

**ATTACHMENT 1:**

GVCC 5 Year Plan

# Goleta Valley Community Center

## Five-Year Plan



Goleta Valley Community Center  
5679 Hollister Avenue  
Goleta, CA 93117  
805-967-1237 office  
805-967-7718 fax  
[rlocke@thegvcc.org](mailto:rlocke@thegvcc.org)

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# Preface

This document is a working instrument, which will be updated regularly. This five-year plan builds upon items from our previous strategic plans and outlines key goals, objectives and tasks aimed at improving the Goleta Valley Community Center's delivery of services, fundraising and cost recovery. Achieving consistent and stable cost recovery, as well as providing the levels of service herein will continue to be essential and integral elements of this process. The objectives set forth in this document are based on established goals and are designed to address our fiscal and service priorities.

This plan will guide our ongoing endeavors. The GVCC Board of Directors will continue to provide oversight to the activities of the GVCC staff and the various GVCC committees to ensure attainment of the goals set forth in this document.

The City of Goleta and the Goleta Valley Community Center are in position to share an interesting and productive partnership. The GVCC operations, and conditions set forth in this document, may change based on an executed lease with the City of Goleta. The assumptions presented in our current five year plan illustrate our cost recovery with a five year lease in place.

The benefits of provision of services via local non-profits, is actualized through government subsidy for those services. Smart economic strategy includes identifying programs and facilities for public use and providing them at lower rates via local government subsidy, rather than selecting higher overhead costs for the same service provided directly by local government.

Many local governments recognize that tax-exempt nonprofits can be key contributors to a community's social and civic vitality, key providers of public services and major employers. The benefits are implicit.

We are in position to establish a very beneficial and fruitful partnership. The Goleta Valley Community Center was the home of the first ever City Council for the City of Goleta, and has always valued that connection, and we look forward to many years of successful partnering. We hope to work with the City towards goals for the center, the community, and providing the services and amenities that our constituents have come to expect.

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# 1.0 Executive Summary

Goleta Valley Community Center (GVCC) is a nonprofit agency providing space for all facets and age groups of our community, from child care to senior services, with a special commitment toward other non-profits, by providing a venue for meetings, classes & activities.

GVCC is a recognized 501 (c) 3 organization that was formed in direct response to the need for a community center in the Goleta Valley. The GVCC was formed in 1978 to manage and administer the Goleta Union School location which the Goleta Union School District sold to the County of Santa Barbara.

The GVCC's future goals will be relative to market needs. One area of interest that we would like to move toward is utilizing the Center as a meeting place for teleconferencing between North County and South County. This would be an incentive for groups with multiple locations to use the center, as well as encouraging less traffic. The GVCC has created rental spaces for the past 37 years that have become an invaluable resource to commercial and non-profit groups, as well as the community at large.

The staff and the Board of Directors will be asking/answering the following questions;

- What is our mission?
- Who is our client?
- What does our client want?
- How effective are we in meeting the needs?
- What should change?

Once we finish the last question, we should begin again with the first question of re-examining our mission. Today's rapid changes affect our clients, their needs, and therefore our organization's reason for being. Continuously asking the hard questions is critical to ensuring our nonprofit's lasting significance and sustainability.

This five year plan has been produced to summarize the GVCC's fiscal strategies, and future fund development to reduce subsidies and balance the budget organically. The prospect of reducing capital costs vis-à-vis the lease agreement with the City of Goleta would allow for the building of capital reserve funds for day to day maintenance and expanding reserves for interior facility upgrades, the offset of overhead costs, and covering costs related to programs.

The most important thing we can do to ensure GVCC's sustainability is to commit to developing and using a process for assessing every aspect of our organization on a regular basis.

## 2.0 Company Summary

The GVCC is a private corporation run by a volunteer Board of Directors, 5 full-time staff and 4 part-time staff. The GVCC is open to the public from 8:00 AM until close (time varies) Monday through Sunday. The facility is closed New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day (and the day after Thanksgiving), and Christmas Day.

The annual budget is approximately \$400,000, with all of our income going toward direct expense. The Goleta Valley Community Center enjoys multiple income sources;

- grant funding
- user fees
- program income
- donations/fundraising
- fixed income

Funds come in two categories;

1. general fund income (including interest from operating accounts, reserves, donations, user fees)
2. granted income (grants, gifts, fundraising)

Over the past twenty years we have developed increased grant funding, primarily through;

- The Hildegard Balin Charitable Trust
- The Wood-Claeyssens Foundation
- The Latkin Charitable Foundation
- City of Goleta – Program subsidy

These funds are used to help defray overhead costs for our Senior Programs/Services. Recently we have received additional funds through Montecito Bank & Trust, City of Goleta, and various smaller grant funds.

The GVCC User fees derive from facility use and rental throughout the year. One time users (birthday celebrations, quinceaneras, and receptions) regular user groups (rentals monthly/quarterly by faith based, clubs, and service groups) and annual user groups (rentals that repeat for graduations, awards dinners, and meetings).

Donations and fundraising are implicit and are utilized for various activities provided for our senior program and the public at-large, including;

- Veteran's Day Event
- Tree Lighting Event
- Annual Senior Event

It is important to note that in the 38 years in which the Goleta Valley Community Center has existed, the volunteer Board of Directors has built healthy reserves. Those reserve dollars have assisted with economic downturns that many other "grant heavy" non-profits have struggled through financially. The stewardship of this volunteer board is unparalleled in their fiduciary responsibility, care and consideration.

