

## 2023 Budget Memorandum

21 Jan 2023

From: Bruce Ross, Executive Director, WWA  
To: WWA Board of Directors

Subj: WWA Budget Development – January 21, 2023

Reference: (a) Boettcher December financial notes and documents  
(b) 2023 Budget – Draft 2  
(c) 2023 Financial Analysis by Ross

1. **Another good year... but it does not make WWA recession proof.** WWA’s financial results finished strong in 2022, further solidifying WWA’s financial stability, while allowing WWA to make investments in the future of the organization. But despite our financial success in the past several years, we should consider the implications of an economic downturn on our plans. This memo outlines:
  - a. FY22 closeout results and FY2023 initial planning budget
  - b. Potential budgetary initiatives developed by committee and staff
  - c. Process for integrating Director decisions into 2023 Budget
  
2. **FY22 closeout results and FY2023 initial planning budget.**
  - a. WWA closed out 2023 having raised \$74,678 than we spent, based on strong development results by chapters, state, and the EXPO. Actual expenses were close to budgeted expenses.
  - b. This “profit” contributed to WWA’s strong year-end equity of \$645,962. Of this number, the “state unrestricted” account holds \$238,075. These are liquid funds which may be considered for high ROI investments.
    - As a reminder, last year’s board chose to restrict \$70,000 in the “state unrestricted” line item to hedge against future downturns.
    - That Board also chose to maintain a reserve of at least \$100,000 of the “state unrestricted” for operating capital.
    - **ExDir Recommendations:** Given a widely-forecasted recession ahead, I recommend:
      - Allocating an additional \$20,000 to operating capital, for a total of \$120,000 to ensure adequate operational flexibility in implementing new initiatives.
      - Moving an additional \$30,000 to the reserve fund to gain additional interest from this rainy day fund, bringing the total reserved to \$100,000.

If these recommendations are accepted by the board, WWA could then invest up to \$88,000 in initiatives justified by their expected benefits.

<<<Recommended motion: “That WWA set aside \$120,000 of the “state unrestricted” account for operating capital in 2023, and that an additional \$30,000 of “state unrestricted” funds be transferred to the reserve fund, accounted for as “state restricted”>>>

- c. Each Director has been provided with a copy of “2023 Budget – Draft 2”. This draft version will be advanced to Draft 3 after the Board passes a resolution to approve FY 2023 budget initiatives Saturday.
  - In an abundance of caution, 2023’s event-generated revenue (which forms the vast majority of our unrestricted funding) is 17% under what was actually generated last year.
- d. Some initiatives with recurring expenses have already been incorporated into the Budget Draft2. They are:
  - The Public Lands Ecologist. We expect to have this new staff person aboard in February and will bill the DNR monthly for 75% of the costs (with an expected 2 month delay in

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reimbursement). WWA will pay approximately \$6500 over the course of the year, while EXPO funds will contribute another \$6,000, drawn in February and March. This mostly government-funded program provides a recession hedge for WWA in its habitat program if we were to suddenly be unable to fund our HRP private lands program.

- The R3 grant. This \$60,000 grant is intended to recruit greater diversity into the state waterfowling community. This is a reimbursable grant—WWA expends funds which can then be reimbursed by the DNR with an ~ 2 month delay. This government-guaranteed fund source could also be a hedge in the event of a severe recession by shifting current staff work to support of this program.

3. **Potential budgetary initiatives developed for decisioning by Board.** This section briefly describes both *recurring* and *one-time* budget initiatives to be acted upon by the Board. Directors are asked to prioritize initiatives, and a board resolution reflecting those priorities will be incorporated into the final WWA 2023 budget. Questions on potential initiatives should be directed to committee chairs or the executive director.

a. **Initiatives with recurring expenses.** Two such recurring expense items warrant Director attention:

- WWA employee compensation. In November, the Board directed the establishment of an ad hoc committee to consider how to bring staff salaries in line with comparable positions in the non-profit world. While the committee has met, it has not yet formed a recommendation. Still, it's clear it will take several years to incrementally adjust staff salaries to reach market parity, while developing the funds necessary to sustain those levels.
  - I recommend increasing full-time staff compensation by 6%, in 2023, for a total of ~\$7500 additional staff expenses spread across the year. If approved, the budget will show a negative year-end balance of approximately \$4000. Reserving unrestricted funds for this purpose will hedge against actually ending the year in the red.
- Increase HRP "retainer". HRP's monthly "retainer" for services was reduced by over 50% during COVID and while increased last year to \$2600 per month, has still not risen to pre-COVID levels. This helped us weather the COVID period, and contributed to WWA's current growth in Net Revenue. I would like the board to authorize me to increase HRP funding to ~\$3100 per month (still down from pre-covid's \$3900), while charging me with re-negotiating an otherwise stale, outdated agreement with HRP. While some of these funds will be recouped through the PLE initiative, I recommend that this increase be funded with \$6,000 from the "state unrestricted" account to reduce financial risk to WWA.

