
Bridging the Gap: Program and Finance Staff

2017 Community Action Partnership Conference

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Why does the “gap” matter?

- **Your best experiences?**
- **Your worst experiences?**

What difference would closing the gap make?

- **Improved budget & funder negotiation**
- **More accurate reporting**
- **Early identification of problems**
- **More strategic brainpower**



Workshop Topics

- **Budget communication tools**
- **Organizational financial goals**
- **Useful financial reporting**
- **Projections - how to get all brains on board**

Budget Tools to Close the Gap

- **Format to identify full cost of services & resulting income streams**
- **Support to get info from those with the most direct knowledge**
- **Newer electronic tools**



Full Cost of Each Service

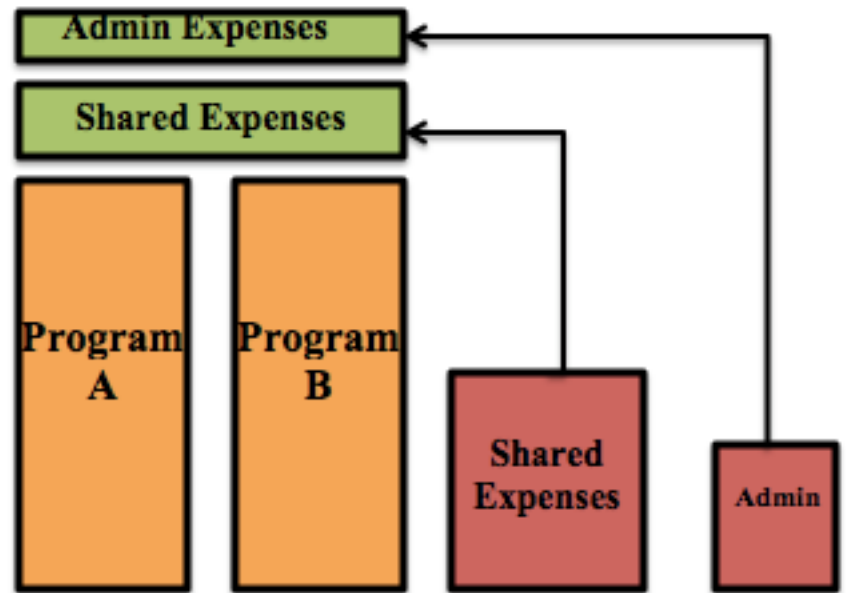
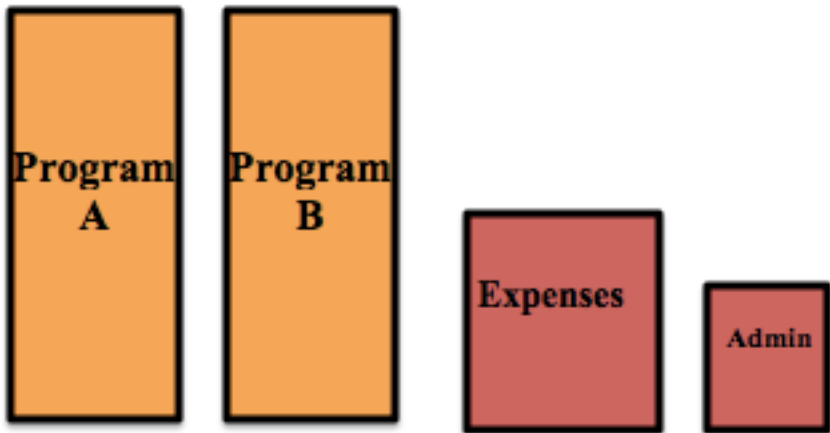
Direct costs

+ Fair allocation of shared costs

+ Fair allocation of admin costs

=

Full Cost



Functional Cost Center Format

	Total	Management	Fund raising	Senior Services	Homeless Services	Energy Assistance
Personnel						
Prof. Services						
Occupancy						
XXXXX						
Total Expenses						

Funding Agreement Cost Center Format

	Total	Management	Fund raising	Award 1	Award 2	Contract 3
Personnel						
Prof. Services						
Occupancy						
XXXXX						
Total Expenses						

Income Associated with Cost Centers

- **Grants/contracts**
- **Program fees**
- **In-kind contributions**
- **Donor contributions**
- **Other?**