## 3.0 Services

The primary services offered are rental space, and leased space. Along with these primary services we provide interior and exterior maintenance of the facility and grounds. We provide tables and chairs for each rental at no additional cost, and we have a myriad of amenities available including, a/v equipment, electrical, podiums, Wi-Fi, trash receptacles, and various sound systems.

The GVCC inherited the senior program over twenty years ago. This program was formerly facilitated by the Community Action Commission. The CAC could no longer carry this program, and instead opted to provide only the senior nutrition component, and the GVCC “adopted” the senior program.

The senior program provides a myriad of active aging participant based programs, health screening, daily nutrition (Monday through Friday), Legal Aid, Santa Barbara County Food bank Brown Bag program, various senior related presentations, and referral services for our community’s seniors.

The GVCC donates space/supplies on occasion to community based support groups and service providers. This level of community outreach includes (and is not limited to);

- disaster preparedness  
City of Goleta and Santa Barbara County C.E.R.T. (Community Emergency Response Team)
- children’s programs  
SB County Food Bank Healthy Pantries  
Boys and Girls Club of Goleta
- preventative health initiatives  
Goleta Valley Cottage Hospital  
Santa Barbara County Health (flu shots)
- first time home buyers and houseless issues  
Santa Barbara County Housing  
New Beginnings – Safe Parking Initiative
- community based forums with topics ranging from the arts to water conservation.  
City of Goleta  
County of Santa Barbara  
Goleta Water District  
Old Town Community Association  
State Lands Commission
- faith based  
Vineyard’s Thanksgiving Meal  
Struven’s Christmas Meal  
Jubilee – Give Thanks Goleta  
H.E.A.L. – Meet and greet for the homeless  
H.E.A.L. – Homeless shower trailer  
Islamic Center of Santa Barbara
- Tax Aid and Medi-Care  
AARP Tax assistance  
HiCAP (Health insurance Counseling and Advocacy Program)



## 4.0 Market Analysis Summary

The primary stakeholders are:

- Non-profits
- Commercial users (users providing services for youth to adult groups)
- Party Rentals
- Tenants - rents
- Seniors

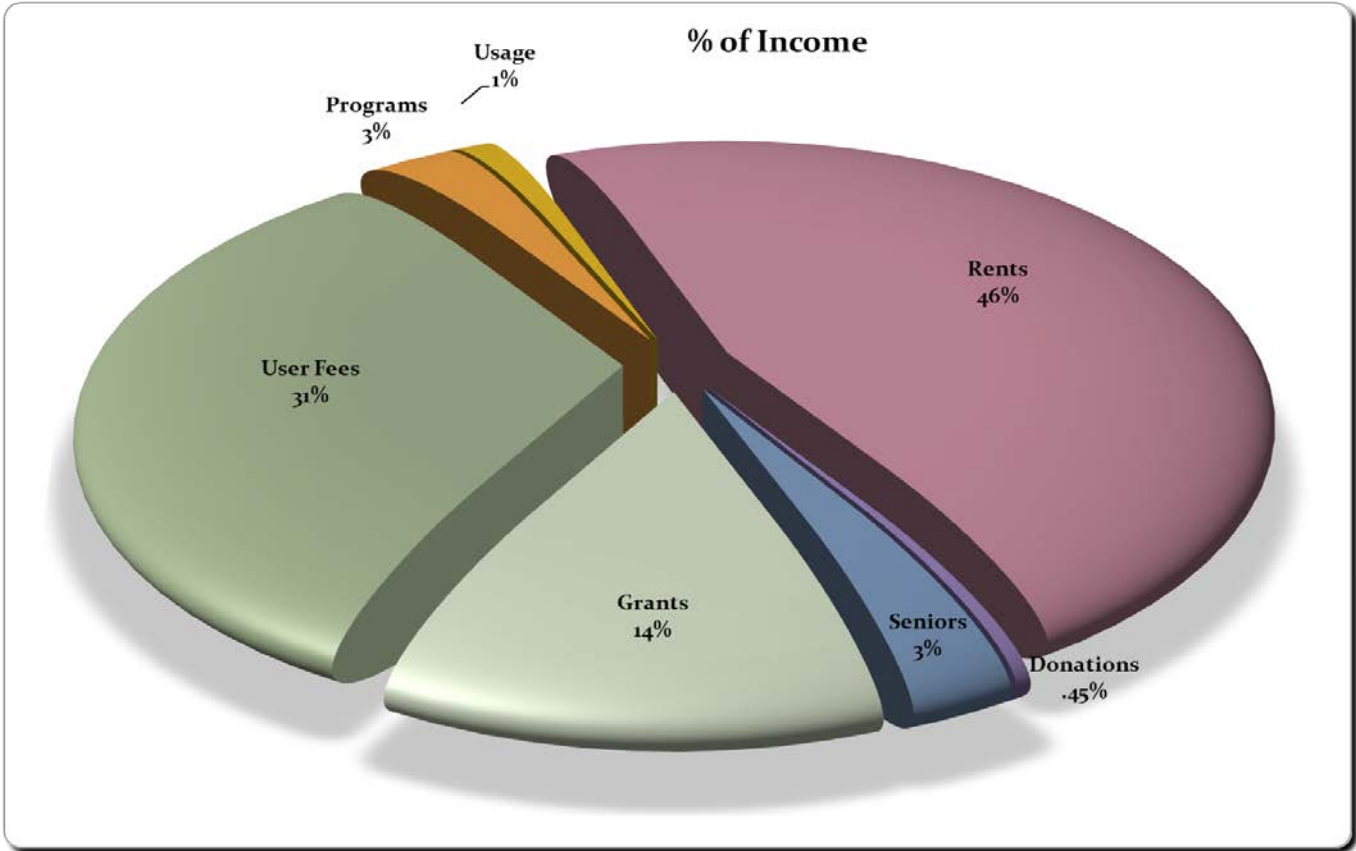
These are our primary target groups. Historically these populations have driven our income and facility use. The Table 4.0a: Market Analysis – with %of income graph indicates percentage of facility use and income derived by these groups over the past five years.