b. **One-time Expenses.** The section summarizes potential additional uses of excess "state unrestricted" funds developed by Committee and staff. *[Note this list of initiatives have budget impacts—there are other Committee initiatives without expenses to be considered as part of the Board meeting package—see Consolidated Committee Action Plans document]* To gain a consensus BEFORE the budget discussion, Directors are asked to write their priorities for each initiative (in the yellow boxes), and share them with me prior to the Board meeting, and not later than Thursday, please. Use the following key:

- 1 = Strongly support the initiative and should absolutely be funded
- 2 = Support the initiative, but should be funded only if funds are available
- 3 = The initiative could help WWA but is not an investment priority now.

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	A	B	C	D	E	F	G
	Committee Goals and Budget Implications		Your Priorities	Exec Director \$\$ Recommendation	Budget	Staff time?	Strategy or approach
			1 - High				
3	Gen-1	Strengthen WWA Reserves (I.e., Rainy Day Fund)		Yes	\$30,000	Low	Currently at \$70K, does Board wish to incrementally grow this fund?
4	Gen-2	Retain additional \$20,000 for operating capital		Yes	\$20,000		
5	<b>Education Committee</b>						
6	Ed-1	Establish WWA's Waterfowlers Academy - Expand / grow the LTH program with 6 events in 2023, with a focus on adults. [WWA hosted 3 LTH Waterfowl Events (Southwest, Green Bay and Southeast) in 2022). The R3 Grant Implementation is identified as a separate goal however those LTH events would be counted.		Yes	\$3,000	Low	Provide LTH - Mentor Training for WWA Chapters and/or interested WWA volunteers - piloted in 2022 Budget: \$3000: Marketing, Event reimbursement, LTH-Mentor Training costs
10				Yes	\$300	Medium	Brand WWALTH efforts so it can be marketed and recognized by potential sponsors, partners and members: <b>WWA Waterfowlers Academy</b> ; Budget \$300 for graphics work to brand the effort
18	Ed-4	Wood Duck Box Lesson Plan Implementation		Yes	\$500	Low	WWA attendance at Wisconsin Society of Science Teacher Conference to present or promote opportunity - Budget Request - \$500. Potential WSST Conf fees and booth costs; wood duck boxes for first 10 schools adopting program
21	<b>Development Committee</b>						
37	Dev-2	Maintain / grow chapter numbers		Yes	\$500	Medium	Establish one new-start chapter (1) Include Q in survey re: willingness to play role in chapter formation; (2) Review member density and potential volunteers to identify high likelihood of successful chapter; Consider incentives; (3) Outreach to potential volunteers (targeted email); (4) Schedule face-to-face Budget: Two Chapter Meet & Greets at \$250 each (Total \$500)
41	Dev-3	Develop chapter capacity and competency		Yes	\$300	Medium	(1) Conduct event planning, budgeting, and event reconciliation training for chapter chairmen, treasurers and interested committee members; Two Event Planning, Budgeting, and Reconciliation meetings at \$150 each (Total \$300); (2) Standardize planning and reporting schema. (record on zoom for future use)
42	<b>Habitat Committee</b>						
43	Hab-1	Re-build Wood Duck Box program to efficiently and sustainably produce more wood ducks in the state		Yes	\$500	Medium	Re-boot after Blackwell withdrawal; Distribute boxes to chapters and the public; Sell boxes at a price that allows the program to be self-sustaining
46	Hab-2	Implement the Public Lands Ecologist position		Yes	\$6,500	High	Support the process of hiring, training, and on-boarding public lands ecologist
48	Hab-3	Expand Traditional restoration project work - Increase number of projects & Acres year over year		Yes	\$500	Low	More effectively implement signage at project sites; Budget: \$500 for signs towards end of 2023 to replenish stock
49				Yes	\$500	Medium	Attend Wetlands conference to broadcast success, develop partnerships, advertise for project possibilities; Budget \$500 for attendance at Wetlands conference
52	<b>Communications and membership</b>						
53	C/M-1	Website Re-boot		Yes	\$10,000	High	invest in redoing the website in 2023. This would require WWA to solicit bids from potential website vendors, as well as significant time from staff and volunteers to help map the new website and draft copy. Marketing Committee members George Ermet and Nathan Woelfel have already agreed to help lead the site mapping and content development of a new website. Budget: \$10,000 may be on the light side for a complete makeover.
58	C/M-3	Increase WWA Visibility through Paid Marketing		Yes	\$2,500	Medium	Our current membership of 7,000 people only represents about 10% of all waterfowl hunters in Wisconsin. We need to do more to increase our visibility to our target audience and potential donors. This may include print advertising, radio advertising, podcast sponsorships, event sponsorships, new merchandise, and more. Budget \$2500
60	<b>Policy</b>						
64	<b>Other initiatives</b>						
65	Staff-1	Project video (Pines project)		Yes	\$3,500	High	Develop stem-to-stern video of significant project for WWA marketing and landowner use. Estimate is likely 1/3 of cost—requires sponsor to complete.
66	Staff-2	EXPO sponsorship gold sponsorship		No	\$1,500	Low	Gold sponsorship for EXPO
67	Staff-3	Balancing staff compensation		Yes	\$7,590	Medium	Implement any results from ad hoc staff compensation committee
68	Staff-4	Staff bonus for 2022		Yes	\$11,500	Low	Consider year-end financial ability to bonus staff
69	Staff-5	HRP Retainer adjustment		Yes	\$6,000	HI	Continue to bring HRP towards pre-covid compensation
70	Staff-6	Supplemental administrative assistance		Yes	\$4,000	Medium	Supports data entry and vacation time for DoA
71	Staff-7	Chapter grant program		Yes	\$8,000	Medium	Support Chapter grant initiative by setting aside \$\$ for chapter initiatives
72	Staff-8	Annual report publishing		Yes	\$750	High	Hire graphic designer and professional printer for 2023 annual report; mail out to "Top 200"
74	Staff-10	Establish cloud based repository for WWA docs/files/shared etc			\$500	High	Estimated budget to create and maintain a cloud-based storage for WWA digital documents

