



Financial Analysis for Understanding Future Cash Flow

The purpose of this workbook is to help you understand your financial position in light of the changing climate and communicate about it with your staff, board, government agencies, and others who may be able to help you in the months ahead.

Instructions:

This workbook consists of four worksheets. Start with the first tab, **Last Year Actual**, and then move to the other two. The instructions for each sheet follow. Please note that sections in color are formulas and do not need to be modified. Currently there are numbers in the sheet only to show you what it will look like. When you remove the numbers some formulas may appear as an error. These will be corrected as you complete the spreadsheet.

Definitions

Current Unrestricted Cash. In accounting terms this means unrestricted liquid net assets, funds you can spend that are not limited as to their use. The formula would be: *Cash + Cash Equivalents + Receivables - (Restricted cash + Restricted Receivables) = Unrestricted Liquid Net Assets*. If these terms are unfamiliar to you use the balance in your checking account plus the balance in your savings or other on-demand accounts.

Line of Credit. One way to respond to a short-term cash need is to apply to a lender for a line of credit on which you may draw, up to a predefined limit, to pay current expenses. You will need to account for the interest payments and repayment schedule for the LOC in your forecast.

Income Categories

Contributed Support This section includes several categories of income from charitable contributions you receive.

Earned Revenue Use these, or other categories you choose, to enter income from sales of tickets, admissions, service fees, or payments from government for services you provide. It is important to record the income when you actually receive the payments, not when you bill the payer.

Expense Categories

Staff/Wages/Benefits Include all human resources costs: Salaries, hourly wages, benefits.

Lease/Facility Expenses. All costs for space such as rent, utilities, maintenance.

Professional Services Payments you make to contractors whose services are required for operations, such as IT support, legal fees, etc.

Marketing/Advertising All promotional costs, including any paid media

Program 1 The costs of a program you provide that are not included elsewhere. For example, the cost of a food distribution program would not include wages, rent, and utilities that are included in Personnel and Occupancy.

Event 1 The costs associated with an event you held for which you received the income reported as Events Gross Income.

Fundraising Expenses The costs associated with obtaining the Contributed Support included in inflows. If your other income includes one or more events, the expenses associated with the events is included here.

Other Administrative Non-personnel costs of administrative activities such as office equipment

Loan Payments The total cash you pay each month to service any debt that is on your balance sheet.

Credit Card Payments The total cash you pay each month for staff use of credit cards to purchase goods.

Tab 1: Summary Report

This worksheet summarizes the financials so you can provide this in grants and loan applications. If the grant or loan application requests a cash flow projection – see tab 4. Because nonprofits have different fiscal years, the summary includes four columns: last fiscal year, this year’s budget, a fiscal year (which needs to be populated based on the fiscal year start date), and calendar year. We recommend a calendar year lens, as it is not clear when the Covid-19 state of emergency will end and the length of the impact thereafter on revenue and expenses.

Tab 2: Last Year Actual

This table presents your actual financial results for your previous fiscal year. It assumes your year starts in July, but if you have another starting month, please change the column headings.

1. **Total.** In the first column enter the year-end totals for each category of income and expense. Your categories may be different from those in the table but please do your best to assign them to the categories in the table; this will allow others to understand your condition in comparison to other organizations.
2. **Monthly Actuals.** Enter the actual income received and expense incurred for each category by month, using your monthly operating reports. This step is time-consuming but it is critical to projecting your cash requirements in the future.

Tab 3: Current Year Budget

This table presents your budget plan for your current fiscal year.

1. **Current Year Budget.** In this column enter your budgeted income and expenses for the full current fiscal year.
2. **Monthly Budget.** Again, change the monthly column headings to correspond to your actual fiscal year. This spreadsheet assumes you do not have a monthly budget. The light grey cells contain formulas which calculate the monthly revenue and expense based on the prior year’s results. If you do budget by month, go ahead and enter the monthly budget data.

Tab 4: Actuals and Projections for this Fiscal Year

This chart outlines your expectations for the current fiscal year. Because nonprofits have different fiscal years, we recommend you place your year-to-date actuals in the first column. Then you see the rest of the current year. Enter your expectations for revenue and expenses for the rest of the current year. This information feeds into the cash flow projection on the following tab.

If you wanted to consider different scenarios – you can copy this worksheet to another tab and create different scenarios. Below are some questions to consider when making assumptions about the future.

- How will expenses change for general operations considering the evolving situation and for how long will that change be in effect? Are there expenses we can defer or not incur?
- How will revenue be impacted in light of the changing situation
 - Is there a chance revenue can be secured later in the year? If so at 100% or less?
 - Are there grants that were previously restricted that donors have given permission to use for general operations
 - If your organization receives government funding, will there be reimbursement for expenses/services conducted by the grant or contract that has been terminated?
 - Have you taken a loan? When will the money come in and when will payments need to be made?
 - If you laid off staff, when will unemployment reimbursements be required and at what level?

Tab 4: Cash Flow Projection

This table will help you to estimate how the future scenario will affect your financial condition over future months.

1. **Opening Cash Balance.** This is the amount of current unrestricted cash (see definitions below to understand what this means) you had available for your latest month. The worksheet will calculate the changes in your available cash resulting from the estimates you make of future in- and outflows. If your organization received money last year and will be “released” from restriction, enter the amount not yet spent but will be spent in this year to add to your cash balance.
2. **Initial Analysis.** Once you have entered in the cash balances, the cash flow projection will automatically populate, as it pulls the information from Tab 3. If you created several scenarios, then copy this cash flow report to another tab and pull from the second or third scenario you created. Or you can create new workbooks for each scenario.

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