

Natural Heritage Trust

Proposed Annual Budget and Multi-Year Financial Plan

Fiscal Year 2016-17

Background and Mission of the Natural Heritage Trust

Established by Chapter 653 of the Laws of 1968 as a public benefit corporation of the State of New York, the Natural Heritage Trust receives and manages gifts, grants and contributions to further public programs in support of parks, conservation, recreation, historic preservation and waterfront revitalization. The NHT accomplishes its mission by facilitating private investment for these purposes. As of September 30, 2015 the NHT held approximately \$32.5 Million in total assets.

The NHT ensures the safekeeping, prudent investment and appropriate expenditure of funds held in trust for cooperative programs and projects with its agency partners: New York State Office of Parks, Recreation and Historic Preservation (OPRHP), Department of Environmental Conservation (DEC) and the Department of State (DOS). The NHT also partners with other public and private entities, not-for-profits and friends groups that share mission-compatible goals and purposes.

The NHT is governed by a Board of Directors comprised of the Commissioner of Parks, Recreation and Historic Preservation, the Commissioner of Environmental Conservation, the Secretary of State and the Chair of the State Council of Parks. The NHT is tax exempt pursuant to Section 170 (b) of the Internal Revenue Code and has been designated a 501(c)(3) corporation.

Summary of 2016-17 Operating Budget

In Fiscal Year 2015-16, the NHT re-organized its administrative staffing structure. The reorganization resulted in cost savings of 10%. The Proposed FY 2016-17 Budget contemplates the same staffing structure, and remains unchanged from the FY 2015-16 Adopted Budget of \$610,000.

- Proposed 2016-17 Budget continues to support the following **four Full Time Equivalent (FTE's)**: Executive Director, Deputy Director/Chief Financial Officer, Bookkeeper, and Development/Program Assistant
- Accounting, Auditing and Investment Advisory/Custody Services continue as contractual- based services

Budget Process

The Annual Budget and Multi-Year Financial Plan are developed by executive staff of the NHT incorporating the input of the Board of Directors. The Budget is submitted to the Board no later than 90 days prior to the commencement of its next fiscal year for review and revisions as directed by the Board. Upon approval by the Board the Budget and Financial Plan are submitted to the Governor, Legislative Fiscal Committees and Office of State Comptroller. The Budget is also posted for review by the public at least 30 days prior to approval by the Board in no less

than five convenient public places throughout the State for at least 45 days, as well as on the NHT's website.

Assessment of Budgetary Risks

The Operating Budget supports administrative operations of the NHT and is supported by two primary revenue sources:

- Income earned on the investment of certain funds held in trust
- Administrative fees assessed on specific programs and investment (Endowment) accounts

Therefore, the funds available for NHT operations are subject to market risk and fluctuations, interest rates and renewed funding for certain programs.

The investment guidelines of the NHT guard against loss of principal, while seeking to obtain a reasonable return on available funds based on the underlying purposes of the funds and consistent with State Law and Regulations. The majority of funds held in trust are invested in fixed income investment products, and the US economy continues to be in a historically low interest rate environment. As a result, the NHT has had to utilize Reserve funds in order to close annual budget gaps.

While the 2016-17 Proposed Budget still relies on use of Reserve funds, the Multi-Year Financial plan contemplates steady decreases and reduced reliance on the Reserve over the next few years. The diminishing reliance on use of the Reserve is based on the assumption that returns on fixed income investments will gradually increase over the next few years. The investment income projections for the out-years are based on incremental increases of .0025% each year. By FY 2019-20, the NHT projects that it will no longer need to utilize Reserve funds and will retain a small budget surplus.

Certification

After reasonable inquiry, the Annual Budget and Multi-Year Financial Plan presented herein is, to the best of my knowledge and belief, based on reasonable assumptions and methods of estimation with the applicable regulation being satisfied.



Allen G. Payne
Executive Director



Sarah Purcell
Deputy Director & Chief Financial Officer

2015-16 NHT OPERATING BUDGET - ACTUAL FYTD - THROUGH 9/30/15 (Cash Basis)

<u>REVENUE</u>	2015-16 ADOPTED	2015-16 ACTUAL	<i>Actual vs. Budget</i>
Investment Income	\$ 225,000	\$ 110,328	\$ (114,672)
Administrative Income	\$ 235,000	\$ 45,945	\$ (189,055)
TOTAL REVENUES	\$ 460,000	\$ 156,273	\$ (303,727)
<u>EXPENDITURES</u>			
Salary and payroll related costs	\$ 305,000	\$ 111,495	\$ (193,505)
Professional fees and contractual service	\$ 63,000	\$ 52,846	\$ (10,154)
Bank investment fees and service charges	\$ 40,000	\$ 14,891	\$ (25,109)
Fringe benefit and retirement costs	\$ 180,000	\$ 49,655	\$ (130,345)
Office supplies and materials	\$ 15,000	\$ 1,147	\$ (13,853)
Travel	\$ 5,000	\$ 2,200	\$ (2,800)
Miscellaneous	\$ 2,000	\$ 550	\$ (1,450)
TOTAL	\$ 610,000	\$ 232,784	\$ (377,216)
SURPLUS/(DEFICIT) OF REVENUE OVER EXPENDITURES	\$ (150,000)	\$ (76,511)	\$ 73,489
TRANSFER FROM RESERVE	\$ 150,000	\$ -	\$ -
YEAR END RESULT	\$ -	\$ -	\$ -
HUTTLESTON AWARDS PROGRAM	\$ 3,500	\$ -	\$ 3,500

