

Financial Scenario Planning for Change & Adaptability

One way to plan for the unknown



Presented by:

Mariesa Kubasek
Manager, Consulting

Chiweta Rozaline Uzoka
Manager, Consulting

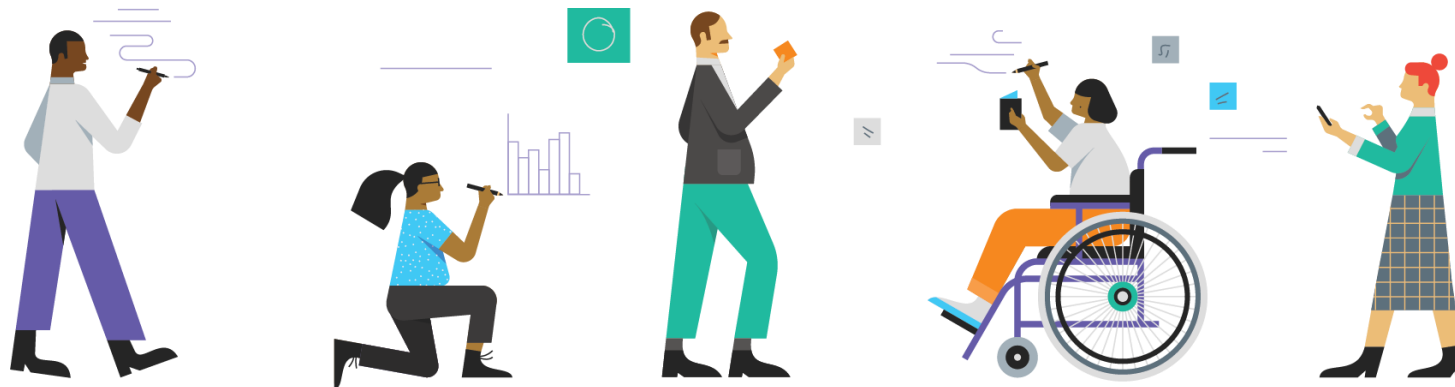
September 26, 2025

Nonprofit Finance Fund (NFF): Where Money Meets Mission

NFF envisions a society where money and knowledge come together to support just and vibrant communities.

We help mission-driven organizations achieve their communities' aspirations through:

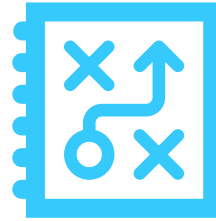
- **Financing:** tailored investments
- **Consulting:** strategic advice
- Partnership and knowledge-sharing



Goals for Today:



Define scenario planning



Share a process for
navigating uncertainty



Engage in peer learning
and discussion

Mentimeter Poll

Please share your answer to the following scenario.

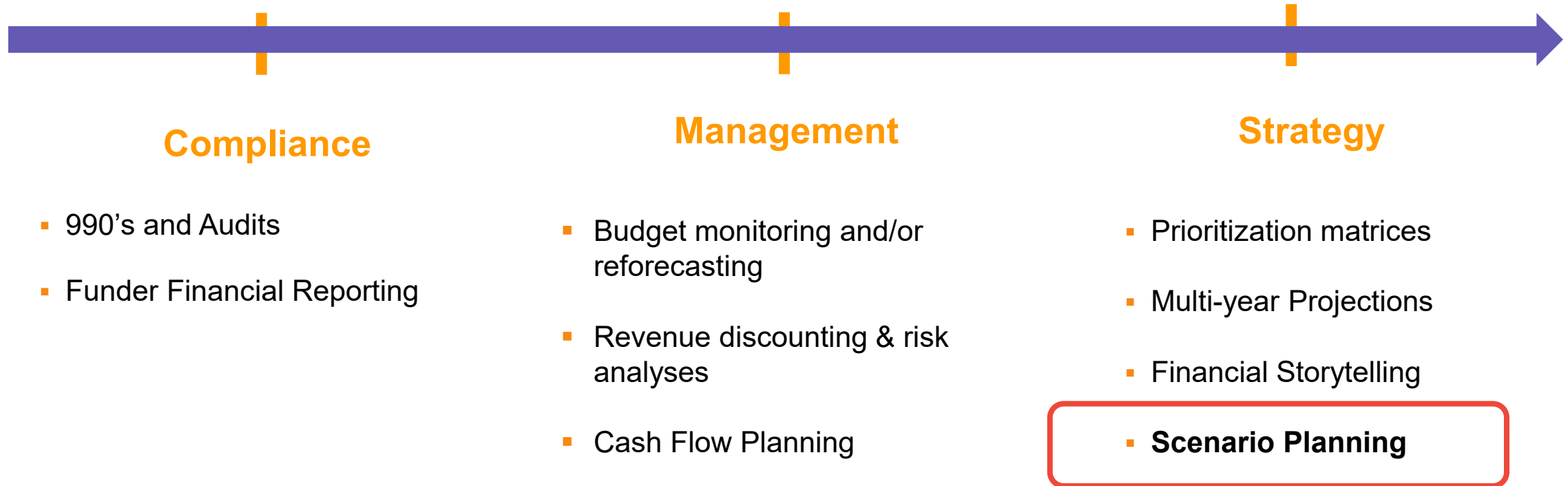
You got a new unrestricted grant from Awesome Funder. Do you:

