



16 January 2025

From Executive Director WWA
 To: Directors, WWA

SUBJ: 2024 FINANCIAL CLOSEOUT AND 2025 BUDGET Draft #1

1. This memo outlines the conclusions of 2024 as a basis for considering the projected budget for 2025. It is supported by the financial notes compiled by the Director of Administration.
2. **2024 Financial Assessment.** This past fiscal year was another solid year for WWA, representing the 5th straight year ending in the black with over \$64,000 in net gain (i.e., “profit”).
 - a. This positive outcome overcame increasingly declining and fragile chapter-derived revenue by leveraging online raffle sales, government-funded program services, and profitable calendar sales.
 - b. **Chapter and Class A revenue.** Chapter event revenue fell short of our planned goal by \$20K, which was offset by greater Class A sales, yielding a net gain in these combined categories of ~\$13,000. Note this combined result will improve as the Calendar results are finalized. The details are included with Kelcy’s December financial report. This chapter decline continues to be a worrisome trend that requires explicit action in 2025—i.e., shoring up chapter events while finding some additional capacity for online sales.

Event	2024 Budget	2024 Cash into WWA
Event totals	\$ 199,100.00	\$ 179,094.02
Class A Totals	\$37,000.00	\$ 70,304.07
Event + Raffle Totals	\$ 236,100.00	\$ 249,398.09

- c. **Government funded program services.** The past two years has seen a concerted WWA effort to: (1) expand our conservation impact while (2) diversifying our revenue from its heavy dependence on chapters. We’ve been quite successful at this through reaching agreements with government entities that value our mission-focused capability and low overheads. As a reminder, we have benefited from agreements with:
 - i. The DNR:
 1. R3 grant (approx. \$14K per year, expiring in 2025).
 2. The Public Lands program (\$57K per year).

- ii. NRCS: Conservation easement and CRP monitoring (up to \$100K per year for 2-1/2 more years).
- iii. USFWS, Little Yellow River project (total anticipated of \$993K over 2-1/2 years).

These agreements reimburse WWA for actual expenses, plus our overhead rate of 10%. They resulted in over \$100K of additional revenue in 2024, with the expectation this figure will grow larger in 2025. These agreements essentially fund our programmatic growth but are restricted to those specific agreements.

Important caveats:

- They are not a substitute for unrestricted funding such as chapter and raffle sales.
 - They also require retaining sufficient operating funds for advance payment until reimbursement is provided: The DNR and USFWS reimbursements come within the following month, while NRCS is a three month delay.
- d. **Calendar sales.** The calendar price was raised to \$30 this year, while cost of the improved prizes remained fairly consistent with previous years. This was possible due to greater partner contributions/donations. While there is still some accounting for sales that continue to trickle in, and adjustments to prize costs (potentially some additional gun expenses), we currently believe the calendar contributed over \$61K to our net revenue on the basis of 4200 calendars sold. Over 1,900 of those sales via the internet, fulfilled at WWA's administrative office by Kelcy.

Profit (Net Revenue)			
CONFIRM	REVENUE	TOTAL Revenue	COMMENTS
	Gross revenue	\$ 130,500.00	Estimated 1/16
	Cost of Sales	\$ 69,208.00	Estimated 1/17
	Gross Revenue	\$ 61,292.00	

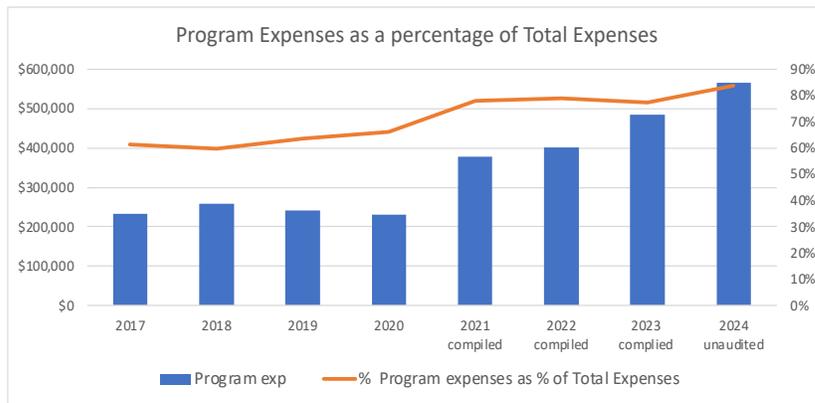
Approximately \$2200 was spent in seller incentives (i.e., Yeti gear), while postage expenses and revenue were a wash around \$4500 each, and Facebook marketing accounted for \$1172 in expenses.

