The Pathways to Excellence workshop series is an outgrowth of The New York Community Trust Nonprofit Excellence Awards Program, managed by the Nonprofit Coordinating Committee of New York in collaboration with The Trust and The Clark Foundation. WYNC is the media sponsor.
About FMA

FMA exists to build a community of individuals with the confidence and skills to lead organizations that change the world.

Since 1999, our dedicated consultants have served major foundations and nonprofit organizations nationwide and around the world by helping them develop the capacity they need to fulfill their missions more effectively and efficiently.

Nonprofit organizations depend on FMA to offer advisory services and practical tools to surmount challenges and navigate significant decisions. Foundations routinely call on FMA to strengthen grantee operations and fiscal management, improve their own grant-making capacity, and increase the financial knowledge of their staff.

Drawing on a culturally and linguistically diverse staff, with experience across the philanthropic sector, we deliver services that are sensitive to the needs of both nonprofit and funding organizations. Our collaborative approach includes stakeholder input and involvement at each stage of an engagement, and at the core of every project we deliver is our commitment to developing strong and trusting relationships between funders and their grantees.

From offices in New York, Chicago, Oakland and Los Angeles, FMA provides services in three major categories: Consulting & Advisory Services, Outsourced Solutions, and Training and Coaching.

Learn more about FMA at fmaonline.net
ORGANIZATIONAL PROFILE

Children’s Aid
2017 Gold Prize Winner for Overall Management Excellence

The Children’s Aid mission is to help children living in poverty succeed and thrive.

Since its founding in 1853, Children’s Aid has been at the forefront of innovative child services. Among many historical highlights, Children’s Aid created the basis for the modern foster care system and opened the first nursery for children of working mothers.

Today, Children’s Aid takes a whole-child approach to address the obstacles confronting children and their families living in poverty. They provide a continuum of services from cradle-through-college and beyond to help children grow into productive, healthy, and successful adults.

Guided by their mission and driven by a firm belief that higher education is a key to securing a future free from poverty, Children’s Aid centers its work in targeted high-need New York City neighborhoods. Services include adoption and foster care; early childhood education; medical, dental and mental health care; after school and summer enrichment programs; positive youth and leadership development; college and career preparation; family education and stabilization; and advocacy.

Examples of Excellence Identified by the 2017 Selection Committee:

- Strong integration of finance, development, and programs when launching new programs and evaluating existing programs
  - Staff training to address true full cost of programs and agency advocacy on the topic
  - Budgeting process is informed by program teams
- Engaging in process to develop comprehensive five-year projections
- Long-term perspective on the use of real estate and capital
Finance & Program Integration

Tips from the Workshop Panelists

❖ Children’s Aid

❖ Tone at the Top – The CEO sets the tone for strong program-fiscal integration. The CEO chairs a multidisciplinary budget committee that includes leadership from Fiscal, Program, Development, and Operations to be the eyes and ears on all budget matters. Along with the CFO, the CEO ensures thorough review and vetting of financial statements. The CEO and CFO drive a culture of routine scenario planning to prepare for opportunities and funding shifts. The Chief Program Officer partners with the CEO and CFO and participates in all budget meetings. She brings a financial focus to all aspects of the services under her leadership.

❖ Communication – Communicate even in tough times. For examples to ensure that there is strong communication across all Programs and Central Fiscal Functions:

(1) Hold quarterly budget-to-actual “check ins” with both fiscal and program staff to discuss any major changes in program budgets (i.e., the need to right size or being in receipt of a new grant).

(2) Have weekly program/finance calls to discuss questions and concerns as they come up. Collect the questions/concerns days prior to the meeting and send in advance of the meeting in order to have time to research the topic and respond. Include senior leaders from program and fiscal in the call.

(3) Utilize a shared calendar for critical dates and deliverables for all contracts, audits, budget process, filings, and board materials.

(4) Have a “fiscal collaboration day” as an open forum for financial discussions across the organization and include all divisions and departments.

❖ Eyes on Everything – Develop a culture that looks at individual transactions as well as the big picture. Ask questions until you understand the finances. Have staff with fiscal responsibility embedded in programs if possible.

❖ We’re in this Together – Approach financial matters with a “no-fault” problem solving approach. Solidify policies and procedures and provide training so that everyone knows the game plan. Bring all program, administrative, and financial staff together when launching programs. Plan before you act.

❖ Dipty Jain, Principal at FMA (2017 Awards Selection Committee member)

❖ We define financial resiliency as the ability to staying focused on the long term while continually assessing and responding to current needs. Transparency and inclusion during the budgeting process reduces response time when course corrections are needed to adjust for internal and environmental changes.