- A:** Purchase an adjacent lot to develop with the community.
- B:** Put the money in a facilities reserve.
- C:** Hire on a full-time staff member.
- D:** Something else?



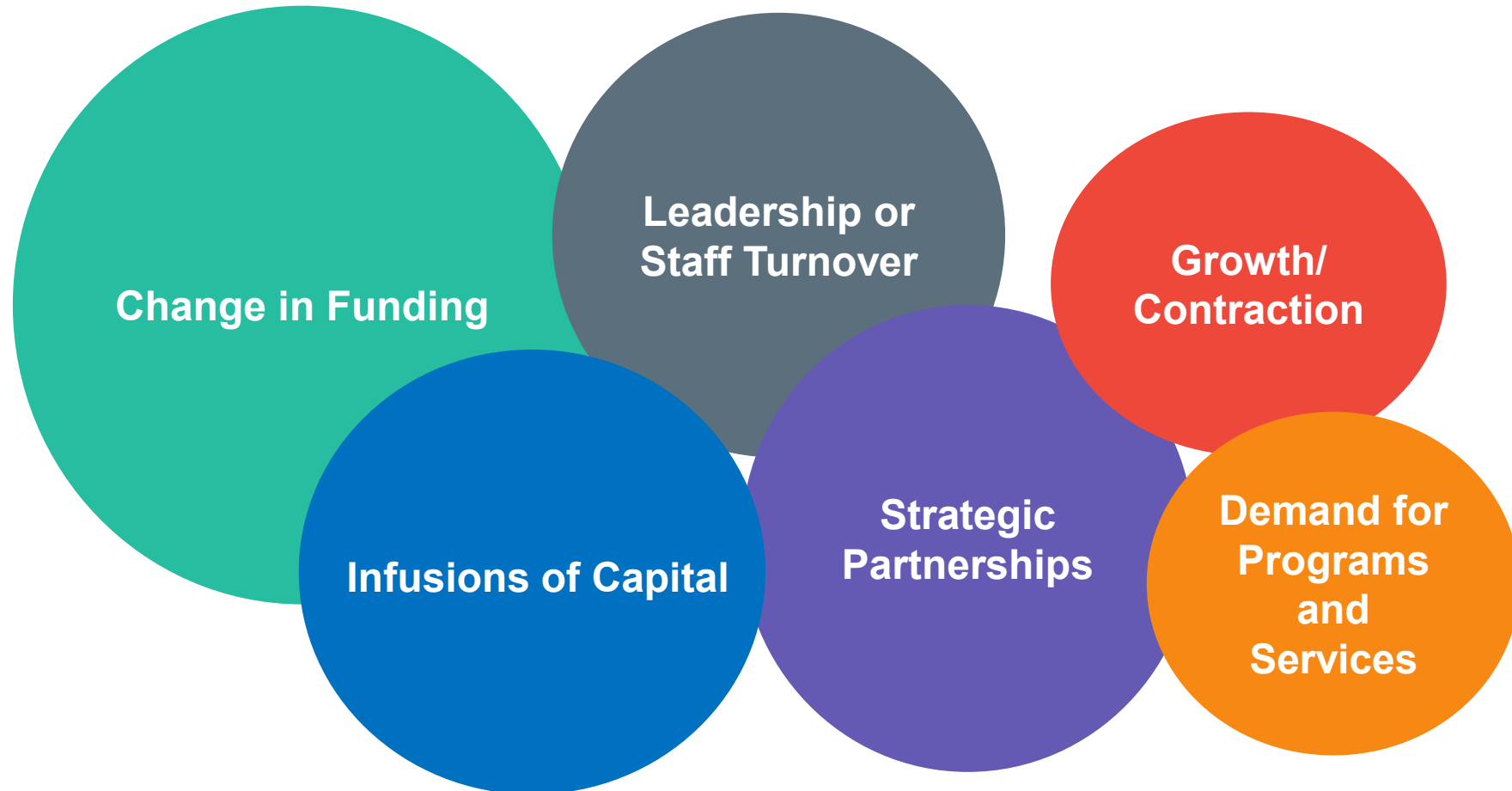
Financial Planning Tools

Many tools can help you manage and plan through uncertainty