Note: The program income change in 2011 to 2012. At that time a popular program at the center was Goleta School of Ballet. In 2012 Goleta School of Ballet informed the GVCC that they had outgrown the center and would be moving to a new location in Old Town.

Note: The rents change in 2013-2014. The Community Action Commission indicated to us in November of 2013 that they would be abandoning some 1600+ square feet of rental space, and moving those employees to the CAC's 5638 Hollister Location.

**Table 4.0a: Market Analysis – with % of income graph**

Income streams	2011	2012	2013	2014	2015	% of Income
<b>User Fees</b>	\$ 112,028	\$ 101,039	\$ 118,661	\$ 130,763	\$ 154,231	32.17%
<b>Programs</b>	\$ 38,664	\$ 18,092	\$ 8,146	\$ 12,939	\$ 12,954	2.70%
<b>Usage</b>	\$ 3,838	\$ 2,646	\$ 4,110	\$ 6,505	\$ 5,565	1.16%
<b>Rents</b>	\$ 216,921	\$ 218,825	\$ 220,980	\$ 204,053	\$ 220,986	46.10%
<b>Donations</b>	\$ 3,384	\$ 1,011	\$ 3,741	\$ 1,909	\$ 2,383	0.50%
<b>Interest</b>	\$ 2,905	\$ 1,491	\$ 2,429	\$ 1,139	\$ 741	0.15%
<b>Seniors</b>	\$ 33,580	\$ 26,811	\$ 27,599	\$ 17,273	\$ 14,511	3.03%
<b>Grants</b>	\$ 31,000	\$ 29,000	\$ 60,000	\$ 73,000	\$ 68,000	14.19%
<b>Total</b>	<b>\$ 442,320</b>	<b>\$ 398,915</b>	<b>\$ 445,666</b>	<b>\$ 447,581</b>	<b>\$ 479,371</b>	<b>100.00%</b>



## **5.0 Strategy and Implementation Summary**

Our strategy will be to formulate a business model that provides income sufficient to cover our month to month costs. In the past we enjoyed higher fixed income via leases. Reduction of leased square footage over the last four years has necessitated a change in our former business model to a strategy that involves maintaining an aggressive approach to price indexing our user fees, lowering our costs, and determining fundraising options that will help buffer those fiscal challenges.

A graduated fees and charges schedule will be one of our most prudent strategies. The fees and charges will reflect annual economic climate. The fees/charges can be increased incrementally to offset CPI changes, as well as begin to close the gap on positive cash flow, and reduce the burden on our fixed income (leases).

The GVCC will work toward implementing fundraising strategies in line with our users, and the facility. The GVCC will be considering many fundraising opportunities/events and bi-annual funding appeals.

In recent years we have relied upon our reserves for fund transfers for cost recovery and to balance our annual budget. In fiscal year 2015-2016 we show \$32,600 in General Operating Support budgeted from gifts and grants. That amount serves the purpose of closing any deficit and adequately covering related costs. We are confident that the \$32,600 of gifts/GOS is a reasonable figure.

## 5.1 Fees and Charges Forecast

The rentals forecast applies to the user fee structure and projections based on annual Consumer Price Indexing (CPI) at an annual rate of approximately +/- 2%. The model for future rentals would be change in hourly use. An exception to a smaller hourly fee change could be much larger within party rentals, as we propose to raise the auditorium rental for parties from \$1,000/use to \$2000/use over the next five year period. See table 5.1a:

**Table 5.1a: User Fee Forecast – Projected User fee increases**

<b>Group</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Non-profit hourly	\$ 15	\$ 16	\$ 17	\$ 18	\$ 19	\$ 20
Commercial hourly	\$ 30	\$ 32	\$ 34	\$ 36	\$ 38	\$ 40
Party Rental	\$ 1,000	\$ 1,500	\$ 1,500	\$ 1,750	\$ 2,000	\$ 2,000
<b>User Fees - Projected</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Non-profits	\$ 104,396	\$ 111,356	\$ 126,203	\$ 151,444	\$ 191,829	\$ 255,772
Commercial	\$ 25,261	\$ 26,945	\$ 30,537	\$ 36,645	\$ 46,416	\$ 61,889
Party Rental	\$ 24,575	\$ 36,863	\$ 36,863	\$ 43,006	\$ 57,342	\$ 57,342
<b>TOTAL</b>	<b>\$ 154,231</b>	<b>\$ 175,163</b>	<b>\$ 193,603</b>	<b>\$ 231,094</b>	<b>\$ 295,587</b>	<b>\$ 375,002</b>
<b>new revenues*</b>	<b>\$ 23,569</b>	<b>\$ 20,931</b>	<b>\$ 18,440</b>	<b>\$ 37,492</b>	<b>\$ 64,492</b>	<b>\$ 79,415</b>

