

Budgeting in Uncertain Times

Tools for this Webinar

PowerPoints and Templates

<http://www.orgforward.net/files>

Online Poling (on your phone):

<http://sli.do> code:14817

Targeted Outcomes

Building Financial Leadership strength

- Increasing comfort and confidence in what is doable and reasonable
- Managing (and shedding) expectations

Acknowledging Uncertainty

Online Poling (on your phone):

<http://sli.do> code:14817

Fiduciary Responsibility

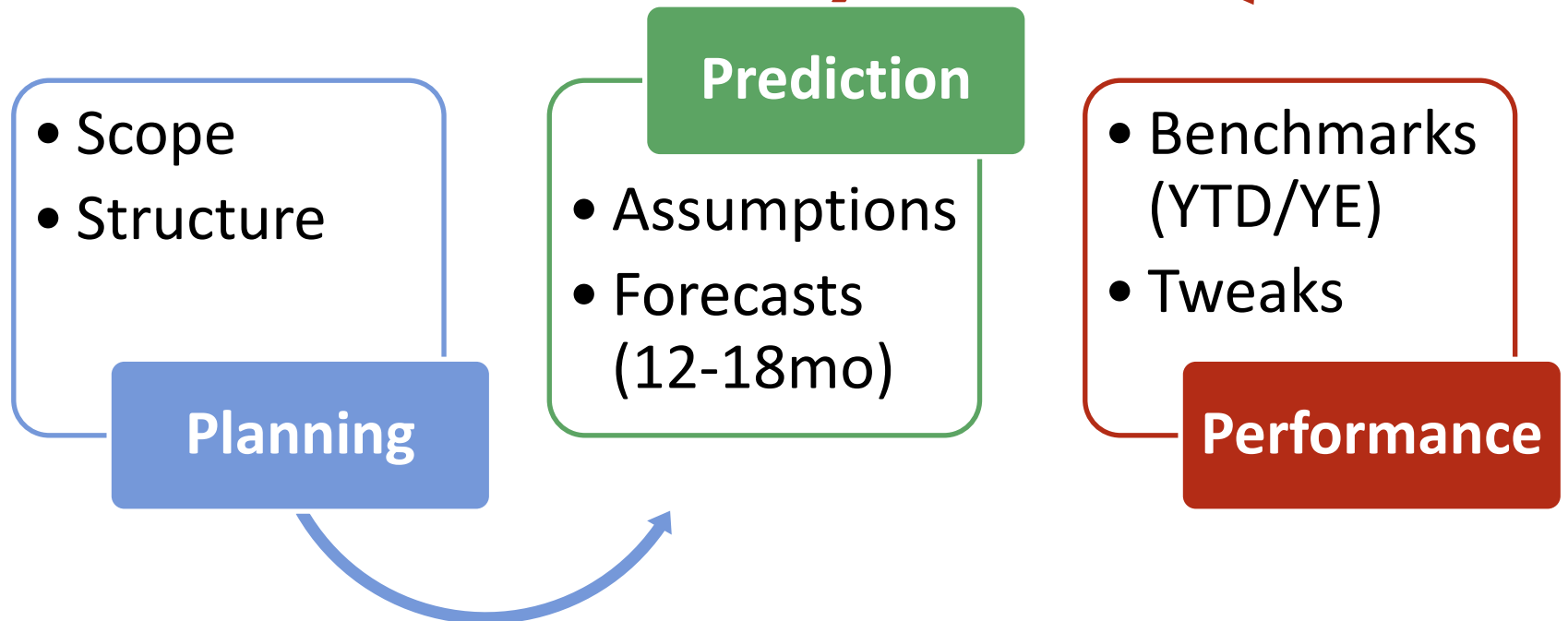
fiduciary responsibility is not to ‘make YE budget’
it is to ensure that assets are being used to effectively and efficiently advance outcomes in the community, in alignment with your values, in a way that is financially viable for as long as it can be



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Traditional Annualized Budget Processes

