

JAAZ Proposed Budget for 2021/22

Major Assumptions:

- We will recover slowly from the pandemic as vaccines become more widely administered
- JA BizTown/JA Finance Park (JABT/JAFP) will slowly come back to in-person field trips but will be down from pre-pandemic numbers and we will need to lower our fee from \$18/student to \$15/per student. We will also offer a discounted amount of \$10 per student for Title I schools that cannot afford the \$15 fee and are also willing to attend in October or January.
- The number of K-12 students (including JA Inspire & Stock Market Challenge virtual statewide) will increase 38% in CAZ and 20% in SAZ from FY 20/21 Forecast.
- Corporate giving is expected to still be lower than historical but recovering a bit from pandemic lows.
- Individual giving is expected to continue to show larger increases due to continued, focused development and marketing efforts.
- Second PPP loan (\$405K) is expected to be forgiven, and revenue recognized in early FY 21/22.
- Special Events are expected to be up about as vaccinations are completed; however, JA Inspire revenues are moved to Corporate as it is now considered a long-term program and not an event.
- During the year we expect to have a new Education position dedicated primarily to JA Inspire, and to hire a part-time Receptionist and four part-time JABT/JAFP Coordinators. An average 2% salary increase is budgeted for all staff. Changes in salary for market adjustments are budgeted for the spring.
- We estimate that we will qualify for the Employee Retention Credit (ERC) at least through the third quarter of 2021 and possibly all four quarters. The maximum amount we can get per quarter is \$7,000 per employee or approximately \$175,000; estimated savings are posted against payroll tax expense.
- Medical insurance premiums increasing 7%.
- Operating expenses slowly increasing to pre-pandemic norms.
- Increase in marketing as planned based on ATLAS program insights. Marketing moved from Outside Services and Postage under Administrative Expenses to Public Relations under Development Expenses.

Highlights (all variance explanations are 2021/22 Budget compared to 2020/21 Forecast as of 5/15/21 unless otherwise stated)

- We have budgeted Revenues of \$3.9M over Total Operating Expenses of \$3.5M, resulting in a budgeted surplus of \$436K above the line and \$318K bottom line. The focus for 2021/22 is on navigating the pandemic and (hopefully) pandemic recovery, business and social environment to the best of our abilities, remaining agile, flexible and innovative.
- **Revenue** – Total Operating Revenue is budgeted at \$3.9M which is 12% higher than the 2020/21 Forecast.
- **Expenses** – Total Operating Expenses is budgeted at \$3.5M, an increase of about 18% over the 2020/21 Forecast. This includes increases in Salaries & Benefits of \$140K, JA USA Program & Support Fees of \$89K, Program Materials of \$97K and Public Relations (marketing) of \$75K, net of the amounts moved from Outside Services and Postage.
- **Capital** – We have developed a capital budget and are implementing based on priorities. We plan to spend about \$104.5K on capital projects. Included in the budget are 3 air conditioning units, additional updates to the JA BizTowns, a new alarm system, and painting the building.
- **Cash** – We expect cash to decrease overall throughout the year as we already have the \$405K from PPP2 on hand and that will be spent over time. However, we expect to get a refund on 2020 payroll taxes through ERC of \$169K and we expect to get a refund on first quarter 2021 payroll taxes through ERC of

\$165K. If things proceed as per our assumptions, we expect not have to liquidate any investments below the level currently held and we do not expect to have to take on any new debt.

Revenue

- **Corporate** is projected to increase 33%, this includes \$250K (\$130K increase) for JA Inspire.
- **Individual** is projected to increase 18%.
- **Foundations** grants are expected to be lower by 47% as we received a \$201K grant from Piper late in FY20-21 which is a one-time gift. However, we are hopeful that innovations in programs and delivery will appeal to funders and recovery from the pandemic as vaccines are administered will allow grantors to change their focus.
- **Government** grants are expected to be maintained at current levels. There will be opportunities for additional government funding but as yet we are not sure if we will qualify.
- **Special Events** is projected to decrease 4% as JA Inspire expenses will be included in Outside Services and Program Materials beginning in FY21-22.
- **JA BizTown Student Fees** -Expect to be able to start field trips again; however, expect to be slow to grow back to former levels and will reduce per student fee from a maximum of \$18 to \$15.
- **CAZ** – Revenues are projected up \$321K or 10%.
- **SAZ** – Revenues are projected up \$100K or 33%.

Expenses

- **Salaries and Benefits**
 - **Salaries and Taxes**– salaries increasing 26% including new positions, taxes will be down due to ERC.
 - **Insurance & Pension** – 13% increase is due to an increase in pension costs driven by new participants entering the plan and salary increases. Increase in medical premiums are estimated at 7%
- **Operating Expenses** - increasing by 14%. JA Inspire fees to the provider will be in Outside.
- **Program Expenses** – increasing 56%. Program Material is budgeted to increase \$74K, as JABT and JAFP should be running again this year and as kits will be used more in K-12 as traditional in-class programs gear back up and as certain JA Inspire expenses are now included here. Program and Support fees are determined by and paid to JA USA based on our revenues from FY 19-20 and will increase \$89K or 33%.
- **Development Expenses** - are increasing 56% due to increase in Public Relations budget by \$75K as all marketing expenses will now be recorded in this area.