Exhibit 11

Organization A - Program A by funding source with multiple caps and limitations

	PROGRAM A			Total
	Gov't grant	Private grant	General ops.	
Expenses:				
Salaries & wages	\$ 5,000	0	13,613	18,613
Employee benefits	0	0	2,792	2,792
Materials & supplies	2,600	0	2,600	5,200
Postage & shipping	0	605	0	605
Printing & publications	0	1,000	0	1,000
Telephone	115	0	641	756
Occupancy	400	0	1,819	2,219
Depreciation	0	0	684	684
Total direct expenses	8,115	1,605	22,149	31,869
Allocation of shared costs	243	106	1,763	2,112
	\$ 8,358	1,711	23,912	33,981

1. Government grant caps salaries at \$5,000, benefits and depreciation at 0, and shared costs at 3%
2. Private grants pays only postage and shipping, and printing and publications, but accepts the 6.6% shared cost rate

Expense Projection - Ask an expert!
**Program Managers know more
about...**

- **Positions needed to do the work**
- **Turn-over & hiring challenges**
- **Supplies, travel, training need**
- **Timing**

Expense Projection - Ask an expert!
Fiscal Knows More About....

- **Agency-wide admin**
- **Facilities, phones, etc.**
- **Fringe benefit rates**
- **Indirect cost rates**
- **Trend lines**

Income Projection Need Program-Fiscal Mind-meld



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Program-Fiscal Mind–meld

- **Funding mechanism**
- **Payment mechanism**
- **Compliance requirements**
- **Performance requirements**
- **Negotiation process & timing**
- **Threats & opportunities**



Budget Tools

- **Excel**
- **Adaptive** - <http://www.adaptiveinsights.com/>
- **Free budget template tool**
- <http://www.wallacefoundation.org/knowledge-center/resources-for-financial-management/Pages/Program-Based-Budget-Template.aspx>

Budget Challenges



- **Timing** – multiple, nonaligned grant periods
- **Impact of change on allocated costs**
- **Uncertainty**
- **Plug numbers**

Award Worksheet

Line item	Total Award/Contract	Prior FY portion	Current FY portion	Next FY portion
Personnel				
Fringe Benefits				
Travel				
Equipment				
Supplies				
Contractual				
Other				

Shared Goals: Organizational Financial Health

- **Resources needed to achieve mission**
- **Cash when it's needed**
- **Unrestricted equity**
- **Diversified funding base**

Role Clarification ???

- **Program manager responsibility & authority for achieving financial outcomes**
- **Responsibility/authority of fiscal manager/ CFO & CEO**
- **Board and Finance Committee**

Financial Info for Program Managers

- **Cost center income and expenses**
- **Fiscal Year-to-date actual compared to budget**
- **Grant-to-date actual compared to budget**

Grants Manager Report:

Fiscal Year-to Date Program Actual to Budget

	Yr-to-date	Annual Budget	Actual as % of budget	Projected year end
Income				
Expense				
Net Income				

Grants Manager Report:

Grant to-Date Actual to Grant Budget

	Grant-to-date	Grant Budget	Actual as % of grant budget	Projected grant end
Income				
Expense				
Net Income				

Language Barriers

- **Accrual accounting**
- **Cost allocation methodology**
- **Actual, budget, projection**
- **Program versus funding source**

Responsibility for Cost Control

- **Program Direct Costs:**
 - Personnel, supplies, training, travel
- **Allocated Costs**
 - Facilities
 - Admin

Revenue Related Responsibilities

- **Timely submission of invoices**
- **Ensuring payment of invoices**
- **Monitoring performance & compliance requirements**
- **Award budget amendments**
- **Match documentation**

Are we all clear now?



- **How costs are charged when multiple sources fund the same service?**
- **What happens when costs are incurred that are “not allowable” by funding source but are necessary to doing the program?**

Projections – All Hands On Board

- **Year-end projection essential tool**
- **Multiple minds provide better predictions**
- **Thinking together not blaming each other**
- **Spotting problems earlier increases options for resolution**

Process for Projections

- **Timely cost center financial reports**
- **Identification of key variables that influence outcomes**
- **Analysis of progress/problems**
- **Clarifying assumptions & identifying indicators**

Your Next Steps

- **Budget format improvements**
- **Role clarifications**
- **Identification of communication breakdowns & barriers**
- **Joint problem solving strategies**
- **Progress indicators**