**\*NOTE: These figures are based on average user numbers at the rates listed, and with no change in average number of users through each year. For example, 2015 Non-profit use \$104,396/\$15 an hour = 6960 users. The 6,960 users figure was then applied to the new rate in each successive year.**

The projected user fee increases shown above are a modest rise in hourly rates for our user groups and future rentals. The GVCC Facilities and Marketing Committees will work closely with staff to produce a fees and charges price point comparison with other organizations that offer rental space similar to ours in terms of function and size. The GVCC has always attempted to keep fees and charges reasonable based on the clients we work with, which are predominantly non-profit organizations. If we were to aggressively change our user fees incrementally over the next five years, it becomes readily apparent how our revenues would increase to resolve reserve use and alleviate any deficit.

## **5.2 Fundraising strategies**

Operational Fundraising will become a more integral part of our income strategy. Initially we will implement a twice a year funding appeal via direct mailings. Utilizing a comprehensive multi-step approach, the outreach will be directed toward our user groups and past donors.

Based on the estimated 2015-2016 budget, the annual need for funds will be at least \$451,500. The annual revenue program should attempt to derive this much revenue, and raise an additional amount .26% - .54% to set aside in a reserve account. As the endowment (reserve) begins to build, the annual fund needs will reduce.

Nearly every non-profit organization utilizes "levels of sponsorship" as a standard part of their annual fundraising. This once-a-year sponsorship solicitation will bond donors to the facility. If the GVCC attaches any benefits to the levels of the sponsorship, they should not be expensive or staff intensive.

- \$25 – Individual sponsorship
- \$35 – Family sponsorship
- \$75 – Patron sponsorship
- \$250 – Corporate sponsorship
- \$500 – Sentinel sponsorship
- \$1,000 – Benefactor sponsorship

Direct mail, e-mail, and social media appeals are the most cost effective method(s) of building a regular donor base who will continue to support a non-profit charity for years to come. It will be relatively expensive for the first two to three years (it will probably cost 50 cents for every dollar invested). It is the best method of also finding and soliciting major gift donors for large one-time program and endowment gifts. Marketing/Finance Committee and staff will look to:

- Mail appeals no less than twice per year.
- Get well-known local "celebrities" to endorse our campaigns
- Borrow membership lists of GVCC facility user groups/Chamber of Commerce

While they are relatively expensive, benefits and annual events are used for public relations and to "bond" donors to the organization. The GVCC schedules at least three such events annually; senior event, Veteran's Day and Community Holiday Tree Lighting. The main purpose of these events should be to garner significant public relations benefits, bond donors from the annual fund to the Center, and raise significant funds.

There are over 200 foundations in the greater Santa Barbara/Goleta area, some of which remain prospects to the center. While many of these foundations require special "projects" and collaboration for their grant applications, some make general grants for the operation of the center. The GVCC has annually made grant requests for general operating support, and some smaller grant requests for program specific support, and in particular for support of our Senior Center. The partnership with the City of Goleta could become a powerful collaboration of public-to-private partnering for future grant requests.

Corporate sources for gift income exist within Santa Barbara and can be relied on for income to the center. It may be possible to attract some gifts on an annual basis. We will annually put together a list of local corporations to which applications would be appropriate. We will include all companies that utilize the center, and secure the membership list of the Goleta Chamber of Commerce.

With an annual operating budget of approximately \$450,000 per year, The Goleta Valley Community Center depends on donations from the corporate and business community to keep this valuable community asset open and maintained throughout the year. A "Friends of the GVCC" Annual Campaign will be established to support ongoing operations and maintenance of the 7+acre facility, the only public Community Center in Goleta.

Major gifts would be defined as \$5,000 or more. These gifts will be solicited in a different method from annual fund gifts. Major donors require personal attention, so these gifts will be solicited personally, individually and face-to-face. The Board of Directors will work closely with staff to produce a list of potential businesses and foundations who could reasonably be asked for a gift of \$5,000 or more as a major gift to the center. Each Board Member would take five of these prospects as their personal prospects and solicit them.

An endowment fund, as described for the center, is a permanent fund to which donors have made designated contributions. These gifts will be segregated from other Center funds and permanently invested, with only the "income" to be used for the support of the center, or as specifically described by the donor in the gift documentation.

Another opportunity the GVCC has for gifts towards an endowment is by asking for named gifts – either to honor the donor or to memorialize someone the donor names. The GVCC, in concert with the City, would adopt a policy stating its willingness to name portions of the Center for donors, and adopt a list of naming opportunities and the dollar amount for naming each of these items.

### **5.3 Leases – lease space**

The Goleta Valley Community Center currently sub-leases exclusive use space to four tenants:

- Community Action Commission (CAC) – Head Start Program
- St. Therese Classical Academy – 7<sup>th</sup> through 12<sup>th</sup> grade
- Rainbow School – Preschool and Daycare
- KLong Resilience Training – nutrition/physical conditioning

Our sub-leases represent fixed income in our budget process. Traditionally the income from our leases represented 50% to 60% of our total income. The original intention of leasing exclusive use space was to keep local services available, and at reasonable costs to the community. The lease rates were set to foster that goal, and to retain long term tenants. The initial lease rates and subsequent lease rates were below market for commercial space, in step with the goal of retaining long term tenants and the provision of affordable services.