**AFTER YOU HAVE MADE YOU PRIORITY DETERMINATIONS, TEXT OR e-MAIL A PHOTO/SCAN OF THIS PAGE NLT THURSDAY! CELL NUMBER: 262-224-4949**

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Note that even if we funded all these recommendations, we would not surpass the funding available for such purposes. But maybe you have other priorities that should be discussed—let me know before the meeting.

**4. *Process for integrating Director decisions into 2023 Budget.*** At the Board meeting Saturday, we will review the consolidated results, any discuss any new initiatives not already considered. The Board will approve a resolution that reflects 2023 Budget Draft 2, adjusted for Board priorities, which will lead to 2023 Budget Draft 3 (and presumably final) that will be formally approved at the next Board meeting. This will be the operating budget for WWA for the year and the staff will execute accordingly.

**a. *To avoid skewing budget projections and monthly comparisons to planned budgets, not all Director approved expenses will be incorporated into the 2023 budget's P&L immediately.*** Rather, some expenses authorized by the board may be considered approved but await actual implementation before being reflected in the monthly financials. For example, If the website re-boot is approved, it's magnitude and timing could sow confusion if its expenses are not incurred when projected. Monthly Financial notes that accompany the monthly financial reports will explain when such expenditures are incurred. Larger organizations, or those with more funding, will often establish a project account to track these sorts of planned expenditures without undermining the value of having a projected budget to compare with monthly actuals. If WWA continues to have financial circumstances that warrant such a capital planning project account, it can be considered.

**5. *WWA is well-positioned to exploit our financial resources and programs, but there's likely turbulence ahead....*** The past three years of programmatic and financial success are not predictive—especially if underlying economic conditions change to headwinds. Even with a looming recession, WWA's solid finances, conservative revenue estimating, sound volunteer base, and new programs to expand our services have put us on a good course forward.

Since 2020, strong volunteerism has allowed WWA to accomplish more with the same staff resources, and that holds true for our planned 2023 initiatives [except the mostly-funded PLE position—and even that has a safe fallback position]. While this approach has already—and will continue to—stretch staff resources, it provides opportunities for committed and talented volunteers to have an outsized impact. And if we have continued strong financial results, WWA will be in position to professionalize the worthwhile programs that volunteers have established. Thank you for your past and future contributions to this team—I'm super proud to be a part of this effort.

***See you Saturday!***

*Bruce*

P.S. Although reference (c) is titled as an analysis, it really delves into the financial strategy that underpins current WWA strategy to have more impact. Please read prior to the board meeting Saturday.