

TO: Board of Directors
FROM: Whitney Meyerhoeffer
SUBJECT: Budget Projections for Bromidia, Coastalina Medical Clinics
DATE: 03 / 15 / 2017

In the following memo, I explain the attached budget sheets which look at the possible outcomes of the proposed agreement with the Coastalina government allows the clinic in Bromidia Coastalina to cover its expenses. Revenue sources coming in to the clinic are not sufficient enough to recoup costs for the clinic. As I will explain, there are two possible adjustments that can be made in order for the clinic to cover expenses. One way to help cover expenses is to increase revenue and another way is to reduce expenses. For the second year the clinic is open, there will not be enough income to cover the expenses so there will be a deficit.

In Attachment #1 we have the 2017 Baseline Budget. This budget shows a deficit of \$21,580.33 (highlighted with the red box). The highest income is from the Gates Foundation Donation. The Coastalina government contributes \$3 per client visit so as the clinic grows and there are more visits, there is a steady increase in income from the government. By the end of the 2017 year the Coastalina government is contributing almost half the amount of the Gates Foundation. The largest expense for the clinic is nurse pay and training. Before the clinic opens, nurses will need to be trained. As the number of clients grows, more nurses need to be added which means more training and an increase in nurse pay expenses. The Coastalina government is not charging rent and utilities for the first year which helps cut down on expenses. Medical expenses are a small portion of expenses in the beginning, however, over time they increase as the clinic takes on more clients.

In Attachment #2 we have the 2017 Coastalina Adjustment Budget. This budget is the same as the baseline budget with adjustment to the contribution from the Coastalina government. Instead of the government contributing \$3 per client visit as was done in the baseline budget, the government is now contributing \$4.50 per client visit. This adjustment makes the clinic break-even for the year (no surplus or deficit as highlighted with red box). The Gates Foundation Donation still accounts for a substantial amount of the income, but by year's end the contributions from the Coastalina government are well over half of the amount of the Gates Foundation Donation. This helps to cover more of the expenses. The expenses for this budget are the same as they were in the baseline budget. As you can see, the 2017 Coastalina Adjustment Budget's increase in revenue from the government helps the clinic break-even for the year.

A second adjustment to the 2017 budget is seen in Attachment #3, the 2017 Nurse Workload Adjustment Budget. This budget increases the number of clients a nurse is able to see in a day from 12 to 15. It is the best option for the clinic for 2017. Income from the government is back to baseline so only \$3 is contributed per client visit. This means that the primary income is from the Gates Foundation and the government contributes minimally each month based on the number clients served. When we adjust the number of clients a nurse sees, we are able to decrease the expenses. With this adjustment, fewer nurses are needed. Having fewer nurses to pay brings expenses down considerably. There is also less training cost for the year because you do not have to hire as many nurses. This budget leaves a surplus for the year of a few hundred dollars (highlighted by the red box) which is why it is the optimal way to proceed.

In the 2018 Baseline Budget, Attachment #4, there is a large deficit (highlighted by the red box). For the second year the clinic is open, revenue from the Gates Foundation is reduced by half. Revenue from the government in the second year of clinic operations increases from \$3 to \$5 which means a larger part of the income comes from Coastalina. Even though total amount of revenue for 2018 is larger than it was in 2017, the increase is still not enough to cover the increase in expenses. In the second year the clinic is open, we will begin paying rent and utilities. The largest expenses are still nurse pay and medical supplies. Since each of these expenses are dependent on the number of client visit, the busier the clinic gets the larger the expenses become.

In conclusion, the 2017 Baseline Budget shows a loss, however, adjustments can be made to help the clinic financially. An adjustment to the amount that the Coastalina government contributes per client visit can allow the clinic to break-even by increasing the revenue. An adjustment to the number of client visits a nurse makes per day allows the clinic to make a few hundred dollars by decreasing the expenses. The 2018 Baseline Budget shows an insufficient amount of revenue to cover the monthly expenses. The bottom line is that there is not sufficient revenue to sustain the clinic in year two and, unless adjustments are made, there is not sufficient revenue to sustain the clinic in year one.

