



SCENARIO PLANNING FOR NONPROFITS:
BUILDING RESILIENCE AND SUSTAINING IMPACT



The *NONPROFIT* accounting specialists™



EXPERIENCED PROFESSIONALS

We have over three decades of experience building stronger nonprofits



SPECIALIZED SOLUTIONS

We create flexible financial management plans and accounting solutions based on clients' unique needs



AWARD-WINNING FIRM

We are recognized as a “Best Place to Work” and a “Top 100 Firm”



A TRUSTED PARTNER

We serve clients nationwide through our regional offices and remote services

COURSE DESCRIPTION

In an ever-changing environment, nonprofit leaders must anticipate challenges and seize opportunities to ensure their organizations remain resilient and mission-focused. In this session, we will explore practical scenario planning and revenue diversification strategies that support financial sustainability. Through interactive discussions and examples, we will also identify key questions to ask during the scenario planning process.

This session is the second webinar of YPTC's Managing Through Uncertainty, a series designed to deliver real-time insights and practical guidance for the nonprofit sector.

LEARNING OBJECTIVES

1. Illustrate and define strategies for building scenario plans that can help your nonprofit continue to focus on its mission.
2. Introduce revenue diversification solutions that support financial sustainability.
3. Review best practices and questions to ask during the scenario planning process.

• **PREREQUISITES:** There are no prerequisites for this program.

• **ADVANCED PREPARATION:** None

• **PROGRAM LEVEL:** Overview

• **DELIVERY METHOD:** Group Internet Based

• **AVAILABLE CPE:** 1.0 CPE Credit in Finance

HOW TO OBTAIN CPE CREDIT

- Attend for 50 minutes
- Respond to 3 of the attendance checks
- Attendees will automatically receive an e-mail with access to the website recording, slides, and CPE certificate (if eligible) **24 hours after today's event**
- For any questions, please e-mail cpe@yptc.com

LEARNING OBJECTIVES

In this session, we will explore practical scenario planning and revenue diversification strategies that support financial sustainability.



The **NONPROFIT** accounting specialists™

01.

STRATEGIES

Illustrate and define **strategies for building scenario plans** that can help your nonprofit continue to focus on its mission.

02.

SOLUTIONS

Introduce **revenue diversification solutions** that support financial sustainability.

03.

BEST PRACTICES

Review **best practices** and **questions to ask** during the scenario planning process.



WHO IS JOINING US TODAY?

- a) Executive Director/CEO
- b) Board Member
- c) Finance Team Member
- d) Development Team Member
- e) Other



BILL MANCUSO

SALES MANAGER

Your Part-Time Controller, LLC



SCENARIO PLANNING IS A STRATEGIC PLANNING METHOD USED TO CREATE A VARIETY OF FORECASTS OR OUTCOMES

- The focus is on assessing risks and creating contingency plans
- Provides a way for management to anticipate potential challenges and opportunities
- Encourages exploring a range of outcomes
- Prepares an organization to better respond during crisis situations

IN SCENARIO PLANNING, THE OUTCOME ISN'T LIMITED TO ONE PLAN OR ONE POTENTIAL OUTCOME, BUT ON **MULTIPLE SCENARIOS**

	BUDGETING	FORECASTING	SCENARIO PLANNING
PURPOSE	Allocate financial resources	Predict most likely outcome	Risk management
FOCUS	Financial planning	Short to medium term predictions	Strategic thinking and flexibility
APPROACH	Set targets, estimate revenue/expenses, and monitor performance	Estimate future values using historical data & trends	Create contingency strategies
TIME HORIZON	Short-term / Fiscal year	Short to medium-term	Exploratory / Long-term
OUTCOME	Financial roadmap	Single scenario	Multiple scenarios

SCENARIO PLANNING TIME HORIZON

When an organization is conducting scenario planning **during a crisis**, the time horizon is usually **short-term and focused on response**.



