

Date: 16 January 2021



To: Board of Directors, WWA
Via: Treasurer, WWA
President, WWA

From: Executive Director, WWA

Subj: FY 2020 Financial Results and FY 2021 budget

1. WWA's 2020 Fiscal year just ended, so the Board of Directors should review, adjust as necessary, approve the WWA 2020 Financial Statement and approve the 2021 Budget. This memo summarizes the relevant issues - details are available in the enclosed documents or through discussion.
2. **2020 Financial results.** The year was an economic roller coaster created by the pandemic with cancelled/postponed events and dire economic forecasts. We modified our original budget twice (under board direction) to better project the impacts of lower income and reflect pre-emptively reduced staff compensation. We applied for and received the government PPP loan.

In spite of the cancelled events, and against the expectation of reduced fundraising success, WWA far exceeded revenue expectations, while reducing costs substantially. As a result of these actions, WWA ended the year financially strong, with the healthiest balance sheet that it has had in a very long time. CFO Kelcy explains the details of the year end / December financial statements (attachment (a)):

- a. "December financials contain budget numbers from budget modification #2. The \$25,192.50 PPP loan is still reflected on the balance sheet under Cash – State Restricted and under Liabilities – Other Liabilities/LT Notes Payable. Our most recent update from BMO is that forgiveness paperwork for the PPP loan will be available soon.
 - b. December financials as of 1.16.21 are close-to-final but any additional calendar revenues that are received will be entered /backdated as of 12.31.20 and will only serve to increase gross income. There should be no additional expense or other income.
 - c. We are ending 2020 at \$92,733 above budget with a profit of \$87,691 (versus a budgeted loss of \$5,042).
 - d. All chapters and raffles have been reconciled out in our books and the year ended with total event income (banquets, chapter/state class A's and statewide raffles) at \$251,192.45 versus 2020 budget mod. #2 of \$174,000 and 2020 original budget of \$206,000. See 2020 Event Income vs Budget for event details.
 - e. The 2021 calendar had record sales with 4667. The net currently stands at over \$31,000 versus \$25,500 budget.
 - f. 2020 expenses were reduced by \$23,943 versus budget mod #2.
 - g. Reminder: our accounts payables remain significantly higher than budget as we had anticipated wrapping up our small NAWCA grant in July, with a reimbursement of over \$50,000, which would have paid off HRP invoices reflected in our accounts payable. The grant has been extended and we will hopefully be able to submit project expenses for reimbursement in summer of 2021." [Note that this reflects a grant flow-thru to HRP and sub-contractors].
3. **2021 Budget discussion**
 - a. **ASSUMPTIONS.** Attachment (b) is the draft 2021 budget. It is conservative, projecting a modest \$11K Net Income at the end of the year. The budget is based on the following principal assumptions:
 - i. Reduced staff wages continue where they ended in 2020. No adjustments.

- ii. 2020 PPP will be forgiven and recognized as income in April after forgiveness paperwork is completed and accepted in March
 - iii. Although it has been applied for, no second draw of PPP is anticipated in this budget.
 - iv. Chapters will hold fundraising events as currently scheduled, and meet Budgeted numbers (i.e, not anticipating Goals or Super Goals achievement). See Attachment (d.)
 - v. Online sales of class A raffle tickets will continue at roughly one per month, even if we currently hope to do more than this.
 - vi. While the EXPO is anticipated to be slightly cash positive, it's really just a flow-through of \$13-17K in our Program Services "education" line item
 - vii. No changes to the reimbursement rate of HRP.
 - viii. One newly formed (or reestablished) chapter (unspecified) will net \$2k.
 - ix. Calendar revenue projected at \$20K, and ATV Raffle at \$8K.
- b. **BALANCE SHEET:** We are ending the year with a very strong cash position ("state unrestricted") of \$142.5K. [For reference, previous year (2019) was \$61K and the year before that (2018) was \$35K]. And if, as we expect, the 2020 PPP is forgiven, we will add an additional \$25K to state unrestricted cash for WWA [fingers crossed for the 2021 PPP too].
- i. We will consume some of the cash balance with operational expenses (approximately \$41K) for the first few months of the year until events can begin to produce revenue. The first real revenue from Green Bay event is reflected in April.
 - ii. Even so, the substantial balance provides unexpected and unusual flexibility for WWA leaders to map out and fund a strategic course for WWA.
- c. **STRATEGIC OPPORTUNITIES:** The budget also allows consideration of growth, compensation, and other initiatives. While the initiatives below have already been baked into the budget, there is some additional financial room to think—and invest—strategically.
- i. Membership drive \$1500.
 - ii. Habitat database effort - \$2600 in April and May, \$100 per month thereafter
 - iii. \$15,000 of staff / HRP bonus in Jun. Th current staff compensation is not sustainable in the long term and will need reconsideration post-pandemic.
 - iv. \$500 expense for EXPO major sponsorship
 - v. EXPO in general - This will not truly be an expense for WWA (beyond \$500 sponsorship noted above), but will be reflected in a flow through of ~\$16K (net \$2K) through the first 9 months of the year.
 - vi. A professional "media kit" sits ready to approach corporate or philanthropic partners so this should see some increased focus this year to expand that revenue stream.

Respectfully,

//s// *Bruce Ross*

Cc: Director of Administration

Enclosures: (a) FY 2020 Financial statements
(b) FY 2021 Proposed Budget - Draft 3
(c) WWA "Finances 101" explanatory information about WWA's financial statements