Modest increases over the past years from 1%-4% were made in line with National Consumer Price Indexing (CPI), and commercial rates in the local real estate market. The GVCC staff researched local price per square foot utilizing Cityfeet.com to valuate rent per square foot with like spaces. The GVCC staff also looked into the local daycare, and preschool market to see what local providers were paying for leased property.

The GVCC had no intentions of asking for Market Rent for these subleases, as the original goal was to cover the GVCC's direct costs through generated revenues. Market Rent is the amount of compensation a tenant will pay in the existing leasing market for premises of a like kind and condition. Determination of Market Rent is therefore a subjective matter and is dependent on a host of variables, many of which are not as subjective as maintaining non-profit status.

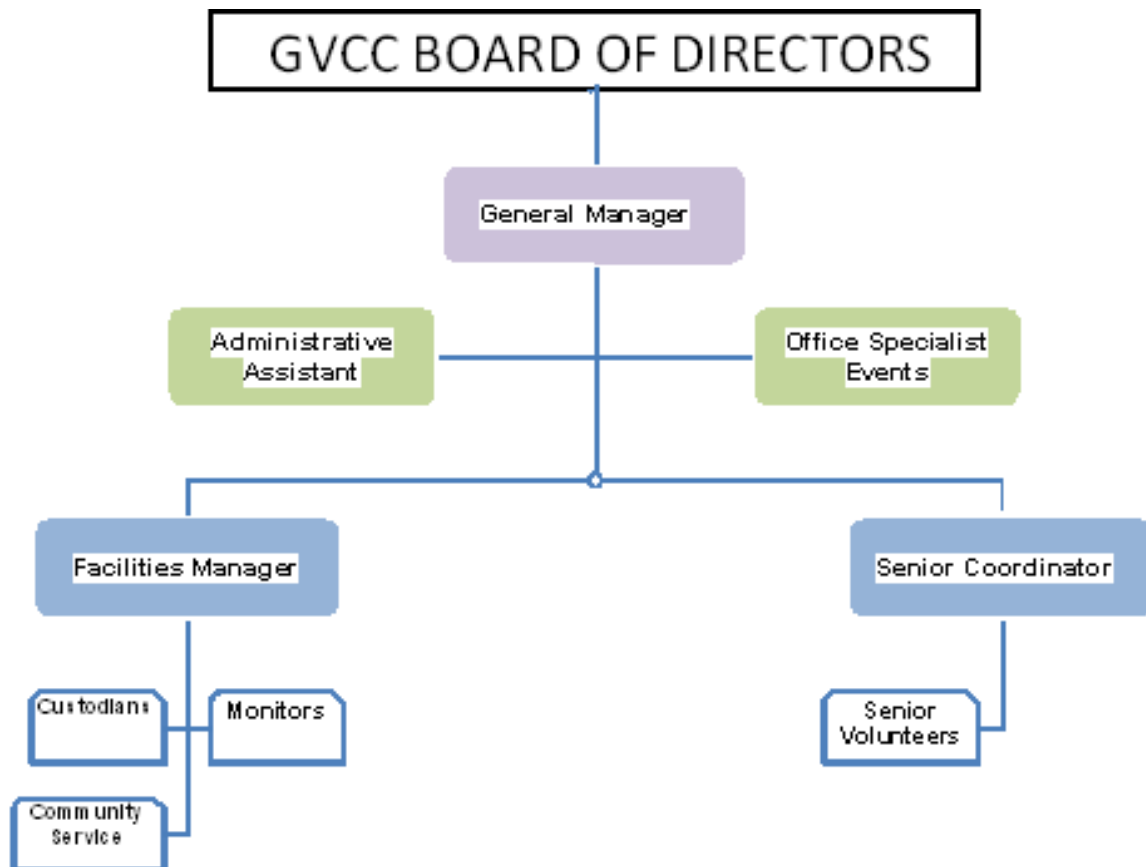
In consideration of the Tenant Concessions for utilities (tenants pay a portion of the metered electrical only) and reduced/subsidized rent, the GVCC requires tenants to pay for their own interior upgrades/repairs to the interior portions of the rented facilities and maintenance/repair of any upgraded features that the tenants had subsequently made. All original building exterior maintenance/repair and original infrastructure were to be taken care of by the GVCC.

Planning for open space includes; advertising and speaking with groups interested in similar space, for similar current uses. It is important to note that The GVCC has to show a percentage of community support towards their 501 (c) 3 status, and therefore has an obligation to meet that percentage with non-profit versus commercial income. If commercial use and rental exceeds non-profit support percentage the GVCC then would not qualify for welfare exemption, and subsequently be responsible for property taxes. The rental rates are therefore subject to that stipulation as well.

## 6.0 Management Summary

The Goleta Valley Community Center is managed by a Board of Directors whom the General Manager reports to directly. The Board of Directors is governed by corporate by-laws.

