**Budget Narrative for 1st Draft of Fiscal Year 2026**

Carver Center is doing important work for the community that fulfills our mission. While we anticipate threats to revenues, such as the CACFP hot meal program, and we are concerned about the potential for more economic instability in the U.S., we have the flexibility to scale back operations if we face a loss of grants or contributions. For now, this budget presents a positive, business-as-usual outlook.

Income Assumptions:

* Fundraising for unrestricted contributions and the Gala are budgeted for slightly less than FY25 actual income.
* Restricted contributions are even with projections for FY25.
* Government grants have increased due to 1) increase in expected activity for Summer Youth Employment ($190K to last year’s $81K); 2) increased spending and reimbursement in Elementary Afterschool from LEAPS grant; 3) hedge that we will get one of two new NYS grants we are applying for either BOOST or Safe Spaces. Budget includes a projection of $250Kfrom BOOST (essentially a teen center program grant) which would cover ongoing staff ($150K) plus new expenses ($100K) for program deliverables.

Expense Assumptions:

* Salaries assume full employment all year long in all programs and have been scaled up the afterschool programs that started in FY25.
* Added a Finance Director position to G&A while eliminating the Director of Systems & Information from Program General. Allowed for a 5% cost of living to most employees plus one promotion and two rather significant increases for Director-level employees doing outstanding work. Projection includes bringing all front desk staff (welcome center) up to a minimum of $20/hour.

Changes from Prior Year:

* Carver Center has spent the three-year grant from Feeding America covering the costs of a full-time employee (c. $42K/year) in the Carver Market. However, the retail recovery program depends on this position to exist. It is far less expensive to cover this salary expense than to buy food wholesale.
* We have spent prior funding for Case Management staff (1.5 FTE). Case Management has proven to be a hugely successful addition to Carver Center’s offerings and a key component in meeting our strategic plan goal to provide information and assistance to our residents. It is very likely that we will be able to renew a foundation grant (1st received in 4th quarter of FY24) but we haven’t included the income ($65K) in this draft of the budget.
* Professional Fees are budgeted up 4% based on conversations with Citrin Cooperman and include Condon O’Meara.
* Advertising (99% Indeed postings for staff recruitment) is lower as we know we will not have to recruit so heavily for after-school programs including RECOVS this year.
* We have a contract with the Westchester County Planning Department for a $100,000 reimbursement grant for Carver Market food distribution. We have already started spending FY25 but do not plan to request reimbursement until FY26.

Operating Budget Summary:

* Total income budgeted for FY26 is $7,080,991, which is an increase of ~$900K vs FY25 forecast of $6,177,814, mostly driven by the change in government grants.
* Expenses budgeted for FY26 total $7,061,789, which is an increase of ~$1.4M vs FY25 forecast of $5,627,392. This is driven by an increase in salaries primarily in afterschool programs, which represents a full academic year for programs that started in FY25. Salaries assume no vacancies to be conservative.
* The operating budget assumes a slight surplus of $19K and has the flexibility to scale back operations if we face a loss of grants or contributions.
* As in past years, the Finance Committee has approved a release of $100k from the Carver endowment and to reclass these funds as board designated to support the Carver mission when needed. The endowment balance is $1.9M, of which $0.5M is investment earnings. A withdrawal of $100k represents 5.7% of the rolling 5-yr average balance and complies with NY state law governing endowment management (NY Prudent Management of Institutional Funds Act).

Capital Expenses:

Projected FY26 Capital Expenses are still in flux. There are smaller capex investments planned, such as the elevator oil replacement, laptop purchases and a new website, as well as large critical projects which have already been discussed with the board.

* For the parking lot, we have secured a $200K reimbursement grant (CDBG from Westchester County) and received a gift of $75K from FY24 towards a required match of $140K. The project should be bid on in June, so we will have updated cost estimates at that time.
* For roof and facade replacement work, DASNY has confirmed that the $500K grant can be used to address the most urgent roof A and facade work needed. Cowley Engineering is leading a bid process that should be completed in June and will establish updated cost estimates.
* For the pool piers raised at the May board meeting, Cowley Engineering is also developing the plans and then we will request bids on that project. The current estimate is in the $30-50K range

Given the need for proactive capital planning, the Finance Committee has approved setting up a $500k capital reserve as a source for major maintenance and building or property improvement projects.