

League of Women Voters of South Carolina Budget Committee Report March 13, 2021

The Budget Committee recognizes that context for planning has changed considerably since the last biennial meeting. First, the League of Women Voters of South Carolina has an improved financial position, resulting from fund-raising activities and increased contributions. Second, the board has adopted vigorous new goals and has committed to structural changes that will allow more flexibility in advocacy activities. These factors influenced our recommendations.

Context:

The LWVSC Board has adopted goals that will increase expenditures. The goals are to (1) increase organizational capacity, (2) strengthen advocacy and education efforts, (3) empower local Leagues, (4) expand LWVSC membership and representation geographically throughout SC, and (5) engage in purposeful action to address issues of diversity, equity, and inclusion (DEI).

The board has restricted \$22,500 of its reserve funds as seed money for LWVSC Action, a companion organization that will be created in anticipation of a future need to spend more for advocacy and hire a part-time contract lobbyist. Early in the 2020-2021 fiscal year the LWVSC board decided to form a 501(c)(4) organization called LWVSC Action, which will have separate meetings, separate bylaws, and a separate budget; however, the board members will be the same as the LWVSC board. The \$22,500 in restricted funds will be seed money, a one-time allowable transfer of funds from our 501(c)(3) organization, and the amount approximates the sum of money in our checking and money market accounts at the end of fiscal year 2019-2020, which was LWVSC's last year as a 501(c)(4) organization. A date for the operationalizing LWVSC Action has not yet been set and is not expected in the next year. The only effect on the proposed budget might be the transfer of the expense for advocacy fees to the new organization in the second year. Both closely aligned organizations will solicit donations from League members and others, while making clear the purposed use and tax implications of donations for either stream of income. This separation of activities and finances is in keeping with current best practices of politically active organizations; the national League and many other state Leagues have already adopted this approach. The plan to create separate organizations was adopted by the LWVSC board prior to the initiation of the budgeting process, and the proposed budget that is attached relates only to the work of LWVSC.

The board has adopted a policy that requires maintaining at least three months of reserve funds. Unrestricted LWVSC reserves include money in our checking account and a three-month operating reserve.

Assumptions:

We celebrate the fact that LWVSC collected more money than anticipated by the previous budget and recognize that increased interest in the League and accompanying revenue allow for expansion of the League's activities.

We are basing our income projections on (1) the fact that LWVSC is projected to end the current year with 88% more contributions than anticipated by the last budget, resulting in a year-end net gain of about \$24,500, and (2) the proposed establishment of a team dedicated to fund-raising. Consequently, we have budgeted contributions for

next year at 95% percent over the current budget with an additional \$1,000 increase in the following year.

We assume that in-person LWVSC board meetings will resume in September and that in-person state and national meetings will resume at the beginning of 2022.

Recommendations:

The Budget Committee believes that LWVSC has enough funds in reserve to support both the creation of a separate 501(c)(4) organization and implementation of the goals that have been adopted by the LWVSC board. We commend the LWVSC board for establishing a policy to maintain a minimum reserve of three months of operating budget for LWVSC and suggest that the amount of money required in reserve be reevaluated at the end of 2021-2022.

We propose a budget for the 2021-2023 biennium that represents an aggressive push to support LWVSC Board goals of increasing capacity, strengthening advocacy and education efforts, empowering local Leagues, expanding statewide geographic representation, and purposefully addressing issues of diversity, equity, and inclusion (DEI). The proposed budget of \$50,062 in the first year includes \$15,611 in new expenses and represents an increase of 57% over the current budget when budget-neutral expenses for state and national meetings are excluded. Our plan makes use of some of projected gain by proposing a deficit budget of \$2,278 in the first year, partly offset by a small surplus in the second year to return our operating reserves to a more comfortable level at the beginning of the next biennium.

Additionally, we oppose using League funds to give donations or memorials to outside charitable organizations because the League solicits money from the public for its own mission. Any memorials from League funds should be directed only to League activities. Payments to coalitions that share our advocacy goals do not fall into this category.

———*Janelle Rivers, Chair, LWVSC Budget Committee (Columbia)*

PROPOSED LWVSC BUDGET 2021-2023					
	20-21	20-21	21-22	22-23	21-23
	Budget	Projected	Proposed	Proposed	Proposed
INCOME					
Contributions	13300	25000	26000	27000	53000
Restricted Gift		25000			
100th Anniversary		5925			
Ed Fund		6940			
Grants		4250	1250	0	1250
LWVSC Dues	400	1034	500	1000	1500
PMP	14427	12446	14084	15500	29584
Sales	900	2400	450	525	975
State Meetings	21250	0	4500	22500	27000
Miscellaneous	424	3000	1000	1000	2000
Total Income	50701	85995	47784	67525	115309
EXPENSES					
Advocacy	2000	5235	2062	1500	3562
100th Anniversary	0	5925	0	0	0
Board Meetings	1900	0	2500	1200	3700
Communications	7550	8657	8900	8925	17825
Contracted Services	4300	2800	10000	10500	20500
Cost of Sales	325	2100	1314	241	1555
Donations	250	455	400	400	800
Education Programming*	200	600	2000	2000	4000
Fees		927	50	50	100
Fundraising Expenses	5000	5076	5300	5775	11075
Local League Support*	2500	1364	2500	2500	5000
LWVUS PMP	448	448	224	544	768
Membership	600	0	1200	1200	2400
Office/Administration	600	499	712	762	1474
Voter Service**	1300	26400	5100	5300	10400
State/National Mtgs.	23250	0	7000	24500	31500
Miscellaneous	478	1000	800	800	1600
Total Expenses	50701	61486	50062	66197	116259
* Includes DEI					
**Includes LL support					
Net Gain (Loss)		24509	-2278	1328	-950
ASSETS					
Checking Account		7452	5174	6502	
Money Market/Reserve		39753	39768	39783	
Restricted for 501(c)(4)		-22500	-22500	-22500	
Unrestricted Assets		24705	22442	23785	