The facility is run by the General Manager F/T, and Administrative Assistant F/T, Senior Office Specialist (events coordinator)F/T, Senior Coordinator P/T, Facilities Manager F/T, 1 F/T Custodian/Monitor and 3 P/T custodians/monitors. The General Manager works directly with the Board of Directors to develop policy/procedure, budget and strategic plan. The Board of Directors and staff have recruited four new Board members recently, as three Board members termed out at the end of the 2014-15 Fiscal Year. See company organizational chart below:





## ***6.1 Maintenance and Safety***

The Board of Directors, with the General Manager and the Facilities Manager, will work closely with the Facilities Committee to develop a comprehensive maintenance schedule which will preserve investments in this public building.

Preventive maintenance can:

- extend the life of building components
- help buildings function as they were intended
- help operate at peak efficiency
- prevent failures of building systems that would interrupt occupants
- sustain a safe and healthful environment
- provide maintenance in ways that are cost-effective

Objectives and frequency of review

- Lifecycle maintenance plan for appliances
- Upkeep of materials and supplies
- Equipment maintenance
- Upkeep and upgrade of all amenities
- Scheduled plumbing line clearance
- Electrical review
- Review of all air filters (heaters)
- Restroom maintenance frequency
- Kitchen maintenance frequency
- Staff safety training as required

Staff and the Board of Directors should include preventive maintenance along with other maintenance projects in long-term and short-term maintenance plans that are tied to capital improvement plans, capital budgets, reserve accounts, and operating budgets. Active planning for preventive maintenance should occur at the same time as planning for other maintenance; it is needed both for the long-term (at least a three-year outlook) and the short-term (the upcoming year). Long-term planning includes a long-range facility plan and a capital improvement program. Short term planning should include annual work plans and annual budgets.

Maintenance and planned replacements vary from year to year. Some years require larger expenditures for major projects, such as reroofing, painting exteriors, and replacing a water heater or furnace. Consequently, GVCC should reserve an amount of money each year to provide funding for the renewal of building components. Defined simply, reserved accounts spread out over many years the payments for replacing building components.

Establishing reserved funds requires placing a high priority on renewing building components when setting budgets. With reserved funds, the GVCC reflects the importance of an ongoing investment in preserving their physical environment. Planning adequate reserve funds depends on needs identified from building condition assessments, calculations of components' useful remaining life, and accurate estimates of project costs. Long-term plans make building needs explicit to elected officials and the community at large.

The GVCC employs a work order system. A work-order system is a standard way of processing maintenance work, whether the job originates as a problem communicated by building users/or staff or as part of planned maintenance projects. It controls the number of job requests that maintenance personnel typically face. The work orders are prioritized based on regular work schedules, and immediacy for health and safety issues. A work-order system provides uniformity in planning maintenance jobs.

Using work orders for upcoming preventive maintenance tasks helps ensure that this work does not get abandoned amidst multiple maintenance jobs. By analyzing completed work orders, staff can track recurring problems in a piece of equipment/or space. Work orders may also provide a written record of actual work done each day, as well as the number of hours to complete tasks, parts needed for the job, and feedback on the completed work.

The Facilities Manager and General Manager meet regularly to inspect the premises and outline objectives on a daily, weekly, monthly and annual basis. This evaluation includes; objectives, materials and supplies necessary, man power, and timeline. Primary to these inspections are health and safety issues, as these are addressed immediately.

Preventive maintenance requires strategic actions for prolonging the life of the building and components. As a base line for planning, staff should prepare and periodically update an inventory of building components and their conditions. Management and staff can then better identify maintenance needs, determine their costs, and set priorities.

Well-structured preventive maintenance, incorporated into ongoing maintenance programs, offers the best chance for achieving intended results. For cost-effective decisions, management and staff should include appropriate maintenance personnel in considering long-term maintenance needs in addition to estimated project costs.

## 7.0 Financial Plan

Traditionally the Goleta Valley Community Center has covered all costs through income received. The budget is a general fund model, and all funds received offset related costs, including grant/gift funds, with the exception of grant funds awarded for specific programs (i.e. funding Aqua Aerobics, Tai Chi, and Yoga).

The Goleta Valley Community Center relies heavily on lease income, and for many years that income supported cost subsidy. In 2011 the GVCC demolished a portable building that was used for leased space. The building had outlived its service. The GVCC looked into replacing that building with a modernized modular building. At that time the GVCC had discussions with the City Manager, and City Planning staff and the GVCC was encouraged not to pursue replacing that building immediately as the entire GVCC property would become City property. The City of Goleta is not sure what the future use of the property may look like (or will be).

The subsidy of costs changed by approximately \$54,000/year after the portable building was demolished. There was an immediate shift in analysis of income and expense to identify revenue streams that could be invigorated through local outreach. The second highest annual revenue stream comes in the form of user fees. Minor hourly adjustments to our user fee structure will ensure that we maintain current user groups, and successfully cover our direct costs.

In 2011 we made some slight adjustments to rentals that covered our costs more fully. Our user groups recognized slight increases to their usual rentals. The following table illustrates how those increases initially affected our rentals negatively in FY 2011-12, and then demonstrated a rebound in user fee income that we have continued to build upon through 2014-2015 FY.

In August of 2012 (FY2012-2013) the Board of directors and staff implemented an alcohol policy and permit process for user groups at the center. The result was an increase in party rental fees of over \$11,000 (28.5% increase) in less than one full year. Table 7.0a: Rentals and Forecast indicates 2010-15 rentals, and a forecast of rentals based on proposed changes to fees and charges in 2015-16.

