

Salt Spring and Southern Gulf Islands Community Services Society

2024-25 Budget notes:

- 1. Overall Operating Budget.** 2024-25 revenue and expenses are projected to be \$ 8,172,463. This is a decrease of \$122,046 from last year, however we are still awaiting final numbers from BC Housing which will add revenue. This is a conservative estimate. Typically ICS has exceeded revenue projections, which may occur again this year. For example, last year revenue was projected at \$ 7,193,161 and actual ended up at \$ 8,294,509 with a year end surplus of \$ 67,418 (unaudited).

This year will not see much of a change in core program funding. We will lose revenue from the School District as they end the school-based counsellor program. We will gain revenue from School District for the new school lunch program. We were also fortunate to see a large increase in our contract with the CRD for the Recycle Depot to offset large unfunded cost increases over the past two years. We will have a large increase in our Seniors Programming area, including a new Connector program with ongoing finding. As with last year, we expect to see a decrease in the Covid-related funding wave which was mostly in the food security and homelessness service areas. It sounds like a lot, and it does mean some changes, but it is projected to be an “even-steven” proposition in the end in terms of total revenue for the organization.

Donations continue to be strong, and increase at the same rate as organizational growth. Donations the past 4 years have increased to the \$ 300,000/annual average (343,842 last year) and we expect that to continue.

- 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 (Seniors Connector) 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. We will consider the SD64 Food Program to be a project, as opposed to a core program, for the time being.

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 (8% average across the organization). The draft program budgets are reviewed with Program 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 spending 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 of the property. 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. New Programs.

- a) Seniors Community Connector. This program funded by Ministry of Health via United Way BC will be an ongoing fixture in every health area across the province. We have been allocated \$ 60,000 annually to provide a .6 FTE position.
- b) SD64 Lunch Program. The 13-week pilot was successful and we will be engaging with the school district to have our Harvest Kitchen prepare and deliver lunches to the elementary schools. Budget TBA.
- c) Nitikman/Chan Bursary. An initial 50,000 donation is held in trust in a BMO GIC, with annual income to be distributed as a bursary. This year will see the first disbursement of \$ 2,500.

4. Harvest Café Social Enterprise.

After a slow launching through Covid the Harvest Café Food Cart has now reached somewhat of a regular business pattern. It operates 11 months per year, and revenue has exceeded \$ 9,000 per month as summer approaches. We are finally at a place where the whole business operation can be tracked and evaluated.

5. Capital Projects and Expenses. Capital expenditures identified so far for this year include:

- a) Emergency Shelter/Kilner conversion from septic to sewer. \$ 25,000. We were able to secure 15,000 one-time grant from Reaching Home to offset costs
- b) Vesuvius House plumbing requires plumbing upgrades to meet insurance requirements. The replacement of old plumbing lines can be accomplished in stages, with the first \$ 8,000

work done this year and hopefully absorbed within our maintenance budget. The total project may cost as much as \$ 30,000 over the next few years.

c) Brinkworthy Property. We are able to get rolling on the development of the agricultural component of the property to prepare for community gardens and the potential relocation of our Harvest farm. Basic work includes fencing, irrigation, hydro and road access. We have grants from Federated Coop and the provincial Critical Food Infrastructure program totalling \$ 170,000 to spend this year, which we anticipate being adequate for the initial stage. There can be some unpredictable expenses with this sort of site preparation, so we will proceed with care.

d) SS Commons. Approximately \$ 250,000 in improvements (paving, landscaping, extra storage) will be completed with costs covered through a project contingency fund held in trust by BC Housing.

e) Murakami Gardens car share replacement. The original car from 12 years ago has finally expired. We are scanning the used car market for a suitable vehicle for under \$ 15,000.

e) We hope to complete a thorough signage change to put our new "Island Community Services" brand forward on properties and vehicles. Cost TBA

6. **Cost increases.** The large 7-8% wage increases of the past few years have levelled off, but we will still see 3% increases this year. The provincial government provides funding for 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. A second cost challenge is in the food area. Along with the large expansion of our food programs, including food purchasing in excess of \$ 500,000 annually, has come a huge increase in consumer food costs. This is an area that we will be paying extra attention to ensure the sustainability of our food programs.

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). This year we will establish a dedicated Human Resources (HR) position. We have \$ 6,000/month until June 30, 2024 from the Community Service Recovery Fund to do a pilot project to do front-end work to improve systems, and reduce it going forward to an anticipated .8 position at a cost of \$ 4,500/month. One of the benefits with this project so far has been a re vamping of our time records/payroll system with time savings transferring into improved HR services for staff (eg. better benefits and leave management). Office space is limited as we continue to grow. The rental cost for Family

Place is doubling, and that space may not be available for much longer. One project for this year will be exploring office space options and planning for contingencies.

- 8. Accrued Vacation Liability.** Over the past two fiscal years we have been able to make a large reduction in the liability for vacation accrued during the challenging Covid times. “Prior year vacation” liability has been reduced from approximately \$ 100,000 to under \$ 40,000, which is more manageable across our 100+ employees.

- 9. 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. We have been going through the same process with groundskeeping. We are streamlining payroll services with the goal of improving HR functions, as opposed to saving costs. As mentioned above, we will be tracking food purchasing to see when and where we can save money and improve efficiency.

RG, May 15, 2024