❖ Democratizing the process of budgeting to those who will be carrying out programmatic and fundraising activities will encourage organizational accountability and lead to more accurate financial projections for planning purposes. A planned kick-off meeting at the beginning of a budgeting season can clarify roles, responsibilities and expectations for all stakeholders.

❖ Dashboards that include both financial and programmatic data can create a space for communicating and highlighting areas that require cross-functional discussion and action.
New York Community Trust Nonprofit Excellence Awards

35 Winning Organizations 2007 - 2017

- America Needs You, 2015 Winner
- BRC, 2015 Winner
- Brooklyn Community Services, 2017 Winner
- BronxWorks, 2013 Winner
- Center for Urban Community Services, 2007 Winner
- City Harvest, 2011 Winner
- Children’s Aid, 2017 Winner
- Community Health Action of Staten Island, 2008 Winner
- CSH, 2013 Winner
- Families United for Racial and Economic Equality, 2007 Winner
- GMHC, 2017 Winner
- God’s Love We Deliver, 2010 Winner
- Good Shepherd Services, 2007 Winner
- Graham Windham, 2014 Winner
- Groundwork, Inc., 2009 Winner
- Harlem Academy, 2011 Winner
- Harlem RBI, 2009 and 2012 Winner
- Ifetayo Cultural Arts, 2008 Winner
- Institute for Family Health, 2008 Winner
- Jewish Board of Family and Children’s Services, 2016 Winner
- Leake & Watts, 2014 Winner
- Neighbors Link, 2016 Winner
- Neighborhood Economic Development Advocacy Project, 2009 Winner
- New York Cares, 2009 Winner
- New York Common Pantry, 2015 Winner
- New York Lawyers for the Public Interest, 2010 Winner
- Open Door Family Medical Centers, 2012 Winner
- Per Scholas, 2016 Winner
- Red Hook Initiative, 2012 Winner
- Row New York, 2014 Winner
- Sadie Nash Leadership Project, 2010 Winner
- Sanctuary for Families, 2011 Winner
- The Children’s Village, 2013 Winner
- Vera Institute of Justice, 2009 Winner
- WITNESS, 2007 Winner
# Creating a Common Team Around the Numbers

## What Program & Development Need from Finance
- A calendar with specific deadlines
- Standardized, regular communication around cash flow
- Transparent access to the status of purchase requisitions, payments, etc.
- Financial reports that are mutually agreed-upon, issued on standardized dates, and have clarity around what is controllable and what are action items
- An understanding of the level of complexity involved in fundraising efforts

## What Finance Needs from Program & Development
- Timely submission of data (timesheets, receipts, invoices)
- Program staff to be trained on how to read financial information
- Notification of staffing changes
- Proposals written in a way that doesn’t “over-restrict” funding
- Communication from Development on the restrictions related to grants

## Strategies for Success
- Come together across departments to agree upon reporting formats and calendar
- Increase inter-departmental dialogue
- Provide education for Finance team on what it takes to fundraise successfully
- Come to agreement on how to categorize revenue (i.e. events vs. corporate donations)
- Integrate the donor database and the accounting database
**Children’s Aid Pathways to Excellence Meeting**  
*Example of New Initiatives Meeting Template*

1. **Welcome and Introductions**
2. **Overview of New Initiative:**
   
   [Include brief summary of New Initiative here]

| Fiscal | 1. Funding received, expected & timing  
| 2. Budget  
| 3. Expenditures to date  
| 4. Fiscal sustainability  
| 5. Fiscal reporting requirements |

| Human Resources | 1. Anticipated staffing needs  
| 2. Clearances required  
| 3. Special considerations for other workers (interns, volunteers, consultants) |

| Payroll | 1. Biweekly stipend payments  
| 2. Time Force set ups/need to track time |

| Space | 1. Space – short and long term |

| IT | 1. Email considerations for “staff” and others (interns, volunteers, consultants)  
| 2. Tracking of time/time force issues above  
| 3. Complexity of short and long term issues and turnover. |

| Outcomes | 1. Outcomes reported to local City and State  
| 2. Quantitative & Qualitative data  
| 3. Outside consultant’s roles and responsibilities with respect to outcomes measurement & reporting |

| Sustainability | 1. Need for fund raising  
| 2. Relationship to other initiatives/programs |

<p>| Legal | 1. Agreement signed |</p>
<table>
<thead>
<tr>
<th>Policy</th>
<th>Marketing &amp; Communications</th>
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<tbody>
<tr>
<td>1. Relationship to BP office</td>
<td>1. Communication of official launch following planning phase</td>
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<tr>
<td>2. Verbal and written communication with Governor’s office</td>
<td>2. Verbal and written communication with stakeholders</td>
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<tr>
<td>3. Relationship to other initiatives in the State related to Children’s Aid</td>
<td>3. Marketing materials</td>
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<td>4. Issues to flag</td>
<td>4. Children’s Aid web presence</td>
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</table>

