



Colorado Chapter of The Wildlife Society Budget Prioritization Guidelines for Executive Board Decision Processes

Introduction

The Colorado Chapter of The Wildlife Society (hereafter, Chapter) is a non-profit organization where operating funds for programs and activities are primarily generated from the Chapter membership. Chapter objectives are stated in the Chapter's bylaws, along with general implementation strategies (i.e. activities) to achieve these objectives. Hereafter, activities are defined broadly as any program, event, or action taken by the Chapter that is consistent with Chapter objectives. A majority of Chapter activities have associated costs; thus, the number of Chapter-supported activities depends on available operating funds and/or registration fees for specific events. Certain activities are fundamental to the Chapter's success in meeting its overall objectives. As such, these activities should be maintained on an annual basis given every available resource. Other activities enhance the Chapter's ability to meet its objectives yet are not necessarily fundamental to the existence of the Chapter. These activities can generally be categorized as desirable but not essential. A final, important distinction is between those activities that generate income from Chapter membership (e.g. auctions, raffles or annual meetings), those that are largely cost-neutral because expenses are offset by registration fees or Chapter dues (i.e. newsletter or banquets), and those that place a drain on Chapter revenues because expenses are not offset by any income or registration fees (e.g. grants, scholarships, donations).

A brief history is relevant to this document. During a set of years leading up to 2000, the Chapter increased its total assets to roughly \$35,000. Beginning in 2001, the Chapter decided to utilize these funds to increase the number of activities and therefore enhance the Chapter's efforts to accomplish its objectives. During 2001 – 2004, the Chapter bolstered its outreach through deficit spending. By late 2004, the Chapter depleted a majority of its reserve funds but at the same time had adopted a set of programs that were structured as annual activities. By late 2005, the Chapter recognized it could not maintain the full suite of recently-adopted annual activities. A general trend which may face the Chapter over time is fluctuations in funds corresponding to sets of years where income exceeds expenses (objective is to build cash reserves for Chapter stability), followed by sets of years where expenses exceed income (objective is to use excess cash reserves to maintain Chapter activities). In short, there is a need to stabilize Chapter funds by identifying a target level for total Chapter assets, followed by a structuring of stable Chapter activities which are consistent with maintaining total Chapter assets at approximately this target level. Excess funds from previously lucrative years should not be used for Chapter enhancement activities until these excesses have accrued at the level of \$5,000 per year for three years. At that time further enhancement activities can be securely pursued without jeopardizing fundamental Chapter activities.



The purpose of these Guidelines for the current and future Executive Boards are twofold: 1) to prioritize Chapter activities to facilitate structured decision-making regarding allocation of funds, and 2) to identify long-range financial goals for the Chapter and the accompanying strategies to achieve those goals.

Prioritization of Chapter Activities

Chapter activities can be grouped into three tiers: 1) essential, fundamental activities that should be maintained at all cost (items mandated by the Chapter's bylaws), 2) desirable activities consistent with Chapter objectives that either require relatively minimal expense to maintain on a long-term annual basis or are of higher priority than Tier 3 activities, and 3) desirable activities consistent with Chapter objectives that typically require moderate to high expense, are therefore potentially difficult to maintain on a long-term basis, and are of lower priority than Tier II activities. Expenses for Tier I activities are largely fixed for any given year. For example, hosting an annual meeting requires some minimum expense (approximately \$17,000 [based on 2010 review]); the Chapter could not decide to host an annual meeting if it were only willing to allocate \$1000 as an up-front expense. Similarly, the newsletter requires some fixed cost to maintain it. Conversely, Tier II and Tier III activities can involve variable expenses. That is, in any given year, the Chapter could decide to provide only minimal or moderate funds and still maintain the activity over time. This prioritization only entails those activities which involve “significant” expense, even if that expense is typically offset by registration or event fees. Thus, Chapter activities which primarily require members’ time rather than dollars are excluded from this prioritization. The guidelines will be reviewed when establishing the yearly budget but no less than every five years.

Tier I Activities (Listed in order of relative importance):

- A. Annual Winter Meeting
 - a. Awards
 - b. Workshops
 - c. Auction
 - d. Raffle
- B. Certified Public Account
- C. Newsletter and Website

Tier II Activities:

- A. Annual Summer Meeting
- B. Support of Executive Officer(s) to Annual TWS Conference and CMPS Section Meeting
- C. Up-front expenses associated with long-term fund-raising endeavors (e.g. prints, merchandise)
- D. COWCH Project (Celebrating Our Wildlife Conservation Heritage project)



- E. Requests for donation or support from student chapters.
- F. Small Grants (for Individual and Group Conservation/Research Projects).

Tier III Activities:

- A. Miscellaneous requests for donations to support worthy causes, grants, scholarships or projects
- B. Workshops not associated with the Annual Winter Meeting

Long-range Financial Goals

It is wise for the Chapter to identify a target level of total assets necessary for long-term security given the essential, fundamental activities of the Chapter identified in Tier I of budget priorities. This target would then represent a threshold value to guide budget allocations. When total assets decline below the target level, it will be the objective of the Chapter to achieve annual net gains in assets until the target level is reached. Conversely, when total assets exceed the target level, the objective will be to decrease annual net profits by supporting additional Chapter activity until total assets drop to the target level. Ideally, once the target level is achieved, total Chapter assets will remain relatively stable such that annual income is largely offset by annual expenses.