The Comfort Games



Weaknesses



Arbitrary 12mo Cycle
(Year-End Bias)



Financial Documents
often mask programmatic
and operational thinking



Financial Conversations
often siloed off from
programmatic outcomes
and assets



Balancing Budgets **proxy**
for Organizational
Strength

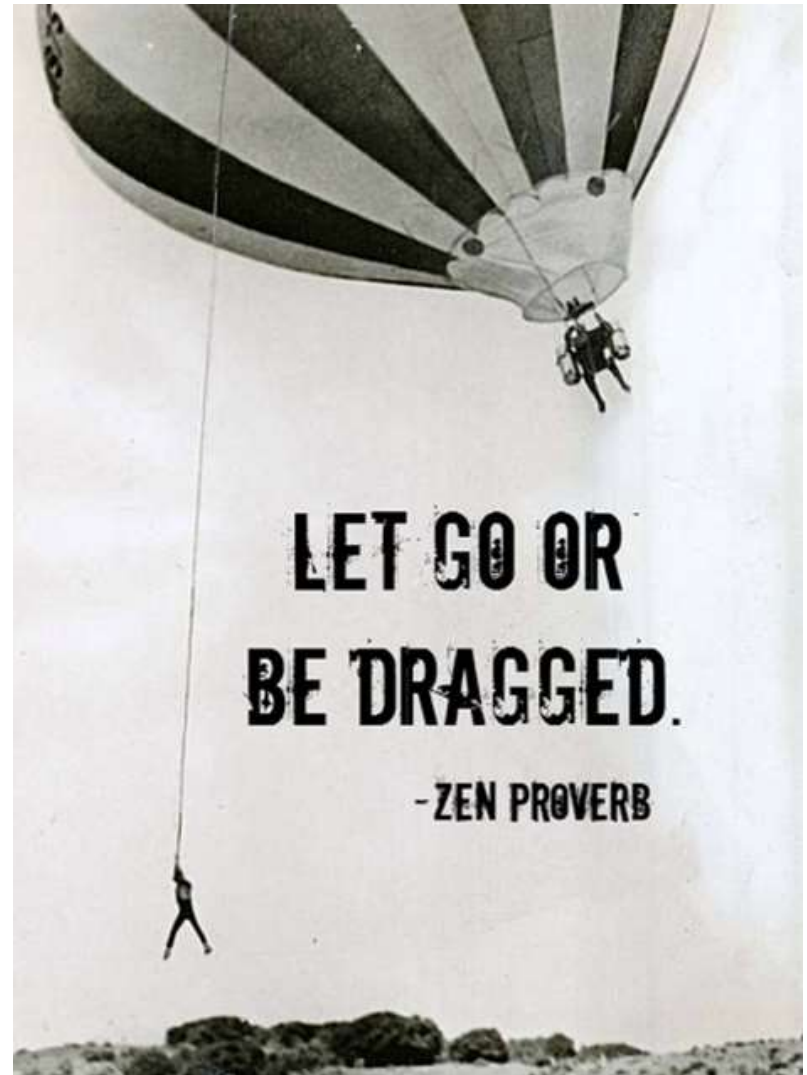


Assumptions often go
unchallenged/explored



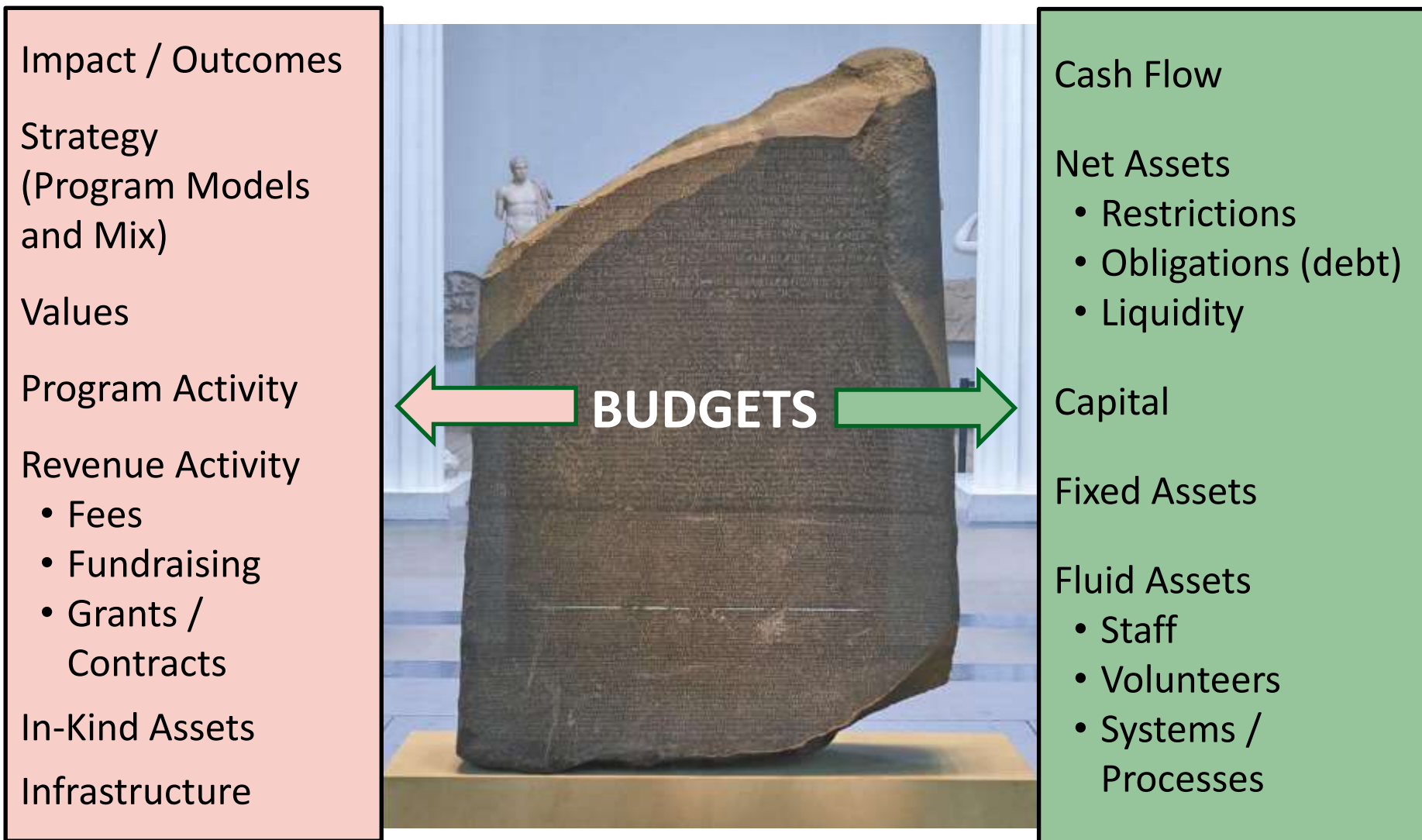
Predictions become
Prescriptions
(false sense of control)

Let go of the notion that
you are predicting the
future and creating
performance benchmarks