- e. **EXPO.** The Waterfowl Hunters EXPO continued to contribute revenue and balance sheet stability to WWA in 2024, but not at the same pace as the first three years. Revenues grew to over \$100K while expenses also rose, yielding a net gain of \$9,000. Note that this number is not on a calendar year basis, but rather as an "Expo Year" that runs October-September, when all of the EXPO expenses have been paid off from the previous EXPO.
- f. **Other non-financial costs.** WWA's increasing reliance on online sales placed a steadily growing burden on Kelcy, which as usual peaks in December and

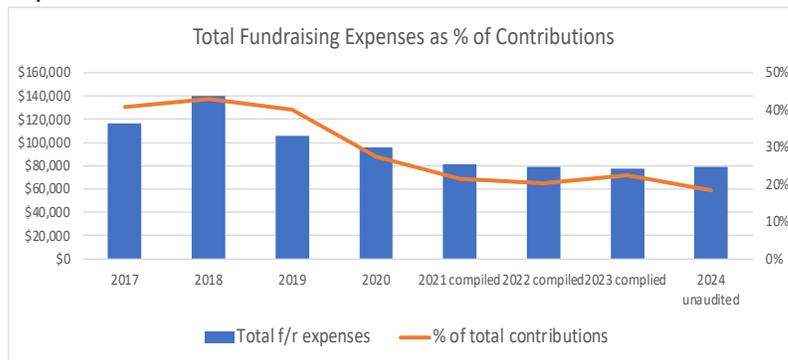
January. This is not sustainable, and serious attention to this is needed in 2025.

g. **Better Business Bureau accreditation.** WWA re-affirmed its BBB accreditation in 2024 with the two key tracking metrics showing very significant and continued improvement since first meeting them 5 years ago. Attachment (a) shows year-by-year progress.

i. **Program Expenses.** The first metric is a ratio that demonstrates that WWA is focusing its expenditures on its missions (i.e., Program Services) versus administration or fundraising. With our increasing expenditures in both habitat and education missions (thanks to government funding), this ratio went from 77% to 84%, a VERY significant jump. Essentially, this number says that for every dollar WWA spends, only 16 cents go to supporting the organization while 84 cents goes to achieving our mission. In the 2025 budget, this will continue to rise (as good thing) thanks to the anticipated increases in program service fees (USFWS, NRCS, and PLE programs).



ii. **Fundraising expenses.** This metric looks at how much WWA spends to raise funds as a percentage of overall contributions—an attempt to measure fundraising efficiency. This metric fell (a good thing) from 22% to 18%--the acceptable threshold is anything less than 35%. Looking ahead to 2025, I anticipate this ratio will increase as we contemplate invest more in a regional director and a supplemental online sales representative.



- h. **Balance Sheet.** WWA’s balance sheet continued to strengthen in 2024, closing the year at \$792,435 of total assets, more than \$90K greater than last year. Most of that growth (\$86K) is now sitting in WWA’s “unrestricted account” giving us flexibility in its use.
 - i. **ACTION:** We anticipate closing the 2024 books with \$55K+ in net gain (excluding EXPO gains)—what businesses would call “profit”. This number will change a bit as we close out the calendar in the next few weeks. The Board must determine how to use these funds. Options:
 - i. Balance out an anticipated shortfall in 2025 by retaining funds in our operating account to use as needed.
 - ii. Place funds in our reserve fund to accumulate interest and be available in the case of a “rainy day.”
 - iii. Fund initiatives anticipated in 2025, including new staff.
 - iv. Provide staff bonuses.
 - v. Other?
3. **Looking ahead to 2025.** This future budget represents a significant milestone year for WWA, in which we anticipate potentially expending more than \$1M—far more than at any time in my tenure and maybe ever (?).
- a. **Embedded Revenue assumptions:**
 - i. **Government funded programs:** Most of this will be additional program-focused expense associated with the Little Yellow River restoration project with the USFWS, and some with the expansion of the NRCS monitoring program. For the most part, this is expense reimbursement for actual effort or contracted work. However, 10% from these expenditures helps underwrite our overhead expenses. The following items bear specific mention:
 - 1. **NRCS:** \$90,000 - includes the hiring of an additional ecologist focused primarily but not exclusively on monitoring effort.
 - 2. **DNR Public Lands:** \$57,000. Note this is a risk area as the DNR has only allocated funding through mid-year, associated with the biennium budget that faces challenges. Weirdly however, they are willing to extend the contract (without assured funding) through the end of this calendar year. While initially we have supported 1.5 FTE (Anna and Mark) out of this DNR program plus other grants that support the PLE program, Mark’s time will increasingly be charged to the Little Yellow River project funded by our USFWS grant. Regardless of the funding sources, we will continue to view this project as falling under the Public Lands Program.