When an organization is conducting scenario planning **after a crisis** or for significant permanent operational changes, the time horizon is usually **long-term and focused on recovery or the future impact** of the changes.





PROGRAM SERVICE DEMAND

Prepare for changes in demand for services, such as increased need during economic downturns or decreased demand due to demographic shifts



FUNDING STABILITY

Explore funding scenarios, such as changes in grant availability, government funding opportunities, or donor behavior



COMMUNICATION STRATEGIES

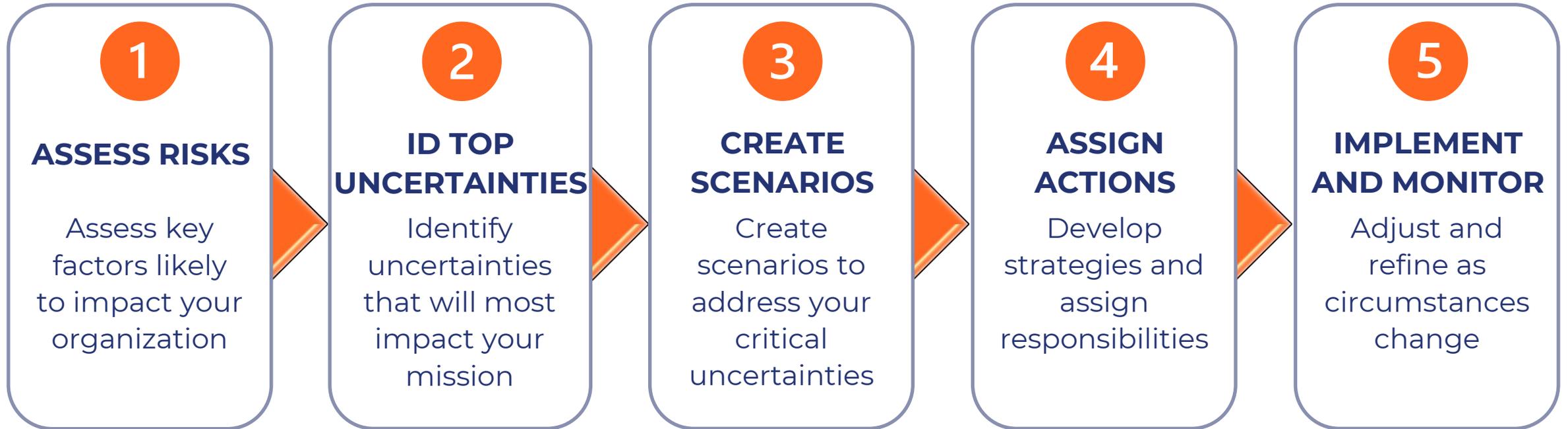
Plans to keep stakeholders informed and engaged through various scenarios, such as updates on the latest program initiatives or changes



CAPACITY BUILDING

Anticipate changes in staffing or operations under various scenarios to identify gaps that need to be addressed

STEPS IN THE SCENARIO PLANNING PROCESS



1 ASSESS RISKS

What are the key factors likely to impact your organization?

Try taking a functional approach.*

FUNCTION	FACTOR
Program	Restrictions on environmental initiatives Rising program costs Declining program attendance
Fundraising & Development	Funding freeze on federal awards Economic downturn affecting donor giving
Administrative	Staff shortages Grant accountant needed Building modifications needed to convert space

* The **PESTLE** Approach (Political, Economic, Social, Technological, Legal, Environment)

2 IDENTIFY TOP UNCERTAINTIES: WHICH ARE MISSION-CRITICAL?

FUNCTION	FACTOR	PRIORITY
Program	Restrictions on environmental initiatives	High
	Rising program costs	Medium
	Declining program attendance	Medium
Fundraising & Development	Funding freeze on federal awards	High
	Economic downturn affecting donor giving	High
Administrative	Staff shortages	High
	Grant accountant needed	High
	Building modifications needed to convert space	Medium



WHAT CRITICAL UNCERTAINTIES ARE KEEPING YOU UP AT NIGHT?