Attachment #1

2017 BASELINE BUDGET

Visits and Nurses Needed Calculations	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Total Number of Visits	800	800	800	880	968	1064.80	1171.28	1288.41	1417.25	1558.97	1714.87	1886.36	14353
Total Number of Visits Rounded Up	800	800	800	880	968	1065	1172	1289	1418	1559	1715	1887	14353
Number of Nurses Needed	3.33	3.33	3.33	3.67	4.03	4.44	4.88	5.37	5.91	6.50	7.15	7.86	
Number of Nurses Needed Rounded Up	4	4	4	4	5	5	5	6	6	7	8	8	
INCOME													
Gates Foundation Donation	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 133,333.33
CoastalInca Contribution * Number of Visits	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,640.00	\$ 2,904.00	\$ 3,195.00	\$ 3,516.00	\$ 3,867.00	\$ 4,254.00	\$ 4,677.00	\$ 5,145.00	\$ 5,661.00	\$ 43,059.00
TOTAL INCOME	\$ 13,511.11	\$ 13,511.11	\$ 13,511.11	\$ 13,751.11	\$ 14,015.11	\$ 14,306.11	\$ 14,627.11	\$ 14,978.11	\$ 15,365.11	\$ 15,788.11	\$ 16,256.11	\$ 16,772.11	\$ 176,392.33
EXPENSES													
Executive Director Salary and Benefits	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 13,000.00
Doctor Salary, Benefits and Travel	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 27,666.67
Security Guard	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 15,000.00
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nurses Pay	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 9,600.00	\$ 9,600.00	\$ 11,200.00	\$ 12,800.00	\$ 12,800.00	\$ 105,600.00
Nurse Training	\$ 4,000.00	\$ -	\$ -	\$ -	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00	\$ -	\$ 1,000.00	\$ 1,000.00	\$ -	\$ 8,000.00
Medical Supplies	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,760.00	\$ 1,936.00	\$ 2,130.00	\$ 2,344.00	\$ 2,578.00	\$ 2,836.00	\$ 3,118.00	\$ 3,430.00	\$ 3,774.00	\$ 28,706.00
TOTAL EXPENSES	\$ 16,638.89	\$ 12,638.89	\$ 12,638.89	\$ 12,798.89	\$ 15,574.89	\$ 14,768.89	\$ 14,982.89	\$ 17,816.89	\$ 17,074.89	\$ 19,956.89	\$ 21,868.89	\$ 21,212.89	\$ 197,972.67
SURPLUS/DEFICIT	\$ (3,127.78)	\$ 872.22	\$ 872.22	\$ 952.22	\$ (1,559.78)	\$ (462.78)	\$ (355.78)	\$ (2,838.78)	\$ (1,709.78)	\$ (4,168.78)	\$ (5,612.78)	\$ (4,440.78)	\$ (21,580.33)