Scenario Plans Quantify Impact of Change

What triggers should prompt action, what will you do, and what will be the impact?



What is Scenario Planning?

Translate abstract "What ifs?" into concrete possibilities you can prepare for.

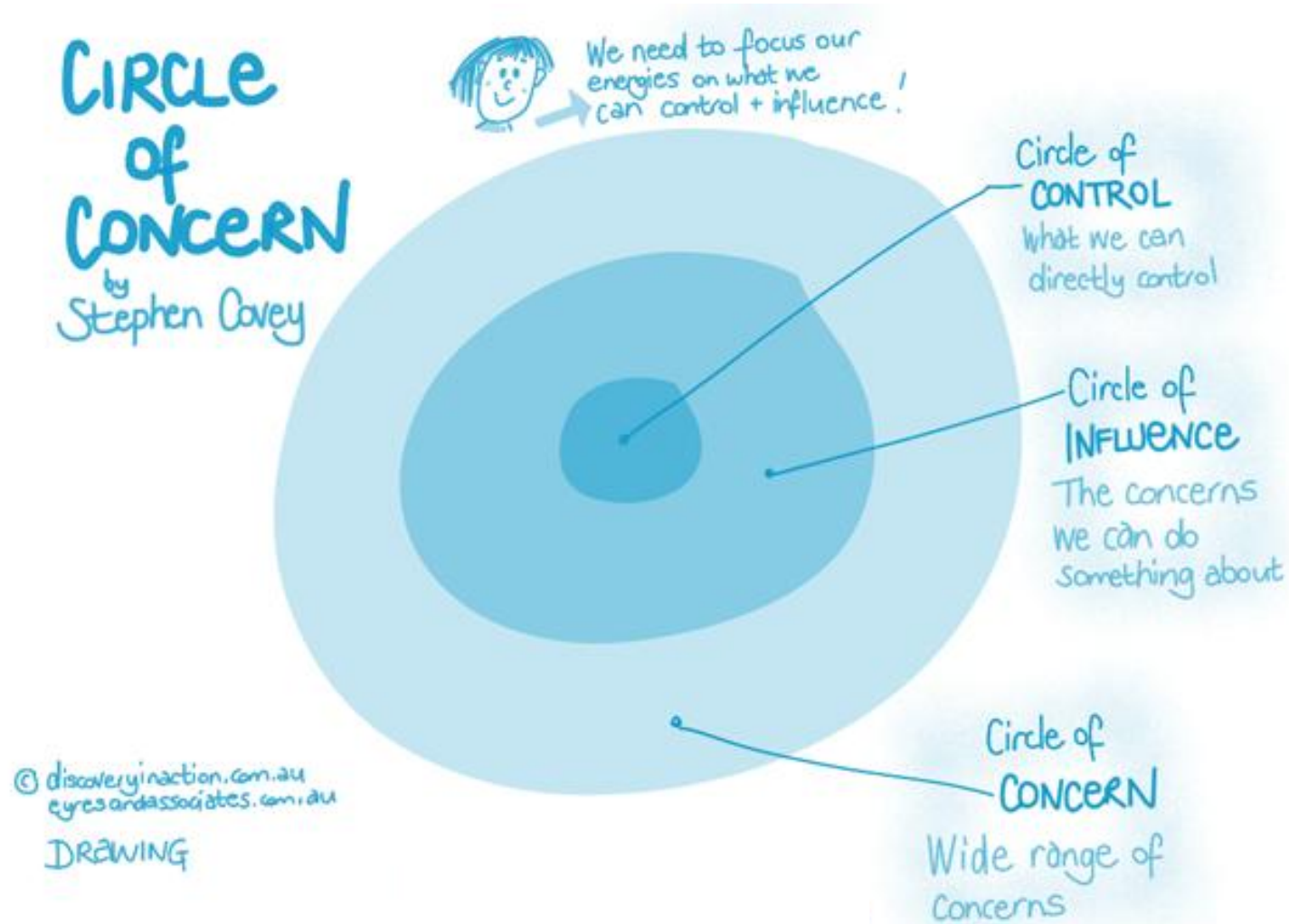
Scenario planning is the process of visualizing & analyzing:

