



## FY19 Projected Year-End Financials

### Projected Operating and Net Income

We are projecting to end FY19 with \$3,172,677 in Revenues and \$3,182,969 in Expenses, for net Operating Income of -\$10,292. Revenue and Expenses were both significantly less than budgeted, primarily because of several major projects that were delayed into FY20 (see Budget Commentary below). We anticipate a small operating loss rather than the small operating gain budgeted. Meanwhile, Investment Gains are expected to be favorable compared to budget.

	<i>FY19 Budget</i>	<i>FY19 Projected</i>	<i>Variance</i>
<b><i>Operating Revenues</i></b>	\$3,606,930	\$3,172,677	<b><i>(\$434,253)</i></b>
<b><i>Operating Expenses</i></b>	\$3,599,574	\$3,182,969	\$416,605
<b><i>Operating Net Income</i></b>	\$7,356	<b><i>(\$10,292)</i></b>	<b><i>(\$17,648)</i></b>
<b><i>Investment Gains (Losses)</i></b>	\$10,000	\$29,106	\$19,000
<b><i>Net Income Before Restrictions</i></b>	\$17,356	\$18,814	\$1,352

### Projected Net Assets

During FY19, the Greenway Trust adopted a new Investments Policy under which our financial assets were organized into several funds, each with a specific purpose and managed according to investment objectives recommended by the Operations Committee and approved by the Executive Committee. Unrestricted Net Assets (aka the “rainy day fund”) were divided into Operating Cash, General Reserve, and a new Bequest Fund (the latter was created to hold and allocate the Thomsen Family bequest and any future bequests we may receive). Restricted Net Assets comprise the Middle Fork Campaign Fund, and Other Restricted Assets.

Unrestricted Net Assets are projected to increase by \$779,048 to \$1,945,030 principally because of the Thomsen Family bequest (see Budget Commentary below). Meanwhile, Restricted Net Assets decreased \$213,378 as Middle Fork Campaign funds, and Other Restricted Funds were released for investment in projects and programs.

	<i>End FY18</i>	<i>Additions</i>	<i>Releases</i>	<i>End FY19 projected</i>
<b>Unrestricted Net Assets</b>	\$1,165,982	\$811,000	(\$31,952)	\$1,945,030
<b>Operating Assets</b>	\$418,645		(\$10,292)	\$408,353
<b>Tech Upgrade</b>	\$65,119		(\$21,660)	\$43,459
<b>General Reserve</b>	\$682,218	\$29,106	\$0	\$711,324
<b>Bequest Funds</b>	\$0	\$781,894	\$0	\$781,894
<b>Restricted Net Assets</b>	\$1,821,509	\$321,095	(\$534,473)	\$1,608,131
<b>Middle Fork Campaign</b>	\$1,754,809	\$286,095	(\$503,146)	\$1,537,758
<b>Other Restricted Funds</b>	\$66,700	\$35,000	(\$31,327)	\$70,373
<b>Total Net Assets</b>	\$2,987,491	\$1,132,095	(\$566,425)	\$3,553,161

### **Budget Commentary**

The Greenway Trust remains on excellent financial footing. We managed FY19 Operating Revenue and Expenses with a small loss in Operating Income, Investment Gains provided favorable Net Income, and our Net Assets continued to grow. A number of financial highlights merit attention.

### **Bequests**

The Greenway Trust received its first major bequest of \$781,894 after Gretchen Thomsen passed away in June 2018. The Thomsen Family bequest significantly increased our Unrestricted Net Assets and enabled us to establish the Thomsen Family Fellowship for the Future Fund that will support specific Greenway programs and initiatives. Per our Investments Policy, Bequest Funds will be spent over approximately five years, and be replenished by any future bequests that may be received.

### **Gifts and Grants**

Doug and Kristi McClelland gave the Greenway Trust a major boost with their \$50,000 challenge grant at the Annual Dinner, putting us on track to meet/exceed our annual fundraising goal. This was doubly appreciated because at the same time, we had some fundraising setbacks that will affect fundraising in future years:

- After more than 10 years of reliable and generous support, King County pulled back funding of the Greenway's Education program (approximately \$30,000 per year). At the same time, several other education grant proposals were unsuccessful.
- The Greenway Trust also lost two dear friends, Gretchen Thomsen and Allan Osberg, who were among our top individual annual donors (approximately \$20,000 per year from each).

We must find and cultivate the next generation of institutional and individual champions for the Greenway Trust to maintain our base of support. Already this year, The Boeing Company has stepped up to support the Greenway Trust's internship program with King County.

### Middle Fork Campaign

Boeing made a second commitment of \$250,000 to the Middle Fork Campaign, bringing cumulative fundraising to more than \$6,500,000 toward our phase 1 goal of \$10,000,000. Meanwhile, we invested in several on-the-ground projects including the new Garfield Ledges trail, which resulted in a net spend-down of \$503,146 in Middle Fork Campaign assets during FY19. We are pursuing some significant public and private funding opportunities in FY20.

### Projects

Several major field projects were delayed for various reasons outside of our control. As a consequence, substantial portions of the revenue and expenses for these projects were shifted to FY20. This is the primary reason that overall revenue and expenses were below budget.

Those projects include:

- Construction of the Camp Brown day-use area and trail in the Middle Fork (\$115,000 shifted to FY20)
- Restoration of Stossel Creek (\$90,000 shifted to FY20)
- Construction of the Green Mountain trail (\$50,000 shifted to FY20), and
- Improvement of several DNR recreation sites (\$80,000 shifted to FY20).

This the opposite of what we have experienced in the last couple of years when major projects materialized that we had not anticipated in the budget, resulting in higher-than-expected revenue and expenses.

### Staffing

Several unexpected staff departures during FY19 contributed to lower-than-expected employee expenses while we recruited new staff to fill vacancies. This is temporary as we expect to be fully staffed again in Q1 of FY20.

### Investment Portfolio

Our investment portfolio (comprising the General Reserve) continues to perform well, growing in value by \$20,675 (3.03%) between July 1, 2018 and May 17, 2019. Since inception in 2016, returns have averaged 6.49% and our portfolio value has increased \$124,958 (as of May 17, 2019).