Attachment #2

Visits and Nurses Needed Calculations	2017 Coastallina Adjustment BUDGET												Totals
	January	February	March	April	May	June	July	August	September	October	November	December	
Total Number of Visits	800	800	800	880	968	1064.80	1171.28	1288.41	1417.25	1558.97	1714.87	1886.36	14353
Total Number of Visits Rounded Up	800	800	800	880	968	1065	1172	1289	1418	1559	1715	1887	
Number of Nurses Needed	3.33	3.33	3.33	3.67	4.03	4.44	4.88	5.37	5.91	6.50	7.15	7.86	
Number of Nurses Needed Rounded Up	4	4	4	4	5	5	5	6	6	7	8	8	
INCOME													
Gates Foundation Donation	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 133,333.33
Coastallina Contribution * Number of Visits	\$ 3,602.83	\$ 3,602.83	\$ 3,602.83	\$ 3,963.12	\$ 4,359.43	\$ 4,796.27	\$ 5,278.15	\$ 5,805.07	\$ 6,386.02	\$ 7,021.02	\$ 7,723.57	\$ 8,498.18	\$ 64,639.33
TOTAL INCOME	\$ 14,713.94	\$ 14,713.94	\$ 14,713.94	\$ 15,074.23	\$ 15,470.54	\$ 15,907.38	\$ 16,389.26	\$ 16,916.18	\$ 17,497.13	\$ 18,132.13	\$ 18,834.69	\$ 19,609.29	\$ 197,972.67
EXPENSES													
Executive Director Salary and Benefits	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 13,000.00
Doctor Salary, Benefits and Travel	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 27,666.67
Security Guard	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 15,000.00
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nurses Pay	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 8,000.00	\$ 8,000.00	\$ 8,000.00	\$ 9,600.00	\$ 9,600.00	\$ 11,200.00	\$ 12,800.00	\$ 12,800.00	\$ 105,600.00
Nurse Training	\$ 4,000.00	\$ -	\$ -	\$ 1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00	\$ -	\$ 1,000.00	\$ 1,000.00	\$ -	\$ 8,000.00
Medical Supplies	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,760.00	\$ 1,936.00	\$ 2,130.00	\$ 2,344.00	\$ 2,578.00	\$ 2,836.00	\$ 3,118.00	\$ 3,430.00	\$ 3,774.00	\$ 28,706.00
TOTAL EXPENSES	\$ 16,638.89	\$ 12,638.89	\$ 12,638.89	\$ 12,798.89	\$ 15,574.89	\$ 14,768.89	\$ 14,982.89	\$ 17,816.89	\$ 17,074.89	\$ 19,956.89	\$ 21,868.89	\$ 21,212.89	\$ 197,972.67
SURPLUS/DEFICIT	\$ (1,924.94)	\$ 2,075.06	\$ 2,075.06	\$ 2,275.34	\$ (104.35)	\$ 1,138.49	\$ 1,406.37	\$ (900.71)	\$ 422.24	\$ (1,824.76)	\$ (3,034.20)	\$ (1,603.59)	\$ 0.00

Attachment #3

2017 Nurse Workload Adjustment BUDGET

Visits and Nurses Needed Calculations	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Total Number of Visits	800	800	800	880	968	1064.80	1171.28	1288.41	1417.25	1558.97	1714.87	1886.36	
Total Number of Visits Rounded Up	800	800	800	880	968	1065	1172	1289	1418	1559	1715	1887	14353
Number of Nurses Needed	2.67	2.67	2.67	2.93	3.23	3.55	3.91	4.30	4.73	5.20	5.72	6.29	
Number of Nurses Needed Rounded Up	3	3	3	3	4	4	4	5	5	5	6	6	7
INCOME													
Gates Foundation Donation	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 11,111.11	\$ 133,333.33
CoastalInca Contribution * Number of Visits	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,640.00	\$ 2,904.00	\$ 3,195.00	\$ 3,516.00	\$ 3,867.00	\$ 4,254.00	\$ 4,677.00	\$ 5,145.00	\$ 5,661.00	\$ 43,059.00
TOTAL INCOME	\$ 13,511.11	\$ 13,511.11	\$ 13,511.11	\$ 13,751.11	\$ 14,015.11	\$ 14,306.11	\$ 14,627.11	\$ 14,978.11	\$ 15,365.11	\$ 15,788.11	\$ 16,256.11	\$ 16,772.11	\$ 176,392.33
EXPENSES													
Executive Director Salary and Benefits	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 13,000.00
Doctor Salary, Benefits and Travel	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 27,666.67
Security Guard	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 15,000.00
Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nurses Pay	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 8,000.00	\$ 8,000.00	\$ 9,600.00	\$ 9,600.00	\$ 11,200.00	\$ 84,800.00
Nurse Training	\$ 3,000.00	\$ -	\$ -	\$ -	\$ 1,000.00	\$ -	\$ -	\$ 1,000.00	\$ -	\$ 1,000.00	\$ -	\$ 1,000.00	\$ 7,000.00
Medical Supplies	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,760.00	\$ 1,936.00	\$ 2,130.00	\$ 2,344.00	\$ 2,578.00	\$ 2,836.00	\$ 3,118.00	\$ 3,430.00	\$ 3,774.00	\$ 28,706.00
TOTAL EXPENSES	\$ 14,038.89	\$ 11,038.89	\$ 11,038.89	\$ 11,198.89	\$ 13,974.89	\$ 13,168.89	\$ 13,382.89	\$ 16,216.89	\$ 15,474.89	\$ 18,356.89	\$ 17,668.89	\$ 20,612.89	\$ 176,172.67
SURPLUS/DEFICIT	\$ (527.78)	\$ 2,472.22	\$ 2,472.22	\$ 2,552.22	\$ 40.22	\$ 1,137.22	\$ 1,244.22	\$ (1,238.78)	\$ (109.78)	\$ (2,568.78)	\$ (1,412.78)	\$ (3,840.78)	\$ 219.67