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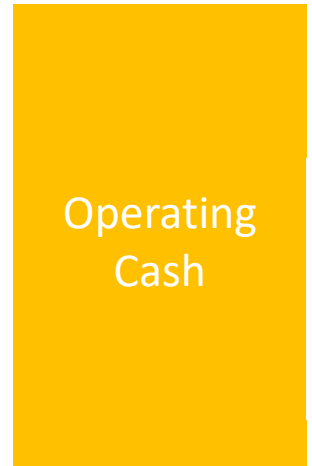
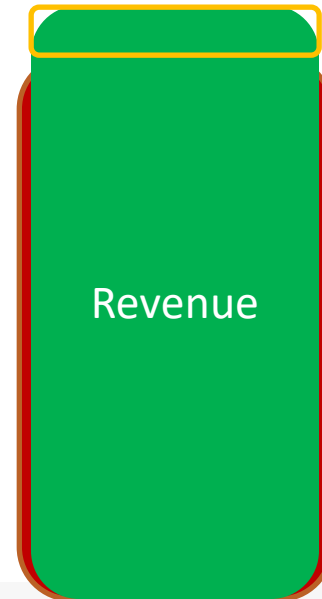
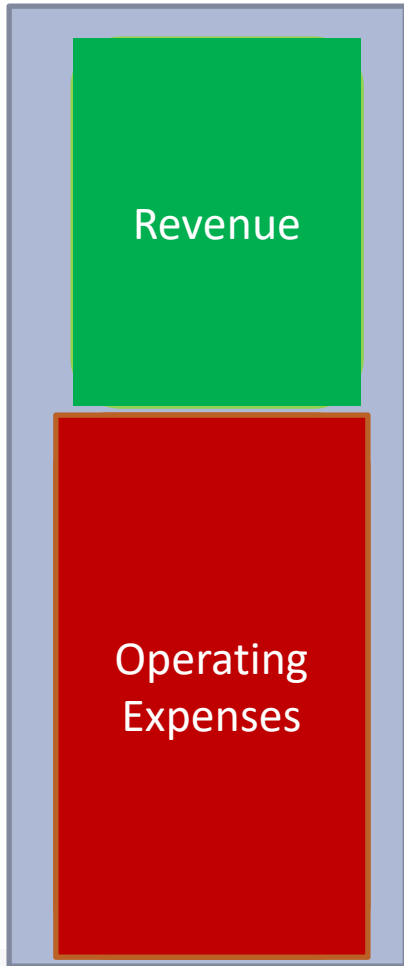
Revisiting the role of a budgeting



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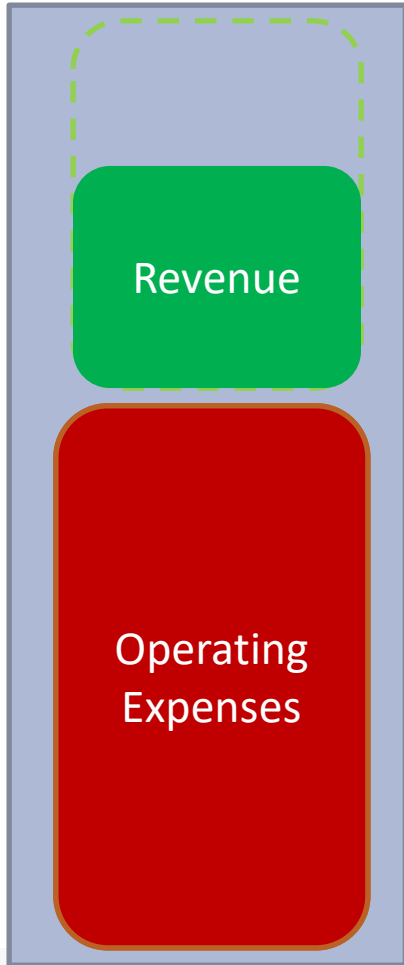
Cash Flow Management (Sustainable)

Scenario
Time frame



Cash Flow Management (Viable – For a Time)

Scenario
Time frame

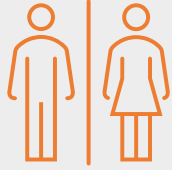


Operating
Cash

Reserves
Draw

Reserves

Public Health & Strategy Scenarios



Phase 1

some small businesses
allowed to open
curb-side service

outdoor activities of limited
size

some recreational activities

Potential Scenarios...

1 – ?, \$, ⌚

2 – ?, \$, ⌚



Phase 2

larger social gatherings
indoor classes

regular childcare

increased mass transit
schedules

restaurant and bar service
with restrictions

Potential Scenarios...

1 – ?, \$, ⌚

2 – ?, \$, ⌚



Phase 3

large social gatherings
reopening entertainment
venues

large religious gatherings

fewer restrictions on
visitors at nursing homes
and hospitals

Potential Scenarios...