1. What **future** conditions are probable (the "what if's")
2. What their **consequences** or effects would be
3. How to **respond** to or benefit from them

Scenario planning is appropriate for anywhere and anyone in the organization

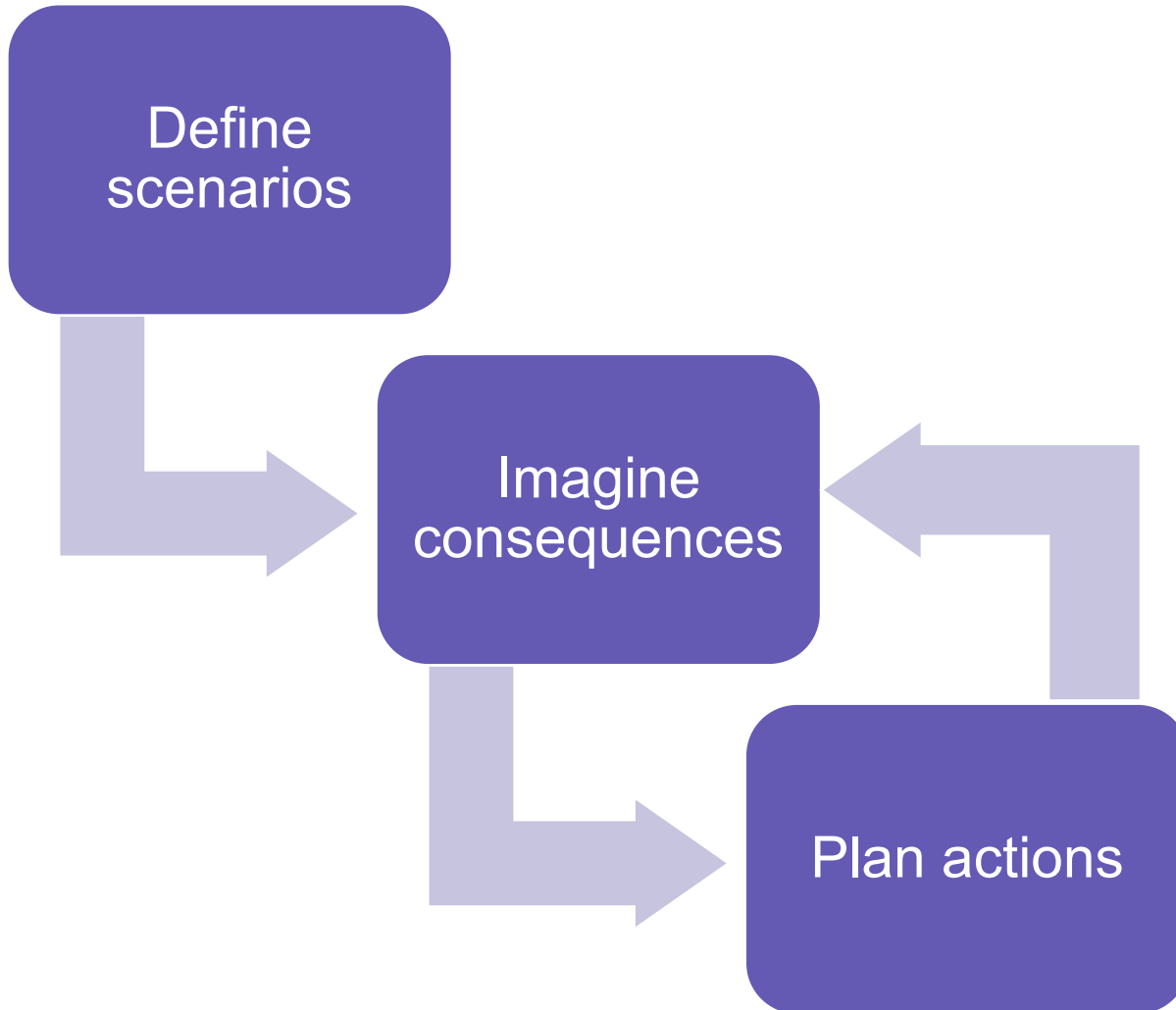


What's in Your Control?



Source: <https://discoveryinaction.com.au/circle-of-concern-v-circle-of-control/>

Scenario Planning as a Process



Before you start, consider:

- Who needs to be part of this planning?
 - Don't do this alone!
- What is the end goal?
 - i.e. do you need to make a decision, or get prepared for possible action, or something else?

Step 1: Define Your Scenarios

Define what scenarios are likely. What do you need to prepare for?

Go/No-Go: A single strategic decision

“The contract that funds one of our key outreach programs was canceled. What should we do - cancel or keep our program?”

“We need to hire a part-time grants manager, an assistant, or contract out. Contracting out might be cheapest, but an in-house role is more flexible, and an assistant would free up my time to focus on grant writing.”

A vs B vs C: Multiple strategic choices

Step 1: Define Your Scenarios, continued

Best/Worst Case: A range of possibilities when options are less clear or on a spectrum

“We’re worried our funding is going to decrease next year, but we don’t know by how much.”

“We’re starting a new program, and I don’t know how it will go. There are lots of factors at play, and I want to be prepared for a range of outcomes.”

Multi-Variable: When multiple choices and/or issues are independent but affect each other

Scenarios may be **combinations** of these, too!

Pair Share: What are current “what-if’s” for you?

Find a partner to discuss:

- What are the main what-if’s facing your organization?

Share out:

What came up as you started this?
What was easy or hard about it?



Step 2: Imagine the Consequences

Develop a narrative of what could happen in each scenario

Start high-level...

Back-of-the-Envelope: Talk through what will happen and estimate high-level financial impact

YES!



Not yet!

...and add detail as needed

Detailed financial analysis: Quantify the effects of choices or events more thoroughly

