

8th Camp Conference –
Leadership, Leverage, Legacy
November 15-16, 2009

Tips for Surviving and Thriving
During the Financial Crisis

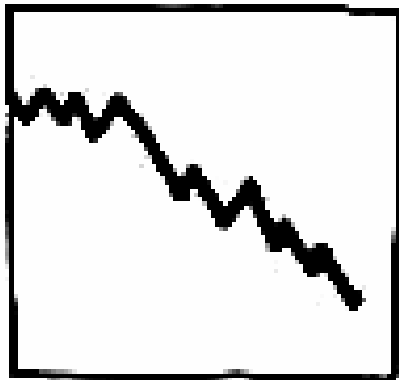
by Natasha Dresner

GRINSPOON INSTITUTE
FOR JEWISH PHILANTHROPY
A PROGRAM OF THE HAROLD GRINSPOON FOUNDATION



HOW TO TURN THE ECONOMY AROUND

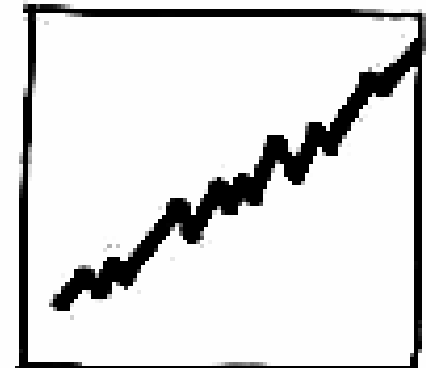
Step 1



Step 2



Step 3



© 2000 P. W. Miller

Work in Small Groups for 15 minutes:

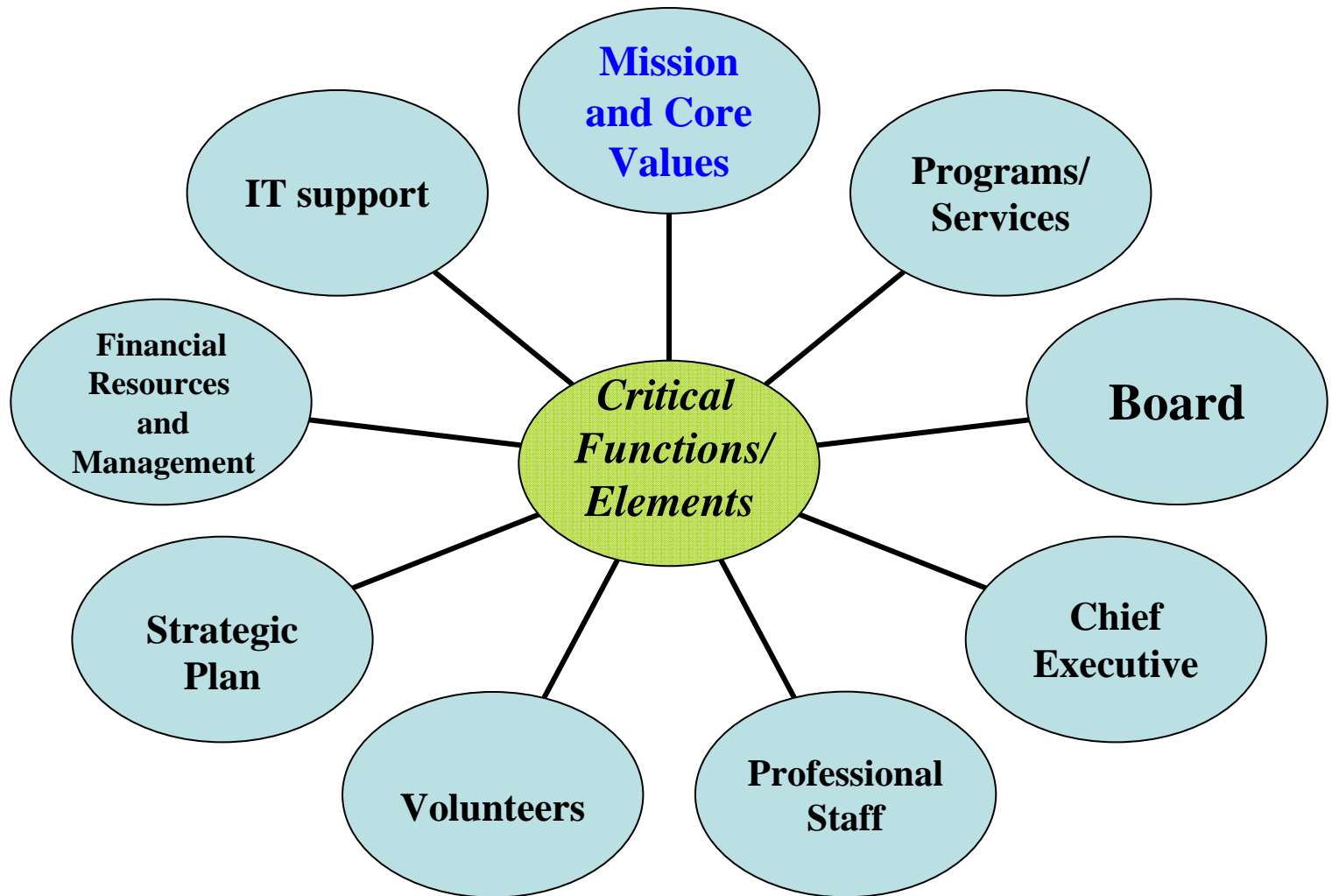
- intro around the table – 1 min.
- assign:
 - a discussion leader
 - a time keeper
 - a reporter
- small group discussion guided by the following questions:
 - **What steps have you taken to survive and thrive since the recession hit?**
 - **What lessons did you learn and what obstacles are you still struggling with?**
- identify **3 things** (lessons or obstacles) you want to report on to the whole group - *write them on a flip chart*