1 – ?, \$, ⌚

2 – ?, \$, ⌚

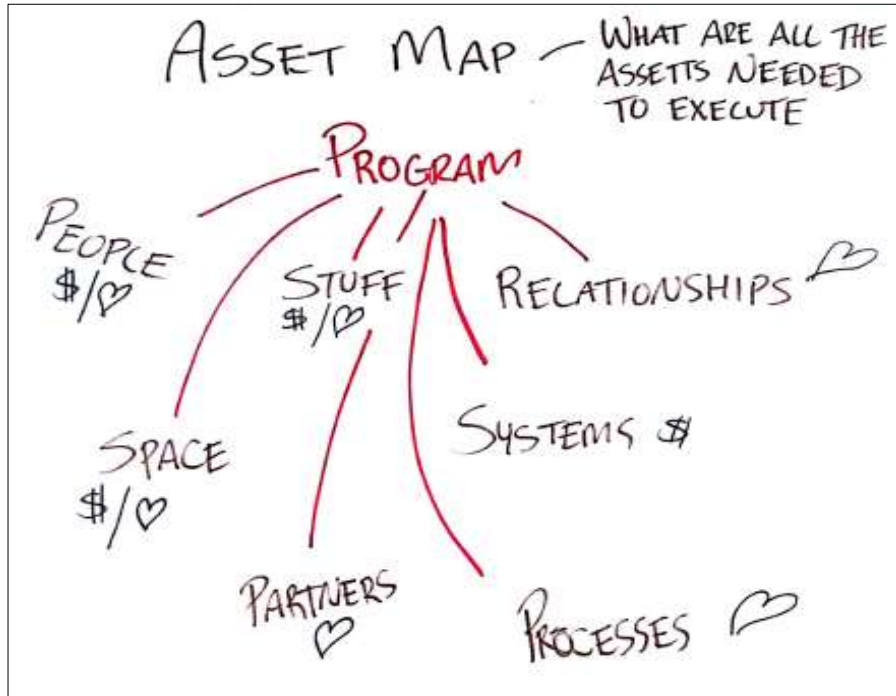
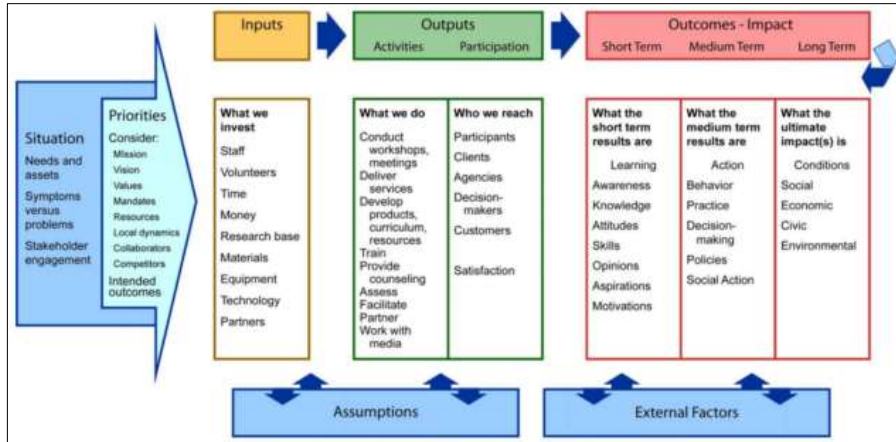
Assumptions (?) - Financial Model (\$) - Time (⌚)

Program Dependencies

Online Poling (on your phone):