One year or multiple years: Some effects, trends, or inflection points only show up over time



Back-of-the-envelope Analysis via Conversation

Imagine you're there and talk it through. How do programs change? Revenue & expenses?

Example: You lost funding for a key program. Do you **keep the program or end it?**

Choice A: Keep Program Open	Choice B: End Program
Resources* go to program. Org provides subsidy revenue. Community is served.	Lose some grants. Other resources go to rest of org. Let go of staff. Refer out to partners.

*Resources = staff time, mental energy, money, focus

Example: You lost funding and have **multiple options** for responding.

Option 1: No change, have a large deficit	Option 2: Reduce program, minimize deficit w/o closing	Option 3: Close program

Even High-Level Analysis Can Inform Decision-Making

Sometimes back-of-the-envelope analysis is enough to help you make decisions and explore important questions.

	Pursue new revenue stream	Don't pursue new revenue
10% Funding Cuts	Resources* go to new effort. New hire and/or training. Org provides initial investment while revenue ramps up.	Resources go to bolster existing revenue streams. Miss out on building stable \$\$\$
40% Funding Cuts	Resources go to new effort. Training. Org does not have enough resources to provide initial investment while revenue ramps up. New funding stream fails?	Resources go to bolster proven revenue streams and shore up gaps.

*Resources = staff time, mental energy, money, focus

Imagine Programmatic and Financial Consequences

Talk through what will happen to programs, staff, revenues, and expenses under each scenario.

BUDGET

Operating Revenue

Earned

Contributed

Operating Expenses

Personnel

Contractors & Professional Fees

Occupancy

Support & Program Expenses

Operating Surplus / Deficit



Revenue Dynamics:

- What might shift in gov't support and contracts?
- How might private funding shift?
- How are shifting markets affecting earned revenue?



Expense Dynamics:

- Increased or decreased demand?
- Any expenses contingent on funding that's now uncertain?
- New partnerships or funding opportunities that require staff time and financial resources?