3. Summary
4. Wrap-up and Next Steps
# Children’s Aid Business Plan

**Division:**

**Submitted by:**

**Date:**

## Executive Summary

### 1. Innovative Idea

A. What is the problem you are solving? Include achievable, measurable goal(s).
2. Background

A. Evidence based rationale for proposal
B. Market analysis / who are our competitors

C. How does this fit into overall CAS Strategic Mission

D. Why now?

3. Implementation
A. Include a workflow of how innovative idea/new project is going to be achieved.

B. Resources necessary including personnel, equipment, and space
4. Financial Analysis

A. Revenue Model: 4 to 5 Year Revenue and Expense Projection, including all funding sources existing and new.

B. Plan for sustainability
   Include risks to sustainability and plans to mitigate loss (i.e. loss of revenue, loss to community and/or loss of partnerships).
5. Threats and Opportunities

A. For Community, Agency, Division, Clients, Staff.

This section may include threats such as liability for Children’s Aid, the political risk of failing our community, loss of revenues to a division and any potential risks for clients or staff. Opportunities includes market share, reaching and providing excellent mission driven service to a new population, filling a niche, anticipating a trend and proactively addressing it, visibility for CAS as innovative leaders, aligning with new funding streams.

Attachments:
- Budget
- Budget Narrative
- Charts
- Detailed Analytics
- Supporting Documents & References
Budget Kick-Off Meeting
January 23, 2018

"We don’t need your origin story every week; just give us the numbers!"
Agenda

• 2019 Context and Approach
• What is a Budget and Why Budget?
• Budget Process Overview
• Collaboration and Milestones
• 2019 Budget Technique
• Every Step of the Way... a haiku

2019 CONTEXT AND APPROACH
2019 Context and Approach

2019 Risks and Opportunities

• Uncertain Federal and State funding
• Effect of new Federal tax code on philanthropy
• New York State Budget Deficit
• Increasing personnel costs: minimum wage, rising health insurance premiums
• Inflation rising

FY 2019 Context and Approach

With most of our revenue derived from restricted and limited resources, we must be:

• Adjust and adapt
• Live within our means
• Realistic in our approach to developing solid, reliable budgets
• Search for efficiencies and cost-savings opportunities
• Diligent in safeguarding the Agency’s resources
• Steward our expenditures in keeping with our mission
• Nimble at anticipating shifts in resources and containing costs
• 100% transparent, inclusive, and complete
WHAT IS A BUDGET AND WHY BUDGET

What is a Budget?

• A projection or forecast of future cash receipts and cash disbursements over a time interval (month, quarter, year, years)
• Is forward looking
• Must follow actual results
• Provides an overview of probable patterns of cash flows in the future
• Influences other forecasts and budgets, including cash flow, procurement and employment
Why Budget?

• Live within your means
• Allocate appropriate resources to projects
• Monitor performance
• Meet your objectives
• Improve decision-making
• Identify problems before they occur
• Plan for the future

Budget Process Overview
## Budget Process Overview

<table>
<thead>
<tr>
<th>Budget Committee (Management)</th>
<th>Finance Committee (Board)</th>
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<tbody>
<tr>
<td>NAME, CEO</td>
<td>NAME, TREASURER</td>
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### Where Do I Start? *Ask Yourself Questions*

- Start by reviewing your restricted funding (City, State, Federal, Private)
- Consider your projects across funding sources
- Start from the “ground up” and consider all expenditures and revenue
- Think about where and why your area is running a deficit and how to reduce the deficit
- Review the history in each cost center for earning and spending patterns
- Analyze your divisions successes and failures during the previous year
- Look at your key objectives for the coming year
- Change or reestablish your longer-term planning
Budget Process Overview

Where Do I Start? (continued):

• Operating budgets DO NOT carry over; they are for one year only
• Identify and refine the resource implications of your review and build a budget
• Review current revenue and expense actuals through January
• Use the January actuals plus the next five months of planned activity to formulate the budget the FY 2019
• Work out the relationship between variable costs and revenue and then use your revenue forecast to project variable costs
• Go back to the beginning to consider a “zero-based budget” approach

Budget Process Overview

Annual budget meeting to include a short, bullet-style, written narrative:

• Your draft, high-level objectives and goals for next year
• Your financial performance and forecasts
• Key ways to save money, improve efficiency or close activities
• Revenue generating ideas/new business initiatives
• Any issues or problems or operational changes
COLLABORATION AND MILESTONES

COLLABORATION

Shared (F:) Drive

Each program/division has its own folder on the F drive. In the Budget Process and Planning folder is a sub-folder called FY 2019 Budget Process. Here you will find each program/division folder. In your folder will be you January current actual to budget as well as your personnel rosters and budget calendar.
Milestones

