

YOUR TURN

**PUBLIC HEALTH
BUSINESS PLANNING**

A practical guide

Chapter Twelve: Financial Planning

The following are an actual budget and budget narrative from a program to bring faith-based healthy lifestyles programs to churches. Your job is to critique it and give the writers advice about what works and what needs improvement in their budget. Use the following prompts for your critique:

1. Look at the monthly expenses for the first year. Are they realistic? Why or why not? What might the budgeters need to think about? Pick three line items as examples for your answers.
2. What percentage of their budget is from grant funding, and is grant funding just for start-up or does it continue? Is this good or bad in terms of business planning? Why?
3. Can you tell from this budget what costs are in-kind? Look at the financial narrative, and note what is in-kind. Why does listing it in the actual budget matter?
4. Do you think the financial narrative does a good job of explaining the expenses and projected income? Why or why not? Look for example at the "Soulfully Fit Retreat" line item; does the financial narrative explain the cost of \$250 per year? What else would you suggest they explain more fully.
5. Overall, what risks do you see for this team, based on their budget? What do you think they could do to make these less risky?

SOULFULLY FIT
Operating Budget and Income Statement
2003

<i>Year 1:</i>	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	2003 Total	2004	2005	2006
Revenues																
Membership Fee	\$ 8,000	\$ 5,000	\$ 3,000	\$ 750	\$ 750	\$ 1,000	\$ 750	\$ 750	\$ 2,000	\$ 2,000	\$ 3,000	\$ 3,000	\$ 30,000	\$ 34,500	\$ 39,675	\$ 45,626
Cookbook sales	\$ 1,000	\$ 1,600	\$ 1,800	\$ 1,500	\$ 1,500	\$ 1,250	\$ 400	\$ 500	\$ 700	\$ 1,000	\$ 1,250	\$ 2,500	\$ 15,000	\$ 10,000	\$ 7,500	\$ 5,000
Wellness Walk/ Run	\$ -	\$ -	\$ -	\$ -	\$ 8,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,500	\$ 9,350	\$ 10,285	\$ 11,314
"Taste of Healthy Soul Food"	\$ -	\$ -	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500	\$ 3,850	\$ 4,235	\$ 4,659
Gospel Concert	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,500	\$ -	\$ -	\$ -	\$ 7,500	\$ 7,875	\$ 8,269	\$ 8,682
Cardiovascular Grant	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Central Carolina Grant	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
Add'l Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 10,000
TOTAL REVENUE	\$ 59,000	\$ 12,600	\$ 8,300	\$ 2,250	\$ 10,750	\$ 2,250	\$ 1,150	\$ 1,250	\$ 10,200	\$ 3,000	\$ 4,250	\$ 5,500	\$ 120,500	\$ 131,575	\$ 135,964	\$ 141,280
Operating Expenses																
Labor																
Intern	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500	\$ 500	\$ 500
Personnel	\$ 1,099	\$ 1,099	\$ 1,099	\$ 1,099	\$ 1,099	\$ 1,099	\$ 1,099	\$ 1,099	\$ 1,099	\$ 1,099	\$ 1,099	\$ 1,099	\$ 13,188	\$ 26,378	\$ 26,378	\$ 26,378
DHEC Consultants	\$ 437	\$ 437	\$ 437	\$ 437	\$ 437	\$ 437	\$ 437	\$ 437	\$ 437	\$ 437	\$ 437	\$ 437	\$ 5,244	\$ 1,774	\$ 1,809	\$ 1,846
Morris College Consultant	\$ 145	\$ 145	\$ 145	\$ 145	\$ 145	\$ 145	\$ 145	\$ 145	\$ 145	\$ 145	\$ 145	\$ 145	\$ 1,740	\$ 1,775	\$ 1,810	\$ 1,847
Benefits	\$ 261	\$ 261	\$ 261	\$ 261	\$ 261	\$ 261	\$ 261	\$ 261	\$ 261	\$ 261	\$ 261	\$ 261	\$ 3,132	\$ 8,379	\$ 8,547	\$ 8,718
Administrative/General Expenses																
Supplies	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 208	\$ 2,496	\$ 2,496	\$ 2,496	\$ 2,496
Cookbook	\$ 3,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,150	\$ 3,150	\$ 3,150	\$ 3,150
Wellness Walk/Run	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ 2,550	\$ 2,601	\$ 2,653
"Taste of Healthy Soul Food"	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 510	\$ 520	\$ 531
Gospel Concert	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,020	\$ 1,040	\$ 1,061
Soulfully Fit Retreat	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 250	\$ 250	\$ 250
Overhead	\$ 1,715	\$ 1,715	\$ 1,715	\$ 1,715	\$ 1,715	\$ 1,715	\$ 1,715	\$ 1,715	\$ 1,715	\$ 1,715	\$ 1,715	\$ 1,715	\$ 20,580	\$ 20,992	\$ 21,411	\$ 21,840
Equipment	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ -	\$ -
Equipment Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 250	\$ 250
Telephone	\$ 260	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 42	\$ 722	\$ 722	\$ 722	\$ 722
Travel	\$ 100	\$ 100	\$ 70	\$ 60	\$ 50	\$ 50	\$ 50	\$ 60	\$ 70	\$ 70	\$ 70	\$ 90	\$ 840	\$ 1,000	\$ 1,000	\$ 1,000
Marketing	\$ 6,060	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,560	\$ 6,000	\$ 6,000	\$ 6,000
Incentives	\$ 7,000	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,000	\$ 16,500	\$ 18,000	\$ 19,500
Training	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 100	\$ 100	\$ 100
Miscellaneous	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Total Operating Expenses	\$ 24,185	\$ 4,607	\$ 4,077	\$ 11,567	\$ 4,057	\$ 5,557	\$ 7,157	\$ 5,067	\$ 4,077	\$ 4,077	\$ 4,077	\$ 4,097	\$ 82,602	\$ 95,545	\$ 97,785	\$ 100,040
Excess of Revenues over Expenses	\$ 34,815	\$ 7,993	\$ 4,223	\$ (9,317)	\$ 6,693	\$ (3,307)	\$ (6,007)	\$ (3,817)	\$ 6,123	\$ (1,077)	\$ 173	\$ 1,403	\$ 37,898	\$ 36,030	\$ 38,178	\$ 41,240