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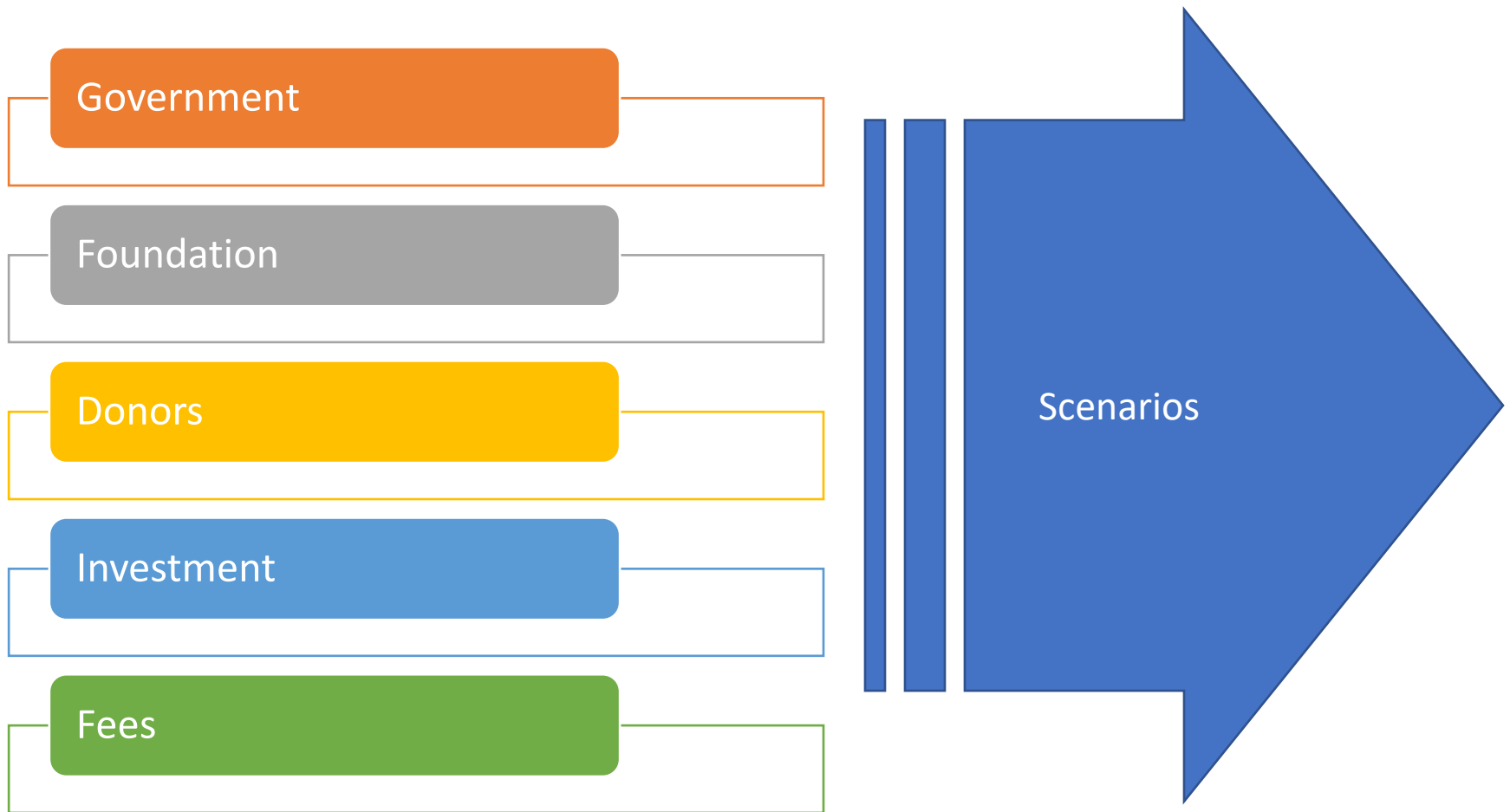
Understanding Assets – What it takes



Fiduciaries Know...

- What assets we rely on
- What the assumptions are about how assets are used
- In what ways assets are dependent on each other
- Where the assets come from and what it takes to get them

Revenue Dependencies



Sample Month-Based Cash Flow Budget July 2020-June 2021

Refers to the programming and operations model the organization is deploying during each month. Descriptions are included as part of the budget.