- a) Reliance on a few major funders
- b) Staffing shortages
- c) Rising program costs
- d) Changes in service demand
- e) Shifts in public policy
- f) Competition from similar nonprofits

3 CREATE SCENARIOS: THE BASICS

WHAT YOU'LL NEED

- Projected revenues and expenses for your selected time horizon
- Input from **relevant stakeholders**
 - Department leaders, development folks, and management
 - External stakeholders as needed
- Use your budget or current year forecast as your baseline

WHAT YOU'LL DO

- Establish assumptions for each scenario
- We recommend creating at least **3 scenarios**:
 - Optimistic
 - Reasonable
 - Catastrophic
- Consider how each group of assumptions impacts the line items in your forecast

3 CREATE SCENARIOS: ASSUMPTIONS

SCENARIO A: OPTIMISTIC

REVENUE ASSUMPTIONS:

- Win new foundation grant
- Secure one new federal award
- Successful donor appeal
- Grow fee for service income

EXPENSE ASSUMPTIONS:

- Staffing increase to meet program expansion needs
- Other increases due to new grant and federal award

SCENARIO B: REASONABLE

REVENUE ASSUMPTIONS:

- Foundation grant target unmet
- One federal award impacted by funding freeze
- Unable to grow fee for service income

EXPENSE ASSUMPTIONS:

- Staffing changes put on hold
- No changes to remaining expenses through year-end

SCENARIO C: CATASTROPHIC

REVENUE ASSUMPTIONS:

- Loss of major foundation grants
- 50% of government contracts canceled
- Minimal response to donor appeal
- Program service cuts

EXPENSE ASSUMPTIONS:

- Staff lay-offs
- Expense cuts
- No vendor concessions offered

3 CREATE SCENARIOS: STRATEGIES

TOP STRATEGIES FOR ADDRESSING CRITICAL UNCERTAINTIES:

1. Spend less
 - Cut programs or staff
2. Spend differently
 - Invest in marketing, or fundraising staff, instead of pursuing new programs
3. Raise differently
 - Source foundations or major donors instead of federal grants
4. Raise more



3 CREATE SCENARIOS: REVENUE QUESTIONS TO ASK



CONTRIBUTED REVENUE

- Which line items are in jeopardy?
- Federal awards, corporate sponsorships, individual donations?

EARNED REVENUE

- Which line items are in jeopardy?
- Program service fees?
- Memberships/subscriptions?

RESERVES

- What funds are available from reserves?
- Are there plans to (re)build reserves?

OTHER

- Is there access to a line of credit?
- Are there opportunities to tap into other revenue sources?

STEPS IN THE SCENARIO PLANNING PROCESS

PROGRAM COSTS

- What expenses can be cut or reduced?
- What expenses might need to increase?

ADMIN COSTS

- If an entire program is cut, how might (any) indirect costs be re-allocated?
- Have debt service costs been considered?

NEGOTIATION

- Can expenses or payment schedules be negotiated?
- Can we reduce costs by forming partnerships or sharing resources?

IN-KIND

- Are there opportunities for expenses to be provided through in-kind (nonfinancial) donations?

