

**Getting to the Core: Managing Your Organization's Finances in Uncertain Times**  
**April 23, 2020**  
**Wade Rogers**  
**Greg Walker Wilson**

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## Welcome



Wade Rogers                      Greg Walker Wilson

- Type your questions in the Chat Box at any time

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## Be Present



▶ Remove distractions, if possible



▶ Get a beverage



▶ Get note-taking stuff



▶ Center yourself

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## Agenda

1:00 Welcome & Introductions

1:05 Cash Flow and Scenario Planning

1:25 Q&A

1:30 Strategic Financial Decision-making

1:50 Q&A

1:55 Wrap-up

2:00 Adjourn

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## Cash Flow Planning

- A Useful Tool now a Vital Tool.
- Forecast Cash Available for Operations.
- Can identify lean periods ahead...
- Or critical cash shortages.
- Over time, seasonality may show itself.

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## Cash Flow vs. Budget

- Cash vs. accrual accounting.
- Revenues may not be cash inflows.
- Expenses may not be cash outflows.
- Budget by month can be starting point.

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## Know Your Cash!

- Proper starting point for cash flow projection.
- Unrestricted cash available for operations.
- May be a component of your cash balance.
- Back out restricted funds, reserves.
- Reconciled cash balance (not bank balance).

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### Cash Flow Projection


	April	May	June
<b>Beginning Unrestricted Cash Balance</b>	<b>\$ 79,500</b>	<b>\$ 67,850</b>	<b>\$ 48,950</b>
<b>Cash Inflows:</b>			
Grants	10,500	15,000	17,500
Contributions	2,500	1,500	1,000
Program Fees	750	1,250	350
Accounts Receivable at 3/31	5,000	2,500	1,200
Release of Donor Restrictions	1,400	1,400	1,400
<b>Cash Outflows:</b>			
Payroll and Payroll Taxes	(10,000)	(15,000)	(10,000)
Employee Benefits	(2,000)	(2,000)	(2,000)
Other Operating Expense	(16,500)	(16,500)	(16,500)
Equipment Leases	(850)	(850)	(850)
Loan Payments	(1,200)	(1,200)	(1,200)
Capital Expenditures (computers, etc.)	-	(5,000)	-
Accounts Payable at 3/31	(1,250)	-	-
<b>Ending Unrestricted Cash Balance</b>	<b>\$ 67,850</b>	<b>\$ 48,950</b>	<b>\$ 39,850</b>

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## Using Cash Flow Projections

- Determine trigger balances.
- What decisions necessary if balance hits x?
- Is there a worst-case cash level?
- Sufficient time horizon for action.
- Improvements to cash flow (collect pledges, bill grants, space out payments).

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## Financial Scenarios

- Modeling of different financial outcomes.
- Scenarios may be externally (funding source) or internally (programmatic) driven.
- Identify scenario-drivers.
- Integrate into cash flow projection, budget

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## Financial Scenario Modeling

- Multi-tab cash flow projection. Color code?
- Scenario worksheet.
- Programmatic breakout with segregation of unrestricted revenue.

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### Revenue Analysis Worksheet

				Best	Moderate	Worst
				100%	80%	60%
Variable Revenue Assumption:				100%	80%	60%
Program/ Department/ Function	Funding Source	Total Possible Revenues (Current Year Portion only)	Likelihood of Receipt (%)	Revenue Scenarios		
				Best Case	Moderate Case	Worst Case
<b>Pre-Kindergarten Program</b>	Government Contract A	\$ 275,000	100%	275,000	275,000	275,000
	Government Contract B	\$ 75,000	75%	75,000	75,000	
	Grant from Foundation A	\$ 40,000	50%	40,000		
	VARIABLE: Earned Inc	\$ 75,000	n/a	75,000	60,000	45,000
	VARIABLE:			-	-	-
FY Expense Budget for Pre-Kindergarten Program	\$ 400,000					
<b>Revenue Subtotal</b>				\$465,000	\$410,000	\$320,000
<b>Expense Budget</b>				\$400,000	\$400,000	\$400,000
<b>Surplus /Deficit</b>				\$65,000	\$10,000	(\$80,000)

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## Helpful Tools

Cash Flow Template (Propel Nonprofits):

<https://www.propelnonprofits.org/resources/cash-flow-template/>

Scenario Planning Worksheet (Fiscal Management Associates):

<https://www.wallacefoundation.org/knowledge-center/resources-for-financial-management/pages/revenue-analysis-worksheet.aspx>

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## Strategic Financial Decision-Making

- Identify and protect what is core to the organization
- Review emergency funding sources
- Partner with your board
- Ensure trust with your key funders
- Determine needed unrestricted funding
- Reduce costs
- Determine how to conserve and most effectively use your unrestricted cash
- Proactively communicate with your stakeholders



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## Identify and Protect the Core



- Articulate your intended impact or mission
- Assess your current strategies
- Identify staff who matter the most

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## Review Emergency Funding Sources

### Local

- [One Buncombe](#)
- CFWNC – [Emergency and Disaster Response Fund](#)



### Federal/State

- [Payroll Protection Program](#)
- SBA [Economic Injury Disaster Loans](#)
- CARES Act - expanded unemployment benefits

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## Partner With Your Board

- Communicate the key issues to your board
- Use individual members' expertise to test scenarios or assumptions
- Board members will need to be much more involved in the short-term
- Staff make recommendations on action steps



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## Ensure Trust With Your Key Funders

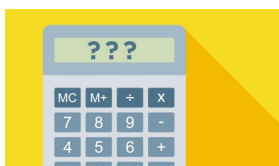
- Stay in good communication and relationship with your funders
- Ask funders for extra emergency funding & flexibility on current funding



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## Determine Unrestricted Funding By Program



- Create Income Statements For Each Program
  - Determine true expenses for each program area of your organization
  - Determine how much dedicated/restricted funding each program has

Unrestricted  
Funding  
Required

=

Allocated  
True  
Expenses

–

Restricted  
Funding Already  
Secured

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## Reduce Costs

- Determine how much savings is needed
- Determine which financial scenario is most realistic
- Cut costs sooner
- Review leases and delay payments
- Do not stop paying payroll taxes
- Reduce Staffing costs
- Decrease other expenses



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## Determine Most Effective Use of Unrestricted Cash

- Be strategic and stingy about using your cash – particularly unrestricted cash
- Cash reserve or Endowment



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## Proactively Communicate with Stakeholders



- Be transparent with staff
- Re-assure clients
- Name needs to donors
- Connect your mission to the pandemic for the general public's understanding

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## Parting Advice

- Remain non-anxious
- Get support
- Act quickly and decisively, without rushing or panicking
- Take a minute now to determine 3 action steps you'll take from this webinar in the coming week



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## Resources



- WNC Nonprofit Pathways - [Sustainability Consulting](#)
- The Bridgespan Group – [Managing Through Tough Economic Times](#)
- SeaChange – [Tough Times Call For Tough Action](#)
- Marian Urquilla – [Reimagining Strategy in Context of the COVID-19 Crisis: A Triage Tool](#)
- Steve Zimmerman and Jeanne Belle – [The Sustainability Mindset: Using the Matrix Map to Make Strategic Decisions](#)

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**Which image most represents how you're feeling as we end the session?**

*Type your number and why in the chat.*



**Thank you!**

Wade Rogers  
[waderogers94@gmail.com](mailto:waderogers94@gmail.com)  
828-337-6910

Greg Walker Wilson  
[greg@walkerwilson.com](mailto:greg@walkerwilson.com)  
828-450-1400



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