

FY19 Budget Comments

Revenues

Assessments: Assessment contribution revenues have been increased by \$300k. Historically, we have seen similar increases from year to year. Current information has not led us to believe that there will be a significant drop in production for FY19.

Food Trucks: Food truck revenue is expected to be \$0 for FY19 due to the Board's decision to cease operations on June 30, 2018.

Chip Seed: The chip seed program is not expected to generate revenues or incur expenses for FY19. There are not any varieties that we anticipate introducing to the market during FY19.

Interest Income: Interest income has been increased to \$95,700 for FY19. During FY18 we received approval from the USDA to increase the length of our investments from 1-year to up to 5-years. This approval allowed us to invest in CDs that range in length from 1 to 5-year maturity and to increase the interest we receive annually.

Total budgeted Revenues for FY19: \$20,471,700

Program Expenses

Marketing: The FY19 Marketing budget of \$9,935,000 is consistent with the FY18 budget. Marketing has moved \$80K from the Domestic Marketing line item within the Marketing budget to the Industry Outreach budget line item.

Food Trucks: The food truck program expenses have been set at \$150,000 for FY19. This is based on the Board's decision to cease operations on June 30, 2018. The FY19 budget is expected to cover the remaining lease payments, basic maintenance to keep the trucks in working order, insurance, and parking.

Industry Outreach: Industry Outreach has been increased by \$127K in FY19 to allow for additional grower outreach and increased spending on Industry Communications. Please note that \$80K of the increase has come from the Domestic Marketing line item contained in the Marketing budget.

NFPT & NCPT: The NFPT and NCPT FY19 expenses have been decreased to \$224K and \$312K respectively. Amounts expended in these accounts are offset by an equal amount in the Contribution Revenue account.

Sponsorships: Sponsorships have been increased by \$10K in FY19 based on our continued sponsorship of environmental education.

Travel: The FY19 Executive Committee travel budget has been increased by \$35K so that it is more in line with our actual spend.

Special Projects: The FY19 budget for Special Projects is \$1M. This money will be divided between Domestic Marketing (\$600K), International Marketing (\$250K), and Industry Outreach (\$150K).

Total Budgeted Program Expenses for FY19: \$19,665,100

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 FY19 has been increased to account for additional staffing. We have also moved the salaries and benefits for the Compliance position to this budget line item for FY19.

Travel: We have increased the FY19 Administrative Committee travel budget by \$1,500 to match previous years spend.

Office & Insurance: The FY19 Office & Insurance budget has been increased by \$28,066 to account for our depreciation expense of office equipment and furniture. We have also increased this budget line item to account for our enrollment in Positive Pay, a fraud detection tool.

Professional Services: Professional Services for FY19 has been increased by \$15K to allow for additional staff training.

Compliance: The Compliance budget line item had historically listed the salaries, benefits, and travel for the Compliance position. The salaries and benefits budgets have been added to the total administrative Salaries & Benefits. The travel for the Compliance position has been moved to the Miscellaneous budget line item.

State Collection Fees: This budget line item has been moved to Miscellaneous budget line item.

Miscellaneous: The state collection fees have been decreased from \$8,200 in FY18 to \$200 for FY19. This decreased was based on actual spend from previous years. The compliance travel budget has been decreased based on the new desk review process. The Compliance Manager will no longer be completing on-site reviews. All reviews will take place in the Potatoes USA office and travel will only occur in special circumstances.

Total Budgeted Administrative Expenses for FY19: \$2,408,850