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# Building Financial Resilience:

# Effective Contingency Planning for Nonprofit Sustainability

Withstand Financial Shock | Adapt to Changing Circumstances | Sustain Mission-Critical Operations

### Actionable strategies, real-world examples, and fresh ideas

#### Topics:

- Core Elements of a Financial Contingency Plan
- Operational Flexibility & Cost Management
- Leveraging Technology & Innovation
- Banking Institution support
- Building a Culture of Resilience





### Core Elements of a Financial Contingency Plan

#### 1) Cash Flow Forecasting & Scenario Planning

- Create multi-scenario budgets (best case, worst case, moderate)
- > Gamify forecasting exercises with staff using simulations (like a fire drill, but financial!)
- > Set annual review cycles for contingency plans

#### 2) Operating Reserves

- > Set and communicate clear reserve policies (e.g., 3-6 months of expenses)
- ➤ Launch a "Resilience Fund" campaign with storytelling to build reserves

#### 3) Revenue Diversification

- ➤ Monetize underused assets (e.g., facilities, intellectual property)
- Monthly giving clubs with curated impact content







### Operational Flexibility & Cost Management

#### 1) Expense Triage Plans

- > Tiered approach to cutting cost (non-essential, delayable, core-protected)
- > Establish "shadow budgets" that adjust automatically based on cash-in-hand metrics

#### 2) Vendor & Lease Negotiation Strategies

- > Review contracts regularly and renegotiate where possible
- Form vendor-sharing collaboratives with other nonprofits to create pooled purchasing power

#### 3) Talent & Staff Contingencies

- > Cross-train employees; define essential roles during lean periods
- Develop "skill-share" partnerships with peer nonprofits
- > Engage fractional professionals (e.g., shared CFO, grant writers)





### Leveraging Technology & Innovation

Cloud-based financial management tools, real-time dashboards, CRM systems

### **Banking Institution Support**

- 1) Is your bank relationship-oriented, and are they champions of your mission?
- 2) How to best leverage banking products and services?
  - > Account Structure and use of interest-bearing accounts on operating funds
  - **→** Lines of credit, Officer Guidance Lines, Bridge loans
  - > Existing debt Recasting your amortization schedule, Variable vs Fixed rate





## Building a culture of Resilience

#### 1) Leadership & Governance

- ➤ Set the tone at the top Board members and senior leaders should speak openly about financial realities and champion prudent stewardship
- ➤ Embed financial oversight Establish a finance committee (or strengthen an existing one) that meets regularly to review cash-flow projections, reserve levels, and key performance indicators
- > Seek diversity in board members who have a skill-set in finance, accounting, and HR









# Questions / Comments?

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