Attachment #4

2018 BASELINE BUDGET

Visits and Nurses Needed Calculations	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Total Number of Visits	1980.68	2079.71	2183.70	2292.88	2407.52	2527.90	2654.30	2787.01	2926.36	3072.68	3226.31	3387.63	
Total Number of Visits Rounded Up	1981	2080	2184	2293	2408	2528	2655	2788	2927	3073	3227	3388	31532
Number of Nurses Needed	8.25	8.67	9.10	9.55	10.03	10.53	11.06	11.62	12.20	12.80	13.45	14.12	
Number of Nurses Needed Rounded Up	9	9	10	10	11	11	12	12	13	13	14	15	
INCOME													
Gates Foundation Donation	\$ 5,555.56	\$ 5,555.56	\$ 5,555.56	\$ 5,555.56	\$ 5,555.56	\$ 5,555.56	\$ 5,555.56	\$ 5,555.56	\$ 5,555.56	\$ 5,555.56	\$ 5,555.56	\$ 5,555.56	\$ 66,666.67
Coastalina Contribution * Number of Visits	\$ 9,905.00	\$ 10,400.00	\$ 10,920.00	\$ 11,465.00	\$ 12,040.00	\$ 12,640.00	\$ 13,275.00	\$ 13,940.00	\$ 14,635.00	\$ 15,365.00	\$ 16,135.00	\$ 16,940.00	\$ 157,660.00
TOTAL INCOME	\$ 15,460.56	\$ 15,955.56	\$ 16,475.56	\$ 17,020.56	\$ 17,595.56	\$ 18,195.56	\$ 18,830.56	\$ 19,495.56	\$ 20,190.56	\$ 20,920.56	\$ 21,690.56	\$ 22,495.56	\$ 224,326.67
EXPENSES													
Executive Director Salary and Benefits	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 1,083.33	\$ 13,000.00
Doctor Salary, Benefits and Travel	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 2,305.56	\$ 27,666.67
Security Guard	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 1,250.00	\$ 15,000.00
Rent	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 12,000.00
Utilities	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 3,000.00
Nurses Pay	\$ 14,400.00	\$ 14,400.00	\$ 16,000.00	\$ 16,000.00	\$ 17,600.00	\$ 17,600.00	\$ 19,200.00	\$ 19,200.00	\$ 20,800.00	\$ 20,800.00	\$ 22,400.00	\$ 24,000.00	\$ 222,400.00
Nurses Training	\$ 1,000.00	\$ -	\$ 1,000.00	\$ -	\$ 1,000.00	\$ -	\$ 1,000.00	\$ -	\$ 1,000.00	\$ -	\$ 1,000.00	\$ 1,000.00	\$ 7,000.00
Medical Supplies	\$ 3,962.00	\$ 4,160.00	\$ 4,368.00	\$ 4,586.00	\$ 4,816.00	\$ 5,056.00	\$ 5,310.00	\$ 5,576.00	\$ 5,854.00	\$ 6,146.00	\$ 6,454.00	\$ 6,776.00	\$ 63,064.00
TOTAL EXPENSES	\$ 25,250.89	\$ 24,448.89	\$ 27,256.89	\$ 26,474.89	\$ 29,304.89	\$ 28,544.89	\$ 31,398.89	\$ 30,664.89	\$ 33,542.89	\$ 32,834.89	\$ 35,742.89	\$ 37,664.89	\$ 363,130.67
SURPLUS/DEFICIT	\$ (9,790.33)	\$ (8,493.33)	\$ (10,781.33)	\$ (9,454.33)	\$ (11,709.33)	\$ (10,349.33)	\$ (12,568.33)	\$ (11,169.33)	\$ (13,352.33)	\$ (11,914.33)	\$ (14,052.33)	\$ (15,169.33)	\$ (138,804.00)

Budget Calculation Assumptions

1. It is assumed that each nurse is paid for works 8 hours a day.
2. It is assumed that when the clinic opens the nurses will need to be trained.