3. **USFWS Little Yellow River Project:** We expect to turn on contractors in February, with expenses occurring in March, April, and May with near immediate reimbursement through the USFWS ASAP funding portal.
 4. **R3 Grant:** We anticipate mostly closing out the R3 grant this year.
- ii. **EXPO considerations.** The growth of the EXPO, increased vendor and sponsor pricing to support its transition to two days, JEM grant approval (\$39K) and addition of a Duck Hunters Banquet (\$20K net) is included in the budget. In addition, the EXPO will be subsidizing WWA's management and administrative expenses to the tune of \$16,000 this year.
- b. **Embedded expense assumptions.** This budget includes the following initiatives and other expenses that the Board would be implicitly sanctioning if/when this budget is approved:
- i. **Staff compensation:**
 1. Public Lands: As we've grown our ecologist staff through various grant opportunities, Rzchowski and Pfof pay was projected at different levels associated with those different grants. This budget harmonizes ecologist pay across all funding sources at the following levels:
 - Rzchowski: \$51,000
 - Pfof: \$30,000 (part time)
 - HRP estimated at \$72,000.
 2. Other staff: the budget includes adjustments consistent with the adjustments planned two years ago to bring staff compensation in line with market rates:
 - Administrative Director: \$52,786
 - Regional Director: \$50,486
 - Executive Director: \$64,583
 - ii. **Hiring a new ecologist:** With one year under our belt, we have a better understanding of the workload and locations of the NRCS monitoring effort. We will need to hire additional ecologist capacity to meet this need, even though we will continue to expect all of our ecologists to perform some of these duties. We've built \$90,000 into the budget for this purpose, but this is likely a bit high.
 - iii. **Outsourcing EXPO and WWA marketing functions.** A separate memo describes a proposal to outsource marketing functions to Swift Waters. That proposal's funding is reflected in this draft budget. Sources of that funding include R3 grant revenue, EXPO revenue including a risk/reward

sharing opportunity to result in \$34,000 total funding.

- iv. **SHC Contract Lobbyist:** A \$8,000 contribution to hiring a contract lobbyist to advance our Sandhill Crane hunting season initiative. We expect the total cost to be in the neighborhood of \$50-60,000 annually, and hopefully, the rest of the coalition can support the remaining amount. This is a risk area as there are no firm commitments at this point.
 - v. **Consulting review for potential financial audits.** It is possible that within the next year or two that WWA could surpass the \$1M annual expenditure threshold of federal funds that would require that we submit to a financial audit. This threshold is an aggregated amount across all federal-sourced funds which could include the LYR (that is nearly \$1M by itself, plus NAWCA, plus R3, plus NRCS funding plus GLRI funding). Foreseeing this possibility when we submitted for the Little Yellow River grant, we included a \$20K funding request to help us understand the requirements and collect the data necessary pass such a federal audit, which was implicitly approved as part of that grant. The budget includes \$5K of consulting fees to be used with our accounting firm.
 - vi. **Closing out the website refresh.** While I am excited about the emerging website and we continue to make consistent progress, it has taken us longer than expected to finish. The funds under the contract needed for our last payment are included in this budget.
- c. **Not embedded in this budget.** It is my intent to begin to undertake some staffing actions this year, in addition to the new ecologist noted above.
- i. Kelcy will develop a job description for a part-time, online sales fulfillment position—the expense is unknown but it would be structured in a way to allow sales to help underwrite the position. More details to follow.
 - ii. Investing in strengthening our chapter capacity will mean we will need to develop a transition plan for our regional director(s). We will not be able to simply port the current RD expense to a future RD—some additional funding will likely be needed. This plan requires additional analysis so is not currently included in the budget.

Bruce

Attachment: (a) BBB ratios 2017-2024

Attachment: BBB ratios 2017-2024

#8 "Program Expenses - spend at least 65% of its total expenses on program activities"	FY	Program exp	Total Expenses	% Program expenses as % of Total Expenses	GOAL %
	2017	\$233,125	\$381,185	61%	>65%
	2018	\$258,692	\$432,289	60%	>65%
	2019	\$241,021	\$379,324	64%	>65%
	2020	\$231,146	\$349,284	66%	>65%
	2021 compiled	\$377,620	\$484,663	78%	>65%
	2022 compiled	\$402,325	\$509,339	79%	>65%
	2023 compiled	\$483,974	\$626,295	77%	>65%
	2024 unaudited	\$565,409	\$676,082	84%	>65%

#9 "Fundraising - spend no more than 35% of related contributions on fundraising [related contributions included donations, legacies, and other gifts received as a result of fundraising efforts]"		Total f/r expenses	Total Related Contributions	% of total contributions	GOAL %
	2017	\$116,091	\$284,884	41%	< 35%
	2018	\$139,785	\$325,139	43%	< 35%
Related contributions for WWA:	2019	\$105,613	\$263,785	40%	< 35%
Total revenue minus endowment interest minus program svc fees	2020	\$95,628	\$349,284	27%	< 35%
	2021 compiled	\$81,359	\$379,496	21%	< 35%
	2022 compiled	\$79,091	\$390,136	20%	< 35%
	2023 compiled	\$77,615	\$347,577	22%	< 35%
	2024 unaudited	\$78,950	\$429,071	18%	< 35%