



2021 ANNUAL REVIEW

JUSTICE INSTITUTE



SUMMARY

Despite a tumultuous year, the organization ended 2021 with net operating surplus of \$222k. This is approximately 7 times higher than the projected surplus from the original 2021 budget board-approved budget. The surplus is discussed in detail in this report, but relate in large part to unfilled, budgeted staff positions and staff attrition. Most notable expense variances are offset by increased income. Recommendations for a budget reserves policy are also referenced in this report.



FINANCIAL SUMMARY

REVENUE

Actual revenue for the year was only down by 2% or \$34k from original projections. While our direct donor appeal campaigns overall saw a 1% or \$3k variance, the annual year-end appeal saw a significant reduction of 50% from projections. Our Advancement team has noted that this is likely not just due to the impact of the pandemic and elections, but that many of our mailers did not reach our donors before the end of the calendar year because of post office delays which were widespread in the last quarter of 2021. This conclusion is supported by above average sustaining donor returns which are captured exclusively online, without physical mailers.

Restricted grant funding goals were met exactly as anticipated, though due to some labor deficiencies accurate grant spending and reporting will be critical in 2022 and 2023. Unrestricted grant funding was \$25k less than anticipated, due to a combination less-than-expected awards from the Justice Foundation and Center for Justice.

These revenue deficiencies were offset by additional COVID resources from sponsor NVP and better than anticipated investment dividends.

EXPENSE

While the largest expense remains salaries, actual spending in 2021 was 10% lower than budgeted, primarily because of two unfilled vacancies (1 Campaign Organizer position for the End Forced Arbitration campaign, and 1 Administration Coordinator position for the Expand campaign). These unfilled positions, as well as some delayed backfill from staff attrition resulted in \$214k of savings in salaries and benefits.

Most other expenses were material in their budget to actual variances. Though it should be noted that several operational expenses were distributed across campaign spending. For example, unanticipated Zoom licenses were required at \$50 per active campaign. This expense is likely to be permanent, and should be reconsidered for restricted funding in the future. Additionally, software upgrades for outreach campaigns and volunteer organizing, while less than anticipated in 2021 will likely be significantly more than the deferred \$3k expense reflected in the year-end actuals. In other words, due to changes in the labor market the \$2,500 saved on software consultancy in 2021 will need to be budgeted at a much higher rate in 2021 and beyond for the same work. Early estimates have these increases at approximately 25% for the next five years. Delaying these upgrades further will result in increasing costs rather than savings.

CAMPAIGN PERFORMANCE

Across the 15 active campaigns, 2021 resulted in a net operation surplus of \$167k. Of these campaigns, 8 ran an operational deficit; the largest deficit was The End Qualified Immunity campaign which ended with an \$83k deficit. This deficit was a result of an additional field organizer added to the campaign in the summer of 2021. Though this adjustment outpaced the campaign's anticipated fundraising, the overall deficit was assisted by the additional \$5k of NVP allocated funds.

It's important to note that the End Qualified Immunity Campaign is a new campaign in 2021, with no prior year carry-over funding. Contrasting with the Expand Campaign, which began the year with \$85k in funding and fared well with direct donation campaign earning approximately \$4k.

The diminished restricted grant funding was a contributing factor in the \$58k deficit that the Supreme Court Shortlist Campaign ended the year with. Conversely, the underspend salaries in the Wisconsin Primary Campaign resulted in a surplus of approximately \$79k. The underlying staffing issues across campaigns will ultimately need to be addressed. Wisconsin Primary, Stop Menashi, and Stop Thomas Farr all shared one Campaign staff, and a staff funding policy across campaigns should be created and implemented as more restricted grant funding becomes available. As it stands the restricted funding from Wisconsinites for Justice far exceeds their surplus for the year. When financial reports are returned to the funder, it may put us in a position to return some or all the \$75k funding.





RESERVES POLICY

As the organization is newly formed it is in their best interest to institute a reserves policy as soon as possible. The median difference for the likely unusual year 2021 between budget vs actual expenses is \$1.85M annually. It follows that a 6-month reserve target would likely be \$928k. Were this threshold to be reached at the end of any reporting month, a predetermined set of protocols would take effect; hiring holds, salary freezes, etc.

Current equity is approximately \$30k below this reserves threshold. A Capital campaign, and associated expenses, to secure funding of operational reserves is recommended to be included in the 2021 budget.