Tips for Surviving and Thriving during the Financial Crisis

- 1. Stop and Take a Deep Breath. Stay Positive!**
- 2. Evaluate and Assess.**
- 3. Think Strategically! Ask the Right Questions.**
- 4. Look for Warning Signs. Stay Optimistic, but Plan Realistically.**
- 5. Create a Contingency Plan – Be Proactive!**
- 6. Make Tough Financial Decisions and Boost Your Fundraising.**
- 7. Communicate Clearly and Work as a Team.**
- 8. Be Creative!**

Focus on the Weakest Links



Financial Warning Signs

The opinion letter:

- /🚩 If the difference between the end of the FY and the date of the letter is more than 90 days
- /🚩 If the difference is more than 120 days

The balance sheet:

- /🚩 Shows asset imbalance

The footnotes of the financial statements:

- /🚩 Show related party transactions

Other signs:

- /🚩 Insufficient cash reserves
- /🚩 Late or unfiled Form 990

Don't Wait for This Warning "Sign"!



Diversification is KEY!

“X” Camp Retention/ Revenue Projections

<i>Age/FY</i>	<i>05-06</i>	<i>06-07</i>	<i>07-08</i>	<i>08-09</i>	<i>09-10</i>	<i>10-11</i>
9	11	12	15	15	15	15
10	14	5	12	15	15	15
11	10	13	4	11	13	14
12	19	10	13	4	11	13
13	17	19	10	13	4	11
14	8	16	17	9	12	3
15	16	7	16	17	9	12
<i>Total students</i>	95	82	87	84	79	83

Apply financial information to these projections:

- full tuitions**
- scholarships**
- incentives**

Financial Ratios

$$\text{Liquidity Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Debt Ratio} = \frac{\text{Total Liability}}{\text{Total Assets}}$$

$$\text{Unrestricted Net Assets Ratio} = \frac{\text{Unrestricted Net Assets}}{\text{Annual Expenses}}$$

$$\text{Operating Margin Ratio} = \frac{(\text{Operating Revenue} - \text{Operating Expenses})}{\text{Operating Revenue}}$$

What is the Impact of Recession on the Nonprofit Sector?

- **Only 12%** expect to operate above break-even this year
- **Just 16%** anticipate being able to cover their operating expenses in both 2009 and 2010.
- **31%** don't have enough operating cash in hand to cover more than one month of expenses; another **31%** have less than three months' worth.
- **93%** of lifeline organizations anticipate an increase in demand.



When Asked to Identify Actions Taken/Planned within/for the Past/Next 12 Months:

- **65%** - "develop a 'worst-case scenario' contingency budget"
- **43%** - "use reserve fund"
- **41%** - "reduce staff or salaries"
- **39%** - "reduce or eliminate programs"
- **23%** - "delay payments to vendors"

2007-2008 Giving Comparison based on Giving USA Report

2007 Giving = \$314.07 Billion 2008 Giving = \$307.65 Billion

Sources of Contributions:

Individuals	74.8%	74.53%
Foundations	12.5%	13.40%
Bequests	7.6%	7.37%
Corporations	5.1%	4.70%

(2008 giving decreased by 2% representing the first decline in giving since 1987)

8th Camp Conference –
Leadership, Leverage, Legacy
November 15-16, 2009

Tips for Surviving and Thriving
During the Financial Crisis

by Natasha Dresner

GRINSPOON INSTITUTE
FOR JEWISH PHILANTHROPY
A PROGRAM OF THE HAROLD GRINSPOON FOUNDATION