January 23, 2017

• Budget Kick-Off Meeting
• Budget Tool Open for FY 2018 December Revision and FY 2019 Entry
• Release Bi-Weekly Wages Budget Instructions
• Release Personnel Rosters
• Release Part-Time Worksheet and Staff Allocation Worksheet

Key Milestones

February 23, 2018  Administrative Divisions: Budgets (Operating & Capital), Personnel Rosters, Business Plans

March 2, 2018  Program Divisions: Budgets (Operating & Capital), Personnel Rosters, Business Plans

May 31, 2018  Finance Committee reviews budget for approval to full Board
Key Milestones

January 23, 2018 – *In process*

- Endowment spending rate calculation
- Fringe benefits calculation
- Allocations and methodology
### Key Milestones

#### FEBRUARY 2018

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<td>Leadership Team Meeting Review of 2nd Quarter to CFO</td>
<td>Budget Committee Meeting</td>
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<td>Prepare and Enter the FY 2018 December Estimate and FY 2019 Proposed Budget</td>
<td>Posting Date for the Finance Committee</td>
<td>Leadership Team Meeting Finance Committee Meeting</td>
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<td>President’s Day</td>
<td>Prepare and Enter FY 2018 December Estimate and FY 2019 Proposed Budget</td>
<td>FY 2019 Budget Submissions Due (Central)</td>
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### 2019 TECHNIQUE

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Pathways to Excellence: 25
2019 Technique

Components of your budget submission:

- Budget worksheets
- Narrative
- Organization Chart showing full time employees (if possible)
- List of sites/operational locations
- List of grantors

Locations

- Fiscal/Facilities are collecting the addresses of all the locations where CA has feet on the ground
- Addresses include all facilities whether they are owned, rented, leased or in-kind
- School campuses should be broken out by school, not just the campus
2019 Technique

Contributed Support

- Development will provide contributed support numbers for FY 2019 to the respective divisions by no later than February 5.

- If you have a funder that Development is not aware of, please contact Development.

2019 Technique

People

- Budget all FT employees. All FT employees MUST be fully budgeted; do not include vacancy savings in the FT salary line.
- Budget all PT employees with estimates for hours and rates.
- Section in personnel roster for additions, deletions, transfers, promotions.
- Vacancy savings - GL account 60300.
2019 Technique

Minimum Wage

- New York State minimum wage rose to $13 per hour on December 31st. The minimum wage for Westchester County is $11 per hour.

- New York State minimum wage will rise to $15 per hour on December 31st, 2018. The minimum wage for Westchester County will rise to $12 per hour.

2019 Technique

Allocations

- Fringe Benefit Rates
- Indirect Cost Recovery
- Rent
- Leased Copiers
- Property Insurance
- Liability Insurance
- Computer / Internet
- Telephone Services
2019 Technique

If you are proposing to “close” or “launch” an initiative, a plan should be submitted.

A business plan includes:
• a short-range plan for at least one calendar year and a quarter-to-quarter plan for at least three years
• Discussion of opportunities and threats
• Budget both the income statement and reserves/cash needed or potential loans
• Personnel plans

2019 Technique

Closing a project, grant, or “line of business”
• Set a deadline beyond which the program will not operate
• Check the expiry date of current leases and what obligations are if you terminate sooner
• Make a list of how remaining funds will be spent and project cash
• Prepare a list of current business assets
• Consult with Human Resources and Fiscal early
• Collect outstanding payments
• Determine how long phone/internet/utilities and any other services stay
• Inform employees, customers, suppliers, insurers of the closing
• Check for possible interdependency with other programs
2019 Technique

Important Questions to Ask:
• How much product/service can be provided in Year 1?
• How much growth in the following years?
• How will the product/service be priced? What is the expected volume?
• Are there variable and fixed costs?
• Can you capture indirect costs?
• What will your operating expenses be?
• How many employees will you need? Are they FT or PT? How much will you pay them?
• What equipment will be needed to start? How much will it cost? Will there be additional equipment needs in the subsequent years?
• How much capital do you need?

2019 Technique

Capital Budget
• Capital activities are long-term, typically tangible outlays, such as those for fixed assets like facilities, equipment and certain technology projects.
• Capital items include land, buildings, equipment, vehicles, and machinery as well as major improvements to the existing facility
• In order to be considered capital in nature, the purchase of a single item must be valued greater than $5,000 (or $35,000 for the New York City contracts) and possess the following characteristics:
  ➢ A relatively long life of 1 year or more
  ➢ Has a tangible/physical substance
Every Step of the Way

Fiscal Year Nineteen
Adjust and Adapt We Must
Continued Success