

## Salt Spring and Southern Gulf Islands Community Services Society

### 2023-24 Budget notes:

- 1. Overall Operating Budget.** 2023-24 revenue is projected to be \$ 7,193,161 and expenses \$ 7,190,223 leaving a small profit of \$ 2,938. This is a small \$ 71,299 increase from last year, mostly attributed to wage increases rather than program growth. Prior year was projected at \$ 6,889,085 and actual \$ 7,121,862 with a year end deficit of \$ 28,452 (unaudited).

This year will see an increase of approximately \$ 350,000 in core program funding, and a decrease of approximately \$230,000 in project funding which saw a “Covid bump” last year. Historically SSI Community Services has gained additional revenue every year along the way, so it is reasonable to expect the total revenue and expense for 2023-24 may increase .

- 2. Budget Process.** The overall budget is built around 35 Core Program budgets and 7 project budgets. One new core program was added this year (Brinkworthy Property) and two tentative ones added last year were removed because they did not materialize as planned (Landbank properties and Drake Road Supported Housing). Drake Road may reappear if we respond to, and are awarded the contract to operate this site.

Each of the core and project budgets are unique and require varying degrees of prescriptiveness based on funder requirements and agreements. Individual budgets are guided by these external requirements and are compared with prior year revenue and expenses. Labour costs are the biggest expense category (60-65%), so an initial step is to update wages and benefits costs, union agreements, employee contracts etc. to ensure permanent, casual and backfill staff costs are projected correctly. Overall administration costs, including admin staff, buildings, and computers are drawn from each budget at a rate ranging from 5 to 12% based on the capacity of each budget to contribute (9% average across the organization). The draft program budgets are reviewed with Directors and Managers to ensure each program budget is realistic and accounts for emerging priorities and needs. One thing to note about our revenue is that very little is “discretionary”. I point this out because occasionally in the community a perception is communicated that we have a large budget with decisions done arbitrarily by Board and/or staff. Most revenue is funder-directed, or in the case of rental revenue goes directly back to cover costs. Donations are typically directed for specific purposes, and the amount of unspecified donations is typically less than \$ 50,000, or less than 1% of the total budget. As these donations are accepted during the year they are typically allocated to the area of most need.

- 3. Covid Funding.** We are likely seeing the last few drops from the Covid spout. Covid-related government funding for the community services sector was generous, and brought an

additional \$ 500,000 to SSI Community Services each of the past two years. This amount is projected to be \$ 80,000.

#### **4. New Programs.**

- a) Brinkworthy property. Costs for holding this property (mortgage, utilities etc.) are \$ 8-9,000 per month. This cost will be covered by trailer rentals for the next 2-3 years. A \$ 20,000 immediate investment is required to improve property for rentals. Improvement of the agriculture component of the site will be achieved through grants.
- b) Men's Shed possibility. This program would have a small annual operating budget of approximately \$ 20,000. There are project grants available.
- c) Nitikman Bursary. An initial 50,000 donation is held in trust in a BMO GIC, with annual income to be distributed as a bursary. This is not included in the budget at this time.

#### **5. Capital Projects and Expenses.** The capital expenditures proposed for this year include:

- a) Emergency Shelter/Kilner conversion from septic to sewer \$ 15,000
- b) Vesuvius House elevator replacement is in process and will be completed in June. Total cost is \$ 130,000. \$ 10,000 has been secured from the SS Foundation, \$ 500 private donation, and \$ 65,000 from CLBC. The balance will come from reserve funds for now
- c) SS Commons. Approximately \$ v100,000 in improvements (paving, landscaping, extra storage) will be completed with costs covered through a project contingency fund held in trust by BC Housing.
- d) There is still a desire to purchase an addition truck for Food Programs/Housing Programs and Maintenance if we can afford it, at an estimated cost of \$ 15,000.

#### **6. Wage increases.** Significant wage increases this year is good news for employees and employee recruitment/retention. The provincial government will provide funding for virtually all wage increases tied to provincial-funded services. This leaves a challenge for the organization to fund wage increases for the approximately 30% wages not linked to provincial funding. This budget includes some reduction of employee positions and program adjustments in areas including seniors, early childhood, school-based counselling.

#### **7. Infrastructure changes.**

We have been keeping up with program growth with facility improvement and administration/management capacity building (2 new management positions and 1 admin position in the past three years). The next step will be to establish a dedicated Human Resources (HR) position. We have \$ 6,000/month until June 30, 2024 from the Community

Service Recovery Fund to do this, with a plan to do front-end work to improve systems, and reduce it going forward to whatever the core budget will bear (minimum .5 position).

- 8. Cost savings.** No major cost saving initiatives have been identified. Last year we shifted to an “in house” garbage and recycling hauling system, which can be reviewed for its impact this year. The Recycle Depot operations may require review if the cost of wage increases is not mitigated by more revenue. We have funding from the Victoria Foundation “Investment Readiness” fund to review our food programs from a social enterprise lens, which will include exploring efficiencies in program design, staffing and food purchase..

RG, May 15, 2023