3 CREATE SCENARIOS: EXPENSE QUESTIONS TO ASK



STEPS IN THE SCENARIO PLANNING PROCESS

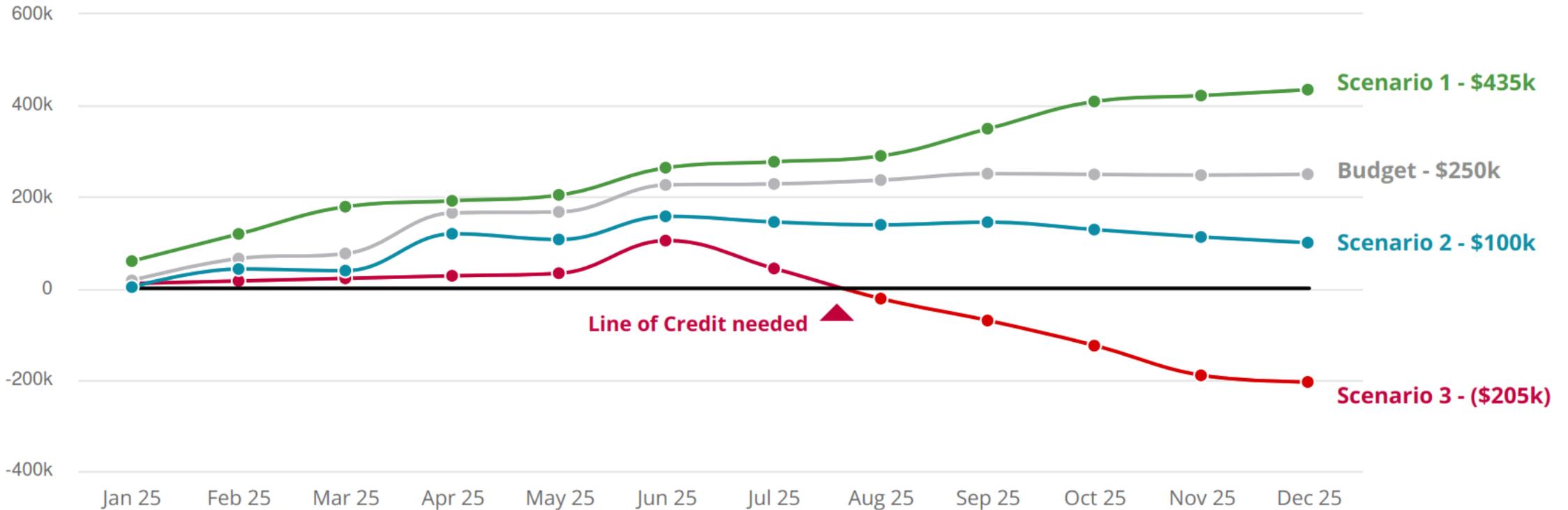
3 CREATE SCENARIOS: EXAMPLE

XYZ Nonprofit Organization
Scenario Plans for Fiscal Year 202X

	Approved Budget	Optimistic		Reasonable		Catastrophic	
		Scenario 1	Assumptions	Scenario 2	Assumptions	Scenario 3	Assumptions
REVENUE							
Foundations	\$ 350,000	\$ 500,000	Win new grant	\$ 300,000	Foundation grant target unmet	\$ 150,000	Loss of major grants
Government Grants	1,000,000	1,450,000	New federal award	950,000	Funding freeze impact	500,000	50% gov't contracts canceled
Other Contributions	50,000	100,000	Successful donor appeal	50,000		25,000	Minimal response to donor appeal
Fee for Service Income	750,000	800,000	Grow fee for service income	700,000	Unable to meet target	500,000	Service cuts
Total Revenue	2,150,000	2,850,000		2,000,000		1,175,000	
EXPENSES							
Personnel	800,000	1,000,000	Staffing increases	800,000	Staffing changes put on hold	600,000	Staff lay-offs
Program Expenses	500,000	750,000	Increase due to new awards	500,000		300,000	Program cuts
Professional Fees	250,000	300,000	Increase due to new awards	250,000		150,000	Expense cuts
Occupancy	200,000	200,000	No additional office space needed	200,000		200,000	Still paying for current office space
Office Expenses	50,000	65,000	Increase due to new awards	50,000		30,000	Expense cuts
Depreciation	100,000	100,000	No change in fixed assets	100,000		100,000	No change in fixed assets
Total Expenses	1,900,000	2,415,000		1,900,000		1,380,000	
CHANGE IN NET ASSETS	\$ 250,000	\$ 435,000		\$ 100,000		\$ (205,000)	