**Table 7.0a: Rentals and Forecast**

User group	2010-11	2011-12	2012-13#	2013-14	2014-15	2015-16+
Non-Profit	\$ 78,496	\$ 78,401	\$ 90,969	\$ 96,403	\$ 104,395	\$ 111,356
Commercial	\$ 28,129	\$ 18,240	\$ 12,260	\$ 11,665	\$ 25,261	\$ 26,945
Party rentals	\$ 5,453	\$ 4,397	\$ 15,433	\$ 22,695	\$ 24,575	\$ 36,863
<b>TOTAL</b>	<b>\$ 112,078</b>	<b>\$ 101,038</b>	<b>\$ 118,662</b>	<b>\$ 130,763</b>	<b>\$ 154,231</b>	<b>\$ 175,164</b>
<b>Increase</b>		<b>\$ (11,040)</b>	<b>\$ 17,624</b>	<b>\$ 12,101</b>	<b>\$ 23,468</b>	<b>\$ 20,933</b>

#1<sup>st</sup> year of permitted alcohol (The GVCC implemented permitted alcohol use for user groups in August of 2012. The result was an increase of 3.5% or \$11,036 in user fees. ) +projected revenue proposed user fee increase

## ***7.1 Income and Cost Recovery***

The GVCC enjoys multiple forms of income; user fees, program income, donations, senior programs, lease income and grants/gifts. By increasing our user fees and donations over the next five (5) fiscal years we will organically increase our income to offset our direct costs, and return our margin to consistent break even, or near profitability.

Table 7.1a: Cost Recovery indicates a gradual increase in income and a steady escalation of overhead costs that coincide with a steady increase in profit. The profit has been used to build our reserve in the past, and then folded back into our annual budget to be used for capital repair projects/facilities upgrades and materials and supplies. We currently have \$352,300\* in reserves; this amount equates to approximately 81.2% of our annual expenses. Austere economic times call upon use of these reserves to offset our costs, help to maintain our budget, and use for necessary repairs and capital projects.

**\*As of June 30, 2015 and does not include checking and savings**

**Table 7.1a: Cost recovery**

<b>Income/Expense Line Items</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Ordinary Income</b>						
User Income	\$ 154,231	\$ 154,000	\$ 157,080	\$ 160,222	\$ 163,426	\$ 166,695
Program Income	\$ 12,954	\$ 13,000	\$ 13,260	\$ 13,525	\$ 13,796	\$ 14,072
Usage income	\$ 5,565	\$ 5,500	\$ 5,610	\$ 5,722	\$ 5,837	\$ 5,953
Rents	\$ 220,986	\$ 224,300	\$ 228,786	\$ 233,362	\$ 238,029	\$ 242,790
Donations	\$ 2,383	\$ 8,000	\$ 10,000	\$ 11,000	\$ 13,000	\$ 14,000
Interest	\$ 741	\$ 1,000	\$ 1,020	\$ 1,040	\$ 1,061	\$ 1,082
Miscellaneous	\$ -	\$ 300	\$ 306	\$ 312	\$ 318	\$ 325
Seniors	\$ 14,511	\$ 12,700	\$ 12,954	\$ 13,213	\$ 13,477	\$ 13,747
<b>Total Ordinary Income</b>	<b>\$ 411,371</b>	<b>\$ 418,800</b>	<b>\$ 429,016</b>	<b>\$ 438,396</b>	<b>\$ 448,944</b>	<b>\$ 458,663</b>
<b>Ordinary Expense</b>						
Labor and benefits	\$ 317,110	\$ 314,300	\$ 320,586	\$ 326,998	\$ 333,538	\$ 340,208
Office Expense	\$ 10,240	\$ 9,000	\$ 9,180	\$ 9,364	\$ 9,551	\$ 9,742
Custodial/Maintenance/Repairs	\$ 28,603	\$ 32,600	\$ 33,252	\$ 33,917	\$ 34,595	\$ 35,287
Telephone/Internet	\$ 3,985	\$ 4,300	\$ 4,386	\$ 4,474	\$ 4,563	\$ 4,654
Utilities	\$ 26,539	\$ 32,500	\$ 33,150	\$ 33,813	\$ 34,489	\$ 35,179
Program Expense	\$ 1,113	\$ 1,100	\$ 1,122	\$ 1,144	\$ 1,167	\$ 1,191
Insurance	\$ 16,633	\$ 16,900	\$ 17,238	\$ 17,583	\$ 17,934	\$ 18,293
Advertising	\$ 1,230	\$ 3,000	\$ 3,060	\$ 3,121	\$ 3,184	\$ 3,247
Professional Expense	\$ 3,314	\$ 10,500	\$ 10,710	\$ 10,924	\$ 11,143	\$ 11,366
Accounting	\$ 3,008	\$ 3,200	\$ 3,264	\$ 3,329	\$ 3,396	\$ 3,464
Miscellaneous	\$ 1,229	\$ 300	\$ 306	\$ 312	\$ 318	\$ 325
License/permits	\$ 388	\$ 500	\$ 510	\$ 520	\$ 531	\$ 541
Seniors	\$ 16,535	\$ 12,700	\$ 12,954	\$ 13,213	\$ 13,477	\$ 13,747
<b>Unrestricted Expense (Capital)</b>						
Furnishings, Buildings, Grounds	\$ 3,593	\$ 10,500	\$ 10,710	\$ 10,924	\$ 11,143	\$ 11,366
<b>Total Expense</b>	<b>\$ 433,519</b>	<b>\$ 451,400</b>	<b>\$ 460,428</b>	<b>\$ 469,637</b>	<b>\$ 479,029</b>	<b>\$ 488,610</b>
<b>Net Ordinary Income</b>	<b>\$ (22,148)</b>	<b>\$ (32,600)</b>	<b>\$ (31,412)</b>	<b>\$ (31,240)</b>	<b>\$ (30,085)</b>	<b>\$ (29,947)</b>
<b>Restricted Income</b>						
Gifts and Grants	\$ 68,000	\$ 32,600	\$ 32,600	\$ 32,600	\$ 32,600	\$ 32,600
<b>Net Income</b>	<b>\$ 45,852</b>	<b>\$ -</b>	<b>\$ 1,188</b>	<b>\$ 1,360</b>	<b>\$ 2,515</b>	<b>\$ 2,653</b>

