,339	\$ 606,760	\$ 1,125,099	\$ 590,099
<u>EXPENDITURES</u>					
Salary and payroll related costs	\$ 312,000	\$ 318,771	\$ -	\$ 318,771	\$ (6,771)
Fringe Benefits	\$ 175,000	\$ 185,078	\$ -	\$ 185,078	\$ (10,078)
Professional fees and contractual services	\$ 63,000	\$ 53,196	\$ -	\$ 53,196	\$ 9,804
Bank investment fees and service charges	\$ 38,000	\$ 36,128	\$ -	\$ 36,128	\$ 1,872
Office supplies and materials	\$ 15,000	\$ 23,384	\$ -	\$ 23,384	\$ (8,384)
Travel	\$ 5,000	\$ 8,590	\$ -	\$ 8,590	\$ (3,590)
Miscellaneous	\$ 2,000	\$ 3,179	\$ -	\$ 3,179	\$ (1,179)
Huttleston Program	\$ -	\$ 4,550	\$ -	\$ 4,550	\$ (4,550)
Contributed Salaries and Overhead	\$ -	\$ -	\$ 98,215	\$ 98,215	\$ (98,215)
Retiree Health Benefit Costs	\$ -	\$ -	\$ 42,664	\$ 42,664	\$ (42,664)
TOTAL EXPENDITURES	\$ 610,000	\$ 632,876	\$ 140,879	\$ 773,755	\$ (163,755)
SURPLUS (DEFICIT) OF REVENUE OVER EXPENDITURES	<u>\$ (75,000)</u>	<u>\$ (114,537)</u>	<u>\$ 465,881</u>	<u>\$ 351,344</u>	<u>\$ 426,344</u>

FY 2018-19 BUDGET TO ACTUAL THROUGH January 31, 2019

<u>REVENUE</u>	2018-19 ADOPTED BUDGET	2018-19 TOTAL ACTUAL	Variance Favorable (Unfavorable)
Administrative Income - Indirect Residual Fringe	\$ 350,000	\$ -	\$ (350,000)
Administrative Income - Management Fees	\$ 245,000	\$ 102,777	\$ (142,223)
Investment Income	\$ 300,000	\$ 275,312	\$ (24,688)
Contributed Goods and Services	\$ 95,000	\$ 79,167	\$ (15,833)
TOTAL REVENUES	\$ 990,000	\$ 457,256	\$ (532,744)
 <u>EXPENDITURES</u>			
Salaries	\$ 397,000	\$ 302,275	\$ 94,725
Fringe benefits	\$ 235,000	\$ 167,018	\$ 67,982
Professional fees and contractual services	\$ 63,000	\$ 61,488	\$ 1,512
Contributed Goods and Services	\$ 95,000	\$ 79,167	\$ 15,833
Bank investment fees and service charges	\$ 38,000	\$ 32,896	\$ 5,104
Retiree Health Benefits	\$ 40,000	\$ 28,431	\$ 11,569
Office supplies and postage	\$ 15,000	\$ 25,588	\$ (10,588)
Travel	\$ 10,000	\$ 6,434	\$ 3,566
Huttleston Program	\$ 5,000	\$ 5,450	\$ (450)
Miscellaneous	\$ 2,000	\$ 514	\$ 1,486
TOTAL EXPENDITURES	\$ 900,000	\$ 709,261	\$ 190,739
SURPLUS (DEFICIT) OF REVENUE OVER EXPENDITURES	\$ 90,000	\$ (252,005)	\$ (342,005)

Most of the Administrative Income (both Indirect Residual Fringe and Management Fees on Endowments) are booked at year-end on 3/31.

FY 2019-20 NHT ADOPTED OPERATING BUDGET

<u>REVENUE</u>	2018-19 ADOPTED	2019-20 ADOPTED	<i>Budget CHANGE</i>
Investment Income	\$ 300,000	\$ 300,000	\$ -
Administrative Income - Management Fees	\$ 245,000	\$ 245,000	\$ -
Administrative Income - Indirect/Residual Fringe	\$ 350,000	\$ 450,000	\$ 100,000
Contributed Goods and Services	\$ 95,000	\$ 95,000	\$ -
TOTAL REVENUES	\$ 990,000	\$ 1,090,000	\$ 100,000
 <u>EXPENDITURES</u>			
Salaries	\$ 397,000	\$ 450,000	\$ 53,000
Fringe benefits	\$ 235,000	\$ 280,000	\$ 45,000
Professional fees and contractual services	\$ 63,000	\$ 65,000	\$ 2,000
Contributed Goods and Services	\$ 95,000	\$ 95,000	\$ -
Bank investment fees and service charges	\$ 38,000	\$ 38,000	\$ -
Retiree Health Benefits	\$ 40,000	\$ 45,000	\$ 5,000
Office supplies and postage	\$ 15,000	\$ 25,000	\$ 10,000
Travel	\$ 10,000	\$ 10,000	\$ -
Huttleston Program	\$ 5,000	\$ 5,000	\$ -
Miscellaneous	\$ 2,000	\$ 2,000	\$ -
TOTAL EXPENDITURES	\$ 900,000	\$ 1,015,000	\$ 115,000
SURPLUS (DEFICIT) OF REVENUE OVER EXPENDITURES	\$ 90,000	\$ 75,000	\$ (15,000)
TRANSFER FROM RESERVE	\$ -	\$ -	\$ -
YEAR END RESULT	\$ 90,000	\$ 75,000	\$ (15,000)

*Realized and Unrealized Gains (Losses) will be accounted for under Revenue but are difficult to budget due to market fluctuations

ADOPTED NHT MULTI-YEAR FINANCIAL PLAN

<u>REVENUE</u>	2019-20 ADOPTED	2020-21 PROJECTED	2021-22 PROJECTED	2022-23 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	\$ 450,000	\$ 450,000	\$ 450,000	\$ 450,000
Contributed Goods and Services	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000
TOTAL REVENUES	\$ 1,090,000	\$ 1,130,000	\$ 1,172,500	\$ 1,205,000
<u>EXPENDITURES</u>				
Salaries	\$ 450,000	\$ 461,250	\$ 472,781	\$ 484,601
Fringe benefits	\$ 280,000	\$ 285,975	\$ 293,124	\$ 300,452
Professional fees and contractual services	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000
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	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
Office supplies and postage	\$ 25,000	\$ 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	\$ 1,015,000	\$ 1,022,225	\$ 1,040,906	\$ 1,060,053
SURPLUS (DEFICIT) OF REVENUE OVER EXPENDITURES	\$ 75,000	\$ 107,775	\$ 131,594	\$ 144,947

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%, 2.50% respectively

Salaried positions support the following six FTE's: Executive Director, Deputy Director & CFO, Bookkeeper/AP, Development Associate, Grants Writer, Development/Office Assistant
Grants Writer, Development Assistant, Office Assistant and contemplate 2.5% colas into the out-years

Fringe benefit rate used is 62% and carried forward in the out-years. Rate is mostly dependent on the cost of pension contributions and health insurance premiums