Workshop it: Imagine Your Scenarios

Use the worksheet in your packet

Outline the implications of your scenarios.

Under each scenario, what might happen to:

- Programs & staff
- Revenues
- Expenses

Share out:

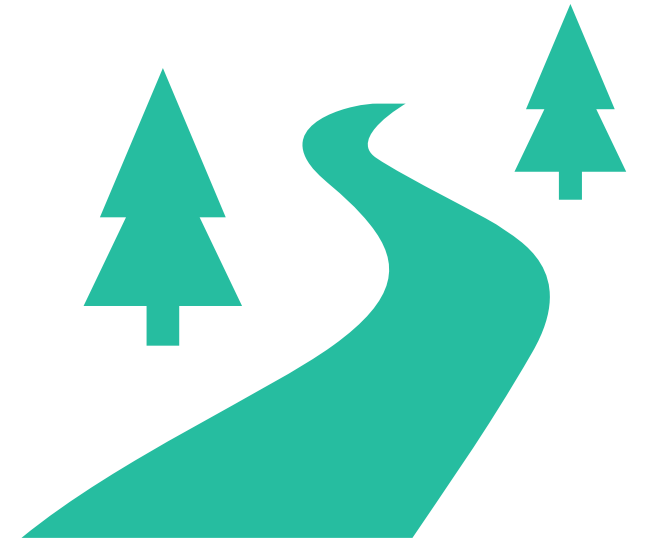
What came up as you started this?

What was easy or hard about it?



Step 3: Plan Your Response

- Articulate your **non-negotiables**
 - What do you want to keep ‘no matter what’? What can’t change?
 - Each scenario can have its own non-negotiables
- Develop a financial & programmatic **plan** for what happens & when
- Determine any **choice points** and **triggers** that might indicate action
 - Example: if X% of revenue doesn’t arrive by Y date, then we’re in Scenario B and need to cut Z% of expenses.
 - Example: if we can repurpose our grant, then Option B is best
- Be clear about your **assumptions & questions**
- Articulate risk and **risk tolerance**



Identify Your Financial Levers

What control do you have over budget & balance sheet?

More
Immediate



Takes
Longer

Budget Levers

Expenses:

What is within your control?
What is easier or harder to change? What must be kept to support program commitments?

Revenue:

Can any revenue streams be increased?
Any opportunities for responsive funding from donors or philanthropy?
Advance funding earlier?

Profitability:

What is your goal?
Can you absorb a deficit? How much?

Balance Sheet Levers

Cash & Reserves: (if available)

When should you access reserves?
Are they Board Designated?

Cash Flow:

What is the timing of your cash?
Is a line of credit an option?
Can you renegotiate vendor payments?

Capital Expenditures:

Can you delay any facility projects, vehicle investments, or equipment purchases?

Revenue Discounting: What revenue is in your budget?

Source	Status	Probability	Grant Amount	Budgeted Amount
Reliable Foundation	Strong alignment, has been reliable in the past, no major concerns	90%	\$200,000	\$180,000
Sometimes Major Donor	Strong alignment, has supported on and off, interested in renewing, hasn't given a timeline	60%	\$10,000	\$6,000
New Corporation	Engaged, in the learning process, final scope TBD	25%	\$5,000	\$1,250
Governmental	Grants drafted	20%	\$25,000	\$5,000
Prospects	Researching and contacting potential donors	10%	\$5,000	\$500
TOTAL			\$245,000	\$192,750

Revenue Risk Tolerance: What budgeted revenue might be at risk?

Source	Status	Probability	Grant Amount	Budgeted Discount
Reliable Foundation	Strong alignment, has been reliable in the past, no major concerns	80%	\$200,000	\$160,000
Sometimes Major Donor	Strong alignment, has supported on and off, interested in renewing, hasn't given a timeline	30%	\$10,000	\$3,000
New Corporation	Engaged, in the learning process, final scope TBD	25%	\$5,000	\$1,250
Governmental	Grants drafted	20%	\$25,000	\$5,000
Prospects	Researching and contacting potential donors	10%	\$5,000	\$500
TOTAL			\$245,000	\$164,250

Add Numbers to Your Narrative Analysis that Map Your Response

For high risk or high impact scenarios, add financial analysis

Start with your budget – remember, that's a scenario itself!

