

## JAAZ Proposed Budget for 2023/24

### Major Assumptions:

- **GEER funds will have been used up in the prior year of 2022/23, resulting in negative year-over-year variance of over \$1M in revenues.**

### Highlights (all variance explanations are 2023/24 Budget compared to 2022/23 Forecast as of 3.31.23 unless otherwise stated)

- **Students** – Overall students served goes from 147K in FY22-23 to 179K in FY23-24. JA Inspire students (JAIN) grow from 62K to 90K, K12 students grows from 63K to 68K and JABizTown/JAFinancePark (JABT/JAFP) students are flat at about 22K. Money in Motion starts to serve students and serves 2K students.
- **Revenue** – Total operating revenue is forecast at \$7.25M for FY22-23 and \$6.62M in FY23-24; the decrease is primarily due to exhaustion of certain governmental grant funds.
- **Expenses** – Total expenses before non-cash items is forecast at \$4.97M FY22-23 and \$6.11M in FY23-24.
- **Capital** – Capital expenditures are expected for air conditioners, shops in JABT, for Schuster Conference Room remodel.
- **Cash** – Cash position is strong in FY22-23 and is expected to stay strong through FY23-24.

### Revenue

- **Corporate** is projected to decrease (35%); we received the \$400K transportation grant in FY22-23 and sold several JABT shops depleting the inventory of shops available to sell.
- **Individual** is projected to increase 5%; we continue to work on building our individual contributions base while national trends show philanthropic donations declining.
- **Foundation** grants are expected to be higher by 88%, FY22-23 was a low year for foundation grants; we have applied for and will apply for more grants, including \$600K in grants for 3DE, that we hope to get in FY23-24.
- **Government** grants are expected to be lower as GEER will be completed in FY22-23 and ESSER is expected to finish being paid in Spring 2024.
- **Special Events** revenue is projected to increase 6%.
- **Experiential Education Fees** - JA BizTown/JA Finance Park fees are expected to be about the same and JA Inspire Booth fees are expected to increase and are included in this revenue category, which is budgeted up 20%.
- **CAZ** – Revenues are projected at \$5.97M, down (13%).
- **SAZ** – Revenues are projected at \$650K, up 20%.

### Expenses

- **Salaries and Benefits**
  - **Salaries and Taxes**– Salary expenses are increasing 16%, including a 5% average for staff annual performance and cost of living increases; provisions for market adjustments; 14 positions that were new during or vacant part of FY22-23, 2 new positions for FY23-24, and provisions for possible costs for restructuring.
  - **Insurance & Pension** – 6% increase is due to changes in pension costs driven by new participants entering and existing participants exiting the plan plus salary increases, medical premiums are estimated to increase 8%.
- **Operating Expenses** - Increasing by 8%. General increases due to inflation, increase in liability Insurance tied to increase in student numbers (this is how we are charged from JA USA), increase in Outside Services as provision is made should we need to use a recruiting agency to hire a new Chief Development Officer, and increase in Administrative Interest due to 4-year new copier lease.

- **Program Expenses** – Increasing 30%. Program Material is increasing due to the increase in students and increase in material costs. Freight fees are expected to double. Program and Support fees are determined by and paid to JA USA based on our revenues from FY 20-21.
- **Development Expenses** - Increasing 23% due to increase in PR & Marketing budget and adding budget for government relations.
- **CAZ** – Expenses are projected at \$5.69M, up 19%.
- **SAZ** – Expenses are projected at \$425K, up 22%.

### **Net Surplus/Reserves/Trends**

- Net Surplus is projected to be \$322K. This is down (565% or \$1.8M) due to grant money that is not expected to be repeated or replaced, specifically GEER and A for Arizona – Transportation Grant and not as much left on the ESSER grant as was recognized in FY22-23.
- Reserves as of March 31, 2023 was \$5.6M, this equals more than 16 months of average operating expenses. With the projected surplus for FY23-24, reserves are expected to grow slightly by the end of the period.
- Trends – with increasing pressure of inflation in general and on salaries; in particular, expenses are expected to continue to grow at a higher than past rate. Some growth in staff is expected in future fiscal years as we bring 3DE into practice and grow student numbers and other programs. Government funding and Foundation support is expected to be significant in our ability to continue to grow. Management will continue to keep close track of revenues and support for our programs and will adjust growth as necessary.