



# Strategic Stewardship

# SESSION 4

# ORGANIZATIONAL PRACTICES FOR FINANCIAL HEALTH