		SCENARIO A		SCENARIO B	
FY 2025 Budget	FY25	40% cuts in foundation support Program stays		40% cut in government and foundation income Program closes	
Jan - Dec 2025	Budget*				
Revenue			Notes & assumptions		Notes & assumptions
<i>Earned Income</i>					
Ticket Income	1,750,000	1,400,000	Some losses from economic instability	1,400,000	Some losses from economic instability
Rental Income	60,000	48,000	Some losses from economic instability	48,000	Some losses from economic instability
<i>Contributed Income</i>					
Government Grant	350,000	297,500	Slight drop in state funding	262,500	Significant drop in state funding - 40%
Foundation Grants	875,000	525,000	40% loss in all grants	525,000	40% loss in all grants
Total Revenue	3,035,000	2,270,500		2,235,500	
Expenses					
Personnel	1,115,000	1,003,500	Cut some staff, minor restructuring	780,500	Cut program staff & others
Contract Staff	860,000	817,000	Reduce contracts	688,000	Reduce contracts more significantly
Programs & Supplies	905,000	859,750	Minor cuts possible	724,000	Cut those program costs
Occupancy	45,000	45,000		33,750	Can let go of some program space
Admin & General	105,000	84,000	Tighten the belt	63,000	Larger reduction
Total Expenses	3,030,000	2,809,250		2,289,250	
Surplus (Deficit)	5,000	(538,750)		(53,750)	

Clearly articulate your assumptions and open questions!

*Budget finalized in early November 2024 assumed no cuts and no growth (we thought it was conservative!)

Consider Key Priority Areas

Considerations & key questions (a non-exhaustive list)

Mission Impact	Does this contribute to the impact we seek and advance our mission?
Equity Impact	Does this enhance equity in our organization, clients, and communities?
Degree of Control	To what extent can we influence the outcome without reliance on external factors?
Capacity Requirements	Do we have the know-how & staff needed? Who could lead this? Do we need to invest in infrastructure, staff, or systems? What external partners would we need?
Time Horizon	How urgent is this? How long will it take? When should we start?
Risks	Are there known risks that might hinder us from achieving the outcomes? Additional data needed to mitigate risk?
Financial Impact	What one-time & ongoing expenses would be impacted? Any opportunity costs? What revenues might be impacted? Net contribution to the bottom line?

Prioritizing: Where to Focus

Considerations	Focus here first:
Mission Impact	High
Equity Impact	High
Degree of Control	Direct
Capacity Requirements	Easily met, unique
Time Horizon	Immediate/urgent
Risks	Low
Financial Impact	Large

Prioritization will inevitably involve:

- **Trade-offs:** No action, opportunity, or strategy can be at the top for all these considerations, so ask your team:
 - What is most important to us?
- **Iteration:** When you get new information or begin selecting some options over others, you may need to revise certain considerations.

Scenario Planning FAQ

- How do we assess **risk** and our **risk tolerance**? How do we address risk in our budget?
 - Know how much of a financial deficit you can weather
 - Plan for things to take longer and cost more than you want them to
- When do we bring the **board** in?
 - Let them know early that you're doing high-level scenario planning
 - Ask for their support as helpful
 - The more severe the scenarios the more important is to involve them early & often
- **What other questions do you have?**

Scenario Planning Tips & Reminders

- **Every part of the process is valuable.** Conversation can be just as valuable as detailed modeling.
 - “Plans are useless, but planning is absolutely critical.” – NFF client
- **Don’t let perfect be the enemy of good.** Let good enough be good enough
- **Don’t do this alone** – bring in staff and board members early in the process to help plan.
- **Be open to iteration.**
- **Keep financial models as simple as possible.**



Additional Resources from NFF

Scenario Planning

- A [Scenario Planning Tool](#) (excel-based)

Video: How to Use the Budgeting Scenario Tool



- [Scenario Planning Webinar](#) (older examples)

Building Resilience in Uncertain Times

- A [collection of our most practical tools, guides, and webinars](#) for nonprofit leaders who want to prepare for uncertain times ahead.

Thank You!

nff.org

Mariesa Kubasek

mkubasek@nff.org

Chiweta Rozaline Uzoka

cuzoka@nff.org

