



MEMBER AGENCY STRATEGIC TRANSITION PLANNING SERIES

Session #4 Overview – Program Financial Sustainability

September 13, 2018 / 9 a.m. to 12 p.m. /Richard I. Goldbaum, Ph.D.

PROGRAM FINANCIAL SUSTAINABILITY

In today's changing funding environment and its focus on value-based reimbursement (VBR) it is essential for agencies to have a functional accounting system that facilitates the accurate projection of real unit costs, while also providing management with tools to assess each program's return on investment and long-term sustainability in relationship to agency mission.

Target Audience: Board Members, EDs, CFOs and others responsible for budget development and oversight.

Learning Objectives:

- Participants will gain insight on utilizing functional accounting systems as mgmt, fundraising & contracting tool.
- Participants will build knowledge about how to allocate revenue, direct & indirect costs of agency programs.
- Participants will better understand options for calculating program unit costs & how to decide among options.
- Participants will improve their ability to determine program sustainability & viability relative to agency mission.

Key Concepts:

- Accurate & meaningful financial management is an essential component of sustainability best practices.
- A well constructed functional accounting system is attainable & critical management tool, given challenges agencies are facing on value based reimbursement parameters.
- Utilization of a well designed functional accounting system enhances program sustainability.

Concept Application/Attendee Participation: Presentation includes hypothetical budget spreadsheets to demonstrate concepts of functional accounting, including allocation of direct & indirect expenses. Attendees performed program mission-alignment /sustainability exercise.

Racial Equity Lens Application:

Consider budget implications when planning for an agency's program financial sustainability – e.g. when resources are scarce, agencies are inclined to reduce agency expenses, particularly in areas of staffing; consider how employees of color may be affected by such reductions and make a commitment to retain these employees.

Major Take-Aways by Participants: (1) Utilize logical and consistent process (w/ options) for allocating indirect costs, including facility space; (2) Value of determining true program costs, as integral part of assessing program sustainability and informing strategic decision-making related to future program continuation; (3) Use a financial sustainability business matrix to rate/plot programs based on their mission-alignment and sustainability

Key Concepts Related to Other Sessions:

Session #2: Financial Health; #3: Fund Development; #5: Contingency Planning; #8: Vision/Strategic Direction; and #11/12: Strategic Alliances.

To Learn More:

Bell, Jeane; Masaoka, Jan; Zimmerman, Steve; [*NONPROFIT SUSTAINABILITY: Making Strategic Decisions for Financial Viability*](#), Jossey-Bass, 2010.

McLaughlin, Thomas A., [*Streetsmart, Financial Basics for Nonprofit Managers*](#), John Wiley & Sons, Inc, 2002.

About the Presenter:

Dick Goldbaum, has 50+ years experience in the nonprofit sector, 25 years as Executive Director of two multi-million dollar organizations, a provider and funder of services. Since 1997, Dick has led Transitions In Leadership, a consulting firm specializing in assisting nonprofits during leadership & organizational change.