## 7.2 Projected Profit and Loss

The projected revenue from our proposed user fees structure and more aggressive fundraising elements will play vital roles in moving toward a break even or positive profit margin. The cost recovery we have proposed remains modest, showing only \$32,600 in gifts and grants, reducing annual costs where we are capable, and showing increase in costs in line with an acceptable CPI average of 2% annually. The cost recovery will also be affected by a positive turn in the economy, and an increase in general interest rates.

There are three competing interests for any funds that a non-profit invests: (1) protecting (and growing) the investment, (2) earning a reasonable interest rate, and (3) maintaining access to the invested cash when needed. An investment policy can address all three, as well as define who is accountable for investment-related activities.

The GVCC enjoyed approximately \$18,000 in interest from our operating and investment accounts before the economic downturn between the years of 2007 and 2009. Our reserves helped offset that loss in income, as well as offsetting reductions in leased space and changes to our consistent user groups. As the economy has begun to show signs of improvement interest rates may again play a pivotal role in boosting our income.

Our key budget expense items are: payroll and benefits, insurances (including worker's compensation and liability), capital expense that we have indicated at a steady \$10,500 annually (with 2% annual increase), followed by the general line items that cover our utilities, office expenses, advertising and the like. A summary of income, direct costs and our projected Gross Margin and Gross Margin percentage can be found in Table 7.2: Profit and Loss – Gross Margin – Gross Margin % below:

**Table 7.2a: Profit and Loss – Gross Margin – Gross margin %**

<b>Projected cost Recovery</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Income*	\$ 479,371	\$ 451,400	\$ 461,616	\$ 470,996	\$ 481,544	\$ 491,263
Direct Costs	\$ 429,926	\$ 440,900	\$ 449,718	\$ 458,713	\$ 467,886	\$ 477,244
Other Costs	\$ 3,593	\$ 10,500	\$ 10,710	\$ 10,924	\$ 11,143	\$ 11,366
<b>Total Costs</b>	<b>\$ 433,519</b>	<b>\$ 451,400</b>	<b>\$ 460,428</b>	<b>\$ 469,637</b>	<b>\$ 479,029</b>	<b>\$ 488,610</b>
<b>Gross Margin</b>	<b>\$ 45,852</b>	<b>\$ -</b>	<b>\$ 1,188</b>	<b>\$ 1,359</b>	<b>\$ 2,515</b>	<b>\$ 2,653</b>
<b>Gross Margin %</b>	<b>9.57%</b>	<b>0.00%</b>	<b>0.26%</b>	<b>0.29%</b>	<b>0.52%</b>	<b>0.54%</b>
*includes gifts/grants						

## 7.3 Financial Sustainability

The long-term financial health of the GVCC is an essential component to deliver high-quality services to our constituents. Financial sustainability includes effective financial accounting systems, improved resource management, wise investment programs, and prudent budgeting principles. It also means that the GVCC will investigate and pursue options to enhance revenues especially in the areas of user fees, donations/fundraising, and leases.

The goals established aim to achieve this through the growth of ongoing revenues, adhering to sound financial policies and principles that are routinely reviewed for effectiveness, and exercising fiscal discipline. By studying the lessons learned during the economic downturn and continuously monitoring the environment for influences that can impact financial health and stability, the GVCC will maintain long-term financial health.

Making strategic decisions for financial viability, staff recommends beginning the process by identifying our organization's core activities. Most core activities will be programmatic in nature, encompassing our organization's services to clients. Next, identify those activities that focus on generating revenue such as our annual campaign, fundraising events, donor solicitation, and newsletters.

We will evaluate each activity according to a dual bottom line: mission impact and financial return. Our goal will be to identify strategic imperatives for each of our activities based on its current impact and profitability as follows:

- **high mission impact and low profitability**  
Maintain the activities and find ways to contain their costs.
- **high mission impact and high profitability**  
Invest in the activities and make them stronger.
- **low mission impact and low profitability**  
Consider closing the program or give it away to another organization.
- **low mission impact and high profitability**  
Nurture the activity and harvest its returns while finding ways to increase its impact on our mission.

The most important thing we can do to ensure GVCC's sustainability is to commit to developing and using this process for assessing every aspect of the organization on a regular basis, and based on sound analysis make necessary adjustments to the services and programs we provide.