Identification of the target level of total assets should consider several factors: 1) up-front expenses associated with annual meetings and workshops, and worst-case scenario assumptions of net losses that could occur with such events; 2) high up-front costs associated with “one-time” events (e.g. Peregrine and lynx prints, unexpected high priority donations, Chapter publications); 3) proportion of total assets dedicated to specific activities (i.e., those assets which are not available for general Chapter expenses). With approval of these guidelines, the Chapter declares a target asset level of approximately \$25,000 (revised to \$30,000 in 2010). This value is based on a general assumption that an annual meeting can require up-front financial commitments of \$20,000. Therefore, a minimum, base level of assets should exceed this value as a protection to the Chapter against an unfortunate event. Based on past history, the Chapter periodically decides to pursue or support activities with a large, “one-time” expense that typically cannot be met by net proceeds from the given year. In other words, the Chapter can only support these types of activities by having a cash reserve. As a rough guess, the Chapter may want to maintain \$10,000 in reserves that may be periodically used to support such an event. Finally, as indicated above, some proportion of assets are not readily available for use toward general expenses. Thus, when considering total assets, \$30,000 is a reasonable reserve for the Chapter. We believe that from this date, 12 Nov, 2010, an inflation factor based on that year’s Consumer Price Index average estimate of inflation plus 2% buffer for security be added to the recommended reserve fund to maintain stability. If the total funds exceeds the recommended reserve total of more than \$5,000 per year for 3 consecutive years, the board needs to evaluate the inflation factor, percentage of buffer, or a support short-term activity to decrease funds to the recommended reserve.



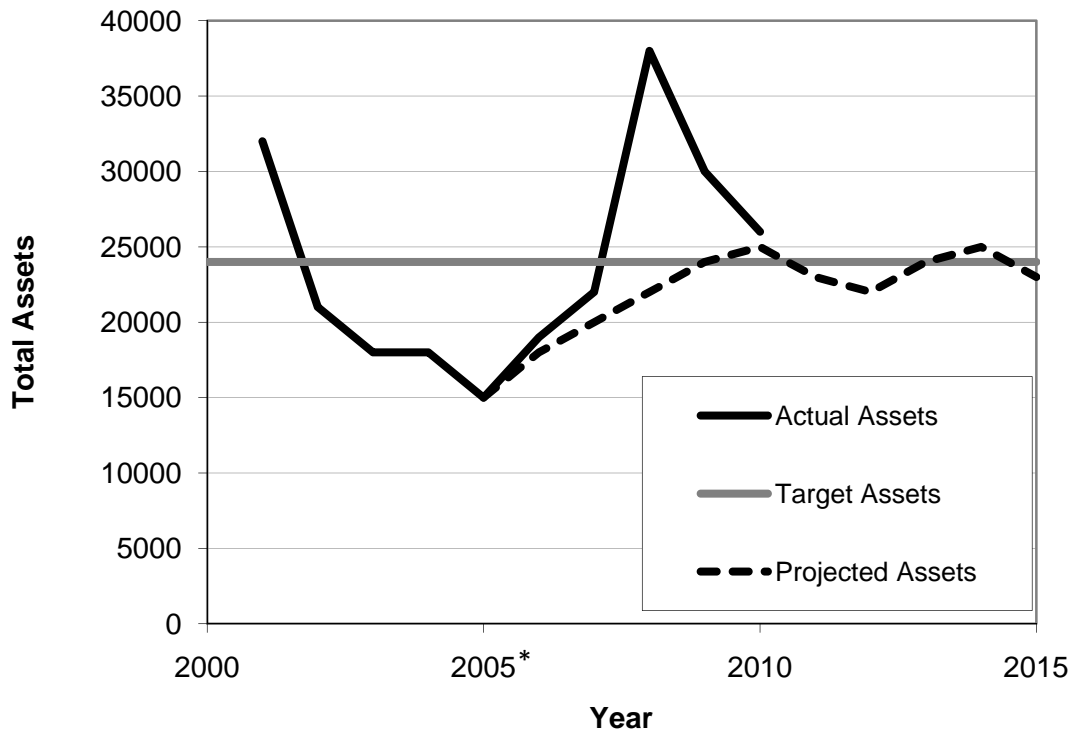
Summary

This document has two fundamental implications. 1) When total assets are below \$30,000, the Chapter will structure annual budget priorities around an objective of increasing total assets over the course of the year (i.e., total income will exceed total expenses) until the targeted \$30,000 in total assets has been reached. 2) Once the targeted assets are reached, the Chapter will structure annual budget priorities around an objective of approximately offsetting total annual expenses with total income. This will prevent the Chapter from building up reserves to an unnecessarily high level which would occur at the expense of supporting activities that promote wildlife conservation, management, and education in Colorado. The ultimate benefit will be to achieve a level of stability where the Chapter can support its typical annual activities through annual sources of income, while maintaining a cash reserve for unexpected expenses.

In order to increase Chapter assets, past expenses will need to be trimmed by carefully allocating annual budgets in a manner consistent with the prioritization of Chapter activities. Simultaneously, annual meetings will need to be structured to generate as much income as feasible without compromising membership attendance. This includes efforts to maximize revenues from the annual auction while setting meeting and workshop registration fees which guarantee income to the Chapter (i.e., registration fees will be structured to exceed all possible expenses that may be incurred through the course of the meeting). It is recommended that the Chapter routinely evaluate total expenses incurred from recent meetings when setting registration fees for an upcoming meeting. This serves as a reasonable mechanism for inflating registration fees to cover those additional expenses that are never identified prior to a meeting.



Colorado Chapter of TWS Total Assets



*Budget numbers for 2006-2010 are based on limited information available in the President's files and newsletters. The figures for these years may be off substantially but the trend in decreasing funds since 2008 (the peak) is highly likely. More accurate information starts in 2011.