STEPS IN THE SCENARIO PLANNING PROCESS

3 CREATE SCENARIOS: TOOLS



Graph created using Reach Reporting

4 ASSIGN ACTIONS



DEVELOP STRATEGIES

- We recommend creating a **cash forecast** for each scenario
- Management and the board should review the cash forecasts for points where cash is insufficient
- **Set deadlines** for when specific actions need to be completed



DEFINE RESPONSIBILITIES

- **Define specific actions** that will need to be taken to address each scenario
- Assign who will be responsible for executing each action
- **Identify the key performance indicators** (KPIs) that will be used to monitor results

STEPS IN THE SCENARIO PLANNING PROCESS

4

ASSIGN ACTIONS – DEVELOP STRATEGIES

Looking at the scenario, when might this organization need to borrow on its line of credit?

XYZ Nonprofit Organization Cash Forecast - Catastrophic Scenario									
	ACTUAL YTD	JUN	JUL	AUG	FORECAST SEPT	OCT	NOV	DEC	TOTAL
REVENUE									
Foundations	\$ -	\$ 75,000	\$ -	\$ -	\$ 15,000	\$ 10,000	\$ -	\$ 50,000	\$ 150,000
Government Grants	483,120	16,880	-	-	-	-	-	-	500,000
Other Contributions	5,000	10,000	1,000	1,000	2,500	2,000	1,000	2,500	25,000
Fee for Service Income	320,000	85,000	20,000	15,000	15,000	15,000	15,000	15,000	500,000
Total Revenue	808,120	186,880	21,000	16,000	32,500	27,000	16,000	67,500	1,175,000
EXPENSES									
Personnel	330,000	66,000	34,000	34,000	34,000	34,000	34,000	34,000	600,000
Program Expenses	200,000	15,000	15,000	14,000	14,000	14,000	14,000	14,000	300,000
Professional Fees	100,000	7,500	6,500	7,500	6,500	7,500	7,000	7,500	150,000
Occupancy	83,333	16,667	16,667	16,667	16,667	16,667	16,667	16,667	200,000
Office Expenses	20,000	2,000	1,500	1,500	1,000	1,500	1,000	1,500	30,000
Depreciation	41,667	8,333	8,333	8,333	8,333	8,333	8,333	8,333	100,000
Total Expenses	775,000	115,500	82,000	82,000	80,500	82,000	81,000	82,000	1,380,000
CHANGE IN NET ASSETS	\$ 33,120	\$ 71,380	\$ (61,000)	\$ (66,000)	\$ (48,000)	\$ (55,000)	\$ (65,000)	\$ (14,500)	\$ (205,000)
CASH FLOW ADJUSTMENTS									
Depreciation	41,667	8,333	8,333	8,333	8,333	8,333	8,333	8,333	100,000
Change in Receivables	(400,000)	(91,880)	(5,000)	2,000	(5,000)	75,000	350,000	(50,000)	(124,880)
Change in Payables	20,000	20,000	20,000	20,000	20,000	20,000	(120,000)	5,000	5,000
NET CASH FLOW	(305,213)	7,833	(37,667)	(35,667)	(24,667)	48,333	173,333	(51,167)	(224,880)
Beginning Cash	315,250	10,037	17,870	(19,797)	(55,463)	(80,130)	(31,797)	141,537	315,250
ENDING CASH	\$ 10,037	\$ 17,870	\$ (19,797)	\$ (55,463)	\$ (80,130)	\$ (31,797)	\$ 141,537	\$ 90,370	\$ 90,370

4

ASSIGN ACTIONS – DEFINE RESPONSIBILITIES

Each action should have a **clear timeline** and **indicator** for monitoring results.

