

FY20 Budget Comments

Revenues

Assessments: The Assessment revenue has been increased by \$300,000. Historically, we have seen similar increases from year-to-year. Current information has not led us to believe there will be a significant drop in production for FY20.

Contribution Revenue: Contribution Revenue has been decreased to \$406,000 based on historical contributions to the NFPT and NCPT programs. These contributions are voluntary and tend to fluctuate from year-to-year.

Interest Income: Interest Income has been increased to \$115,000. Potatoes USA maintains a diverse portfolio of short- and long-term investments to take advantage of the highest interest rates available. All investments mature within 5-years, as approved by USDA.

FAS Funding: Potatoes USA was awarded an additional \$191,465 in Market Access Program (MAP) funding for FY20. Potatoes USA was also awarded \$3,670,860 in Agricultural Trade Promotion (ATP) Program funds. Overall, there is an increase of \$3,220,040 in FAS funding for FY20.

Total budgeted revenues: \$24,059,770

Program Expenses

Marketing: The Marketing expenses have been increased by \$65,000. Potatoes USA will be maintaining the 2017 Chevrolet Silverado as a marketing tool and the final lease payment will be made in 2020. Additional funds will be used on the What Are You Eating? campaign.

FAS Funding: This expense is directly related to the FAS Funding revenue line item.

Industry Outreach: Industry Outreach has been increased by \$35,000 to allow for additional issues management and grower relations.

Sponsorships: Sponsorships have been increased by \$4,000 because the Check Off Coalition line item has been merged into this budget. The individual budget totals have not increased.

Annual Meeting: This budget line item has been increased for Board Member travel (\$80,000). Potatoes USA feels the travel budget belongs on this line item because this is the primary event where Board members submit reimbursement for their travel expenses. The individual budget totals have not increased.

Travel: The FY20 travel budget line items have been removed and merged into other budgets. The Board Member travel was merged into the Annual Meeting budget for the reasons noted above. The Administrative Committee and Executive Committee travel line items have been merged into their respective travel budgets under Administrative Expenses.

Special Project – International Marketing: The \$125,000 will be used to meet our matching requirement for the ATP grant funds.

Special Project – Industry Outreach: The \$100,000 will be used for the continued promotion of the What Are You Eating? campaign and promotion of the performance strategy.

Special Project – Leadership: The \$25,000 will be used to assist in the redesign of the PILI program.

Total budgeted program expenses: \$21,963,530

Administrative Expenses

Salaries & Benefits: All salaries & benefits are presented in a single budget line item. The salary for the CEO is provided in his annual contract, submitted to USDA. The Salaries & Benefits budget for FY20 has been increased by \$25,000 to account for annual cost increases.

Travel: As noted above, the Operating Travel line items for Administrative Committee and Executive Committee travel have been moved to these totals. The individual budget totals have not increased.

Office & Insurance: The Office & Insurance budget has been increased by \$12,700 to account for increases to rental and repair costs.

Office Lease: The Office Lease line item has been increased to \$192,000 to account for the annual rent increase.

Professional Services: The Professional Services budget has been increased by \$18,750 to cover the annual increase to the audit and laptop replacement, as needed.

Total budgeted administrative expenses: \$2,838,400