Check-in points that indicate when to revisit the budget projections and make modification to subsequent months as necessary (may be triggers by time or change in operating model)

Annual Budget projections based on month-by-month operating scenario

Scenario-Based Monthly Cash Flow Budget 2020-2021

	Operating Model ¹		Stay-At Home ²			In-Office (No In-Person) ³			No Group Events ³			Normal Operations ⁴				2020-21 Annual Budget
	Start of Fiscal Year	July	Aug	Sep	Oct	Nov	Dec	Jan 21	Feb	Mar	Apr	May	June			
Income																
Contributed Income		17,000	15,000	17,000	20,000	23,000	23,000	27,500	31,000	31,000	31,000	34,000	38,000	307,500		
Earned Income & Other Income		12,000	10,000	12,000	12,000	15,000	30,000	31,000	45,624	53,685	55,734	61,062	65,575	403,869		
Total Cash In		29,000	25,000	29,000	32,000	38,000	53,000	58,500	76,624	84,685	86,724	95,062	103,575	711,169		
Expense																
Compensation		46,806	49,550	52,801	54,975	53,884	54,776	57,951	55,168	53,311	51,990	51,287	54,011	433,970		
Consultants & Prof Serv.		14,799	14,130	17,716	16,589	15,256	17,716	16,170	23,525	24,999	21,888	13,077	11,417	207,867		
Program Investments		50	1,960	1,114	1,468	1,418	39	5,337	838	1,559	1,744	2,729	46	17,038		
Communication		608	1,340	315	1,878	954	1,370	215	1,542	3,744	2,615	1,542	1,609	18,000		
Supplies & Eqpt.		1,374	1,548	462	978	1,800	687	498	894	1,025	1,410	1,896	1,060	22,508		
Travel		-	-	295	217	148	198	228	138	124	108	179	141	1,774		
Occupancy		5,467	3,467	5,705	5,661	3,588	5,588	5,588	1,467	7,138	9,430	886	6,483	68,500		
Insurance/Fees/Business Costs		762	1,874	3,292	4,008	2,111	611	2,933	1,288	5,671	1,370	5,488	1,227	30,750		
Total Cash Out		71,888	78,457	81,693	85,774	81,199	81,195	80,578	90,339	100,746	91,966	77,498	79,028	1,000,361		
Inflow-Outflow, Activities		(42,888)	(53,457)	(52,693)	(53,774)	(43,199)	(28,195)	(22,078)	(13,715)	(16,061)	(5,242)	17,564	24,547	(289,191)		
Reserves Draw		42,888	53,457	52,693	53,774	43,199	28,195	22,078	13,715	16,061	5,242			331,302		
Net Operating Cash Flow		(0)	(0)	(0)	0	0	0	(0)	(0)	0	0	17,564	24,547	42,111		
Beginning Cash Balance - See note	438,574	438,574	395,686	342,228	289,535	235,762	192,563	164,368	142,290	128,574	112,514	107,272	124,836	438,574		
Ending Cash Balance		395,686	342,228	289,535	235,762	192,563	164,368	142,290	128,574	112,514	107,272	124,836	149,383	149,383		
Reserves Balance	400,000	357,112	303,655	250,962	197,188	143,889	125,794	103,716	90,001	73,940	68,698	68,698	68,698	68,698		

¹ Stay-at-Home: (description of program delivery and operational support model)
² In-Office: (description of program delivery and operational support model)
³ No Group Events: (description of program delivery and operational support model)
⁴ Normal: (description of program delivery and operational support model)

Beginning Cash Balance represents liquid assets held in operating cash account and reserves cash account
 Reserves Draw Indicates amount transferred from restricted reserve funds to unrestricted operating cash each month

Indicates a trigger point at which the reserve fund passes a critical threshold

Illustrates the amount taken from the reserves to offset operating losses for the month

Interested Parties



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Boards

Partners

Participants

Funders

Anatomy of Risk – Know the Commitment

Every Decision Is a Commitment

A commitment to something we will do in the future

- Do we understand the commitment?
- Do we understand what it will take to honor it?
- What may compromise our ability to honor it?



Q & A