ACTION	RESPONSIBLE PARTY	TIMELINE	KEY PERFORMANCE INDICATOR (KPI)
Apply for 3 new grants	Grant writing consultant	3-6 months	Secure at least \$100K in new funding
Expand corporate sponsorships	Executive Director	6 months	Secure two new sponsorships worth \$25K+
Launch emergency donor appeal	Development Director	2 months	Raise \$50K from individual donors
Grow fee for service income	Program Director	3 months	Identify \$25K in earned revenue opportunities

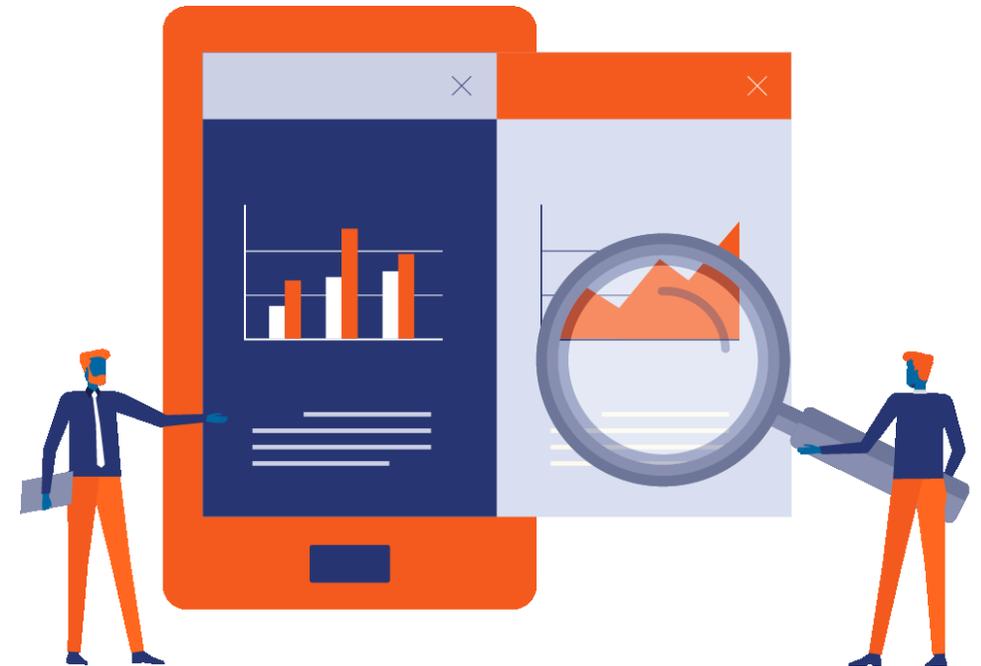


WHAT IS THE BIGGEST CHALLENGE YOUR ORGANIZATION FACES WHEN CREATING SCENARIO PLANS?

- a) Lack of resources/expertise
- b) Uncertainty in external environment
- c) Difficulty in aligning with mission
- d) Resistance to change
- e) Other

5 IMPLEMENT AND MONITOR

- **Implement** your chosen scenario and distribute action plans
- **Monitor** the forecasts through timely comparisons to actual results
 - Use key performance indicators to measure success
- The board should **review** any significant deviations