FINANCIAL NARRATIVE

Labor:

- **Interns** – Two interns from Morris College paid \$250 per year for a total of \$500 per year.
- **Personnel** – Funding for a part-time coordinator for the first year and a full-time coordinator for subsequent years.
- **DHEC(3) and Morris College(1) Consultants** – Pay 5% of current salary for 4 consultants in 2003. In Year 2, pay for 1 consultant from DHEC and 1 from Morris College, both at 5%.
- **Fringe benefits** - Fringe benefits are calculated at 9% for a part-time employee and 28% for a full-time employee.

Expenses:

- **Supplies/Materials**- General office supplies. Printing/Copying includes promotional materials, project materials, letters, etc. Postage is for mail- outs to churches and program participants.
- **Cookbook Development** – 1,000 cookbooks at \$3.15 will cost \$3,150.
- **Wellness Walk/Run** – General operating costs including pedometers, T-shirts, snacks, advertising, etc.
- **“Taste of Healthy Sumter”**- Facility rental, tables, chairs, and advertisement.
- **Gospel Concert** – To be held at a participating church or Morris College. Money used for the rental of a facility and sound equipment.
- **Overhead** – Minimal. County government pays our rent, utilities, cleaning, etc.
- **Equipment**- Year 1 budget includes the purchase of a computer, printer and associated software.
- **Equipment Maintenance** – Expectation of minimal maintenance in Year 1. \$250 per year in 2004-2006.
- **Telephone** - \$216 installation, including service order, county charge, and jack installation. Monthly rate of \$42.00.

- **Travel** – Reimbursed at 34.5 cents per mile. Average of 200 miles per month = \$70/month. Second year travel will increase as the Community Health Coordinator conducts quarterly site visits.
- **Marketing**- Includes incentive items, such as t-shirts, key chains, water bottles, stress balls, etc. Supplies such as display board, posters, flyers, planning guides, brochures, activity logs, and newsletter. Logo set- up and advertisements included. Year 1 also includes the Kick-Off Event (special presenter/entertainer, rental of audio equipment, publicity/advertisement).
- **Training** – Volunteer Team leaders at the churches and the students at Morris College. Includes follow-up training throughout the year. Training expenses decrease in years 2-5.

Potential Grants

- Cardiovascular Health Grant through the DHEC-Division of Chronic Disease Prevention – \$50,000.
- Central Carolina Foundation Grant – \$6,000.00.
- Other grant sources will be explored.

Revenue Generating Ideas:

- Membership for each participant is \$20 per year. Goal of 1500 participants yielding \$30,000.00
- Develop/Sell a *Soulfully Fit* Cookbook – Favorite healthy meals. Sell the books for \$15.00 each yielding \$15,000 (1000 at \$15.00).
- Sponsor a Wellness Walk/Run - \$10.00 registration fee. Approximately 850 participants at \$10.00 each for a total of \$8,500. Find co-sponsors, such as YMCA, local running clubs, Sumter County Active Lifestyles (SCAL), etc.
- Sponsor “A Taste of Healthy Soul Food”. Partner with the Chamber of Commerce. Ask local restaurants, caterers to prepare healthy meals for a cook-off. Sell tickets for \$10.00 each. Approximately 350 participants at \$10.00 each for a total of \$3,500.
- Sponsor a Gospel Concert – featuring Morris College Choir, Benedict College Gospel Choir, SC State University Gospel Choir and other local groups. Tickets: \$15.00 each. Approximately 500 participants at \$15.00 each for a total of \$7,500.