FY 2016-17 NHT PROPOSED OPERATING BUDGET

<u>REVENUE</u>	2015-16 ADOPTED	2016-17 PROPOSED	<i>Budget CHANGE</i>
Investment Income	\$ 225,000	\$ 300,000	\$ 75,000
Administrative Income	\$ 235,000	\$ 235,000	\$ -
TOTAL REVENUES	\$ 460,000	\$ 535,000	\$ 75,000
 <u>EXPENDITURES</u>			
Salary and payroll related costs *	\$ 305,000	\$ 305,000	\$ -
Professional fees and contractual services	\$ 63,000	\$ 63,000	\$ -
Bank investment fees and service charges	\$ 40,000	\$ 40,000	\$ -
Fringe benefit and retirement costs	\$ 180,000	\$ 180,000	\$ -
Office supplies and postage	\$ 15,000	\$ 15,000	\$ -
Travel	\$ 5,000	\$ 5,000	\$ -
Miscellaneous	\$ 2,000	\$ 2,000	\$ -
TOTAL EXPENDITURES	\$ 610,000	\$ 610,000	\$ -
SURPLUS (DEFICIT) OF REVENUE OVER EXPENDITURES	\$ (150,000)	\$ (75,000)	\$ 75,000
TRANSFER FROM RESERVE	\$ 150,000	\$ 75,000	\$ (75,000)
YEAR END RESULT	\$ -	\$ -	\$ -
 HUTTLESTON AWARDS PROGRAM	 \$ 3,500	 \$ 3,500	 \$ -

* Salary allocation supports the following positions (4 FTE's) with salaries based on 2015 levels and estimates 2% cola (effective 4/1/16):
Executive Director (\$116,629), Deputy Director/CFO (\$94,722), Bookkeeper (\$49,186), and Development/Program Assistant (\$38,250)

2014-15 NHT OPERATING BUDGET - ACTUAL

<u>REVENUE</u>	2014-15 BUDGETED	2014-15 ACTUAL	<i>Actual vs. Budget</i>
Investment Income	\$ 200,000	\$ 188,066	\$ (11,934)
Administrative Income	<u>\$ 310,000</u>	<u>\$ 292,709</u>	<u>\$ (17,291)</u>
TOTAL REVENUES	\$ 510,000	\$ 480,775	\$ (29,225)
<u>EXPENDITURES</u>			
Salary and payroll related costs	\$ 305,000	\$ 353,891	\$ 48,891
Professional fees and contractual services	\$ 63,000	\$ 64,106	\$ 1,106
Bank investment fees and service charges	\$ 40,000	\$ 33,739	\$ (6,261)
Fringe benefit and retirement costs	\$ 180,000	\$ 202,919	\$ 22,919
Office supplies and materials	\$ 15,000	\$ 20,056	\$ 5,056
Travel	\$ 5,000	\$ 3,508	\$ (1,492)
Miscellaneous	<u>\$ 2,000</u>	<u>\$ 152</u>	<u>\$ (1,848)</u>
TOTAL	\$ 610,000	\$ 678,371	\$ 68,371
SURPLUS (DEFICIT) OF REVENUE OVER EXPENDITURES	<u>\$ (100,000)</u>	<u>\$ (197,596)</u>	<u>\$ (97,596)</u>
HUTTLESTON AWARDS PROGRAM	\$ 5,000	\$ 3,508	\$ 1,492

PROPOSED NHT MULTI-YEAR FINANCIAL PLAN

	2016-17 PROPOSED	2017-18 PROJECTED	2018-19 PROJECTED	2019-2020 PROJECTED
<u>REVENUE</u>				
Investment Income*	\$ 300,000	\$ 337,500	\$ 375,000	\$ 412,500
Administrative Income	<u>\$ 235,000</u>	<u>\$ 235,000</u>	<u>\$ 235,000</u>	<u>\$ 235,000</u>
TOTAL REVENUES	\$ 535,000	\$ 572,500	\$ 610,000	\$ 647,500
<u>EXPENDITURES</u>				
Salary and payroll related costs	\$ 305,000	\$ 305,000	\$ 315,000	\$ 315,000
Professional fees and contractual services	\$ 63,000	\$ 70,000	\$ 70,000	\$ 70,000
Bank investment fees and service charges	\$ 40,000	\$ 45,000	\$ 45,000	\$ 45,000
Fringe benefit and retirement costs	\$ 180,000	\$ 180,000	\$ 185,000	\$ 185,000
Office supplies and materials	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Travel	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Miscellaneous	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>
TOTAL EXPENDITURES	\$ 610,000	\$ 622,000	\$ 637,000	\$ 637,000
SURPLUS (DEFICIT) OF REVENUE OVER EXPENDITURES	\$ (75,000)	\$ (49,500)	\$ (27,000)	\$ 10,500
TRANSFER FROM/(TO) RESERVE	\$ 75,000	\$ 49,500	\$ 27,000	\$ -
YEAR END RESULT	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,500</u>
HUTTLESTON AWARDS PROGRAM	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500

*Income derived from interest and dividends off of the "Main Management" Investment Accounts (Aggregate value of ~\$15Million); Projections estimate modest gradual increases on total rate of return in each of the out-years, increasing from 2.00% to 2.25%, 2.50% and 2.75% respectively