

Adapting Strategies in Today's Economic Environment

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Introduction

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Sherry Henning

Director, Managed Services (Not-for-Profit)

As Director for CSH's Managed Services team, Sherry is responsible for providing her clients with experience, advisory services, analysis, budget, audit, and ongoing financial reporting. She regularly meets with her clients to review the needs of their organizations and assist by providing a financial perspective to mitigate risk. Sherry ensures the team is providing the best and timely accounting and advisory services to their clients.



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Challenges

- Donor giving is shrinking
- Government grant/foundation funding
- Demand for services is increasing
- How can we invest in tomorrow when we can't meet the needs of today

73% of NFPs report increased demand for programs in the prior 12 months

81% reported higher operating costs (average increase of 15%)



Addressing Inflation & Funding Gaps

Budgeting

What is Known, What is Unknown?

Revenue

- Guaranteed Funding (pledges, multi-year awards)
- Anticipated Funding (trends/expectations)
- Known Reductions
- Anticipated Reductions

Expense

- Personnel (COLA, benefit increases, promotions, new/eliminated positions)
- Program Expenses (current, new initiatives, sunsetting programs)
- Recurring Expenses (occupancy, memberships, insurance)
- Equipment Maintenance/Replacement (maintain schedule)

Budgeting

What are the next steps?

Scenario	Next Steps
Surplus	• Additional "Wish List" Expenses • Add to Reserve
Deficit	• Budget Reductions • Delay New Initiatives/Hires • Evaluate Program Efficiency • Find New Funding Sources • Utilize reserve
Balanced	• Additional Considerations

Forecasting

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Check in on the Financial Temperature

Key Components

- Revenue Projections
- Expense Projections
- Cash Flow Analysis

Review

- Statement of Financial Position (balance sheet)
- Statement of Activity (income statement/profit & loss statement)
- Cash Flow Statement
- Annual Budget
- Projected Revenue (fundraising goals, grant revenue expected, donations anticipated)



Sustainability Through Financial Strategy

| Strategy

1. Cash Flow Management
2. Reserve Funds
3. Program Efficiency
4. Revenue Diversification
5. Strong Financial Controls



| Policies

1. Donor Policies
2. Reserve Policies
3. Investment Policies
4. Spending policies





Assessing & Prioritizing Risk

Strategic Risk

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Quickly Identify:

1. Threats to Sustainability
2. Decline in Funding
3. Macroeconomic Forces that Impact the Organization

Operational Risk

Changes Over Time

Evaluating Expectations:

1. Remote Work
2. Cyber Threats
3. Workflow and Information Flow Changes

Reputational Risk

Walking the Walk

Challenging to Identify:

1. Theoretical; Based on Opinion
2. Can Be Driven by the Opinion of a Minority
3. Social Media Increases This Risk

Compliance Risk

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Requires a Great Degree of Judgement

Compliance Requirements:

1. A Line Between Best Practice and Cost-Benefit Choices
2. Audits, Funders, Human Resources
3. Balancing Time, Effort, Cost and Risk



Advancements in Technology

How Do We Keep Up?

Prioritize Understanding Opportunities and Risks

Pros and Cons:

- Increased Efficiency
- More Mission-Focused Time
- Implementing Costs/Time





Workforce Retention

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Employee Satisfaction

- Salary Scales
- Benefits & Perks
- Culture and Environment
- Work/Life Balance
- Career Growth & Development

Alternative Options

- Technology
- Consultants
- Shared Services
- Outsourcing



Engaging Your Board of Directors

Transparency and Oversight

- Regular Updates
- Clear, Data-Driven Insights
- Financial Oversight



Misson and Priorities

- Reaffirm Mission
- Align on Priorities
- Adjust Strategic Plans When Needed



Maximize Board Talent

- Engage Experts for the Board
- Create Task Forces
- Focus on Advocacy Efforts



Board Morale

- Recognition and Appreciation
- Celebrate Wins!
- Facilitate Camaraderie and Commitment





Thank you!

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Questions?

Thank you for attending the webinar.
Let's build your path forward together.

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