STEPS IN THE SCENARIO PLANNING PROCESS

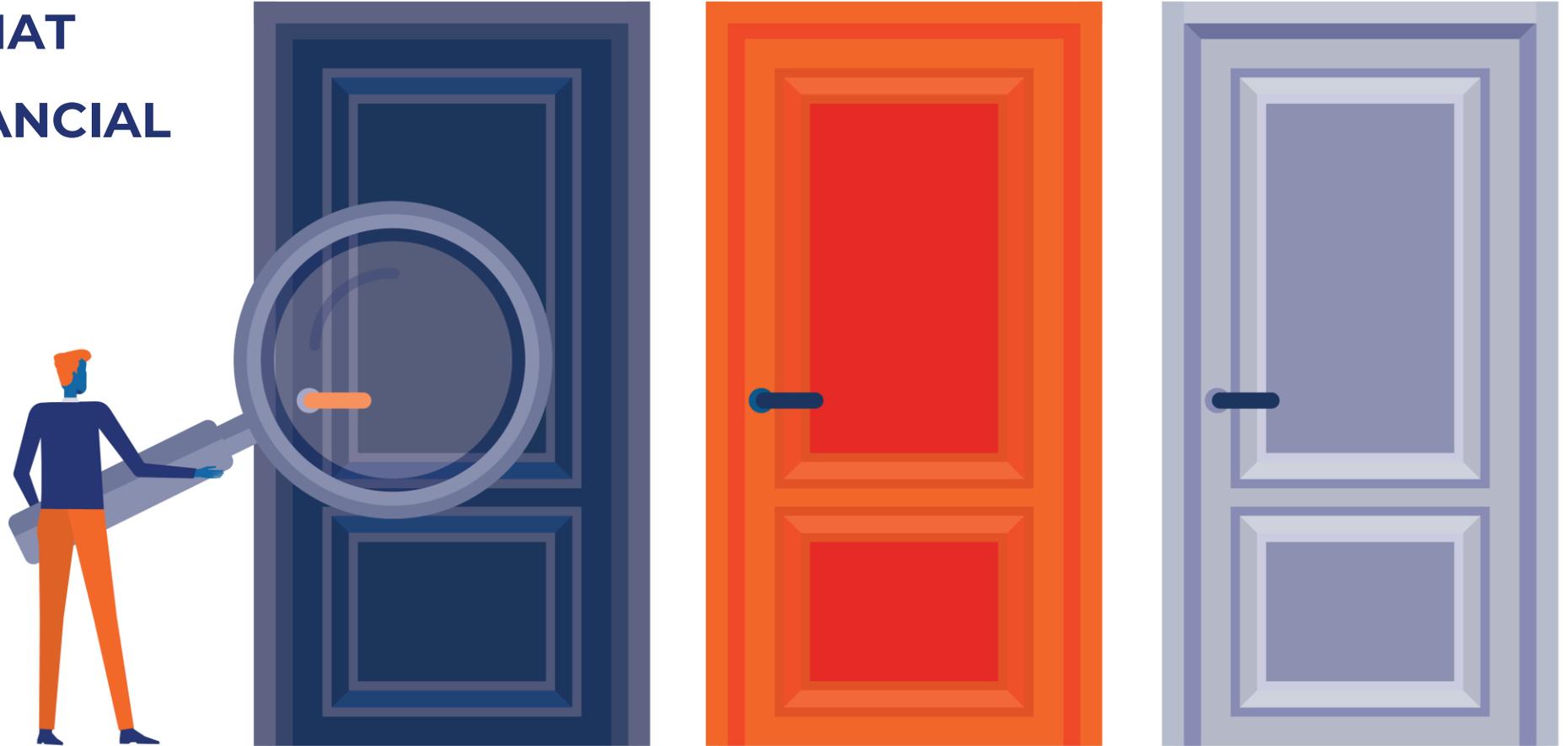
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IMPLEMENT AND MONITOR – WEEKLY CASH FORECAST EXAMPLE

- Utilize **weekly cash projections** as needed
- Be sure to consider:
 - Debt service
 - Cash restricted by donors
 - Bank covenants that require maintaining a certain level of cash in the bank

Weekly Cash Flow Projection	W/E 3/28/25	W/E 4/4/25	W/E 4/11/25	W/E 4/18/25	W/E 4/25/25
Beginning Cash Balance	29,681	23,767	23,767	23,767	23,767
Projected Cash Inflows:					
Deposits from Sales	1,325				
Grant Income	9,500				
Membership dues	140				
Board Member Dues	235				
Contributions - Unrestricted	1,030				
Contributions - Donor-Restricted	385				
Program Income	115				
Contributions - Gala Event	1,015				
Interest Income	5				
Other Income					
Line of Credit Proceeds					
Total Inflows	13,750	-	-	-	-
Projected Cash Outflows :					
Payroll & Taxes	8,535				
Employee Benefits	2,197				
Retirement Contributions	500				
Vendor Payments - online	6,850				
Vendor Payments - manual checks	1,540				
Capital Expenditures					
Other					
Repay Line of Credit					
Interest on Line of Credit	42				
Total Outflows	19,664	-	-	-	-
Ending Cash Balance	23,767	23,767	23,767	23,767	23,767
Less: Restricted Cash	385				
Less: Cash Reserve Required by Bank	10,000	10,000	10,000	10,000	10,000
Available Cash Balance	13,382	13,767	13,767	13,767	13,767
Line of Credit Balance	12,500	12,500	12,500	12,500	12,500
Line of Credit Available	27,500	27,500	27,500	27,500	27,500

SOLUTIONS THAT SUPPORT FINANCIAL STABILITY





CONTRIBUTED REVENUE STRATEGIES

CONTRIBUTED REVENUE STREAMS:

- **Financial assets such as:** cash contributions, marketable securities, or grants from foundations and governments
- **Nonfinancial assets such as:** gifts of fixed assets, use of facilities, utilities, or advertising; gifts of materials and supplies, gifts of works of art or historical treasures





CONTRIBUTED REVENUE STRATEGIES

DONOR CULTIVATION

- Seek out funders known for providing operating grant support
- Research funders you haven't pursued before
- Partner with donors or companies who provide in-kind or matching gifts

DONOR RELATIONS

- Create custom giving opportunities such as donor appreciation events
- Set-up automatic monthly giving options
- Educate donors about directing their donor-advised funds (DAFs) to your nonprofit

BOARD / VOLUNTEER

- Provide tools (and education!) for board members to fundraise
- Train volunteers to solicit donations from their networks
- Promote bequests, charitable gift annuities, and endowments



EARNED REVENUE STRATEGIES

EARNED REVENUE STREAMS

- **Sales of goods or services such as:**
 - Merchandise sales
 - Ticket sales
 - Program service fees
 - Tuition and fees
 - Membership dues/subscriptions
 - Licensing/royalty agreements
 - Facility rentals
 - Conference fees
 - Consulting services
 - Workshops





EARNED REVENUE STRATEGIES

EXPAND SERVICES

- Offer tiered membership benefits (e.g., exclusive content, special events) in exchange for a subscription fee
- Implement a pay-what-you-can model to make services accessible while generating revenue

CREATE SALES OPPS

- Charge for workshops, consulting, or educational programs aligned with your mission
- Sell branded merchandise or other mission-related products
- Monetize webinars, live-streamed discussions, or other online resources

MONETIZE ASSETS

- Rent out unused space to businesses or community groups
- Co-produce events to share costs and potentially double your audience
- Rent/sell specialized items such as equipment, props, costumes, etc.



GENERAL STRATEGIES

ONLINE PRESENCE

- Utilize social media tools or crowdfunding
- Publish your financials to your website to build trust with donors
- Claim/update your (free) Candid profile on GuideStar

OUTREACH

- Educate local and state officials on the economic impact of your organization on the local economy
- Sign up for newsletters from your local chamber of commerce or business league
- Hire consultants to source new opportunities

INDIRECT BENEFITS

- Not every action may be profitable, but can benefit your entity in other ways!
- Build relationship with donors, sponsors, beneficiaries, and community members
- Garner feedback: learn what interests your constituents



HOW CONFIDENT ARE YOU IN YOUR ORGANIZATION'S ABILITY TO REMAIN FINANCIALLY SUSTAINABLE IN THE NEXT FIVE YEARS?

- a) Very confident
- b) Somewhat confident
- c) Not confident at all



APPLY FOR A LINE OF CREDIT

Why? So it's there when you need it.

When to apply for it? Before you need it!



ESTABLISH BOARD-DESIGNATED RESERVES

Assets may be earmarked for future programs, investment, contingencies, asset purchases, or other uses.



BUDGET FOR A SURPLUS

A surplus budget lays out a plan to spend less money than received and moves away from the break-even budgeting mindset. Remember, at the end of the day...**If there is no money, there is no mission!**



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PART-TIME
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THANK YOU!



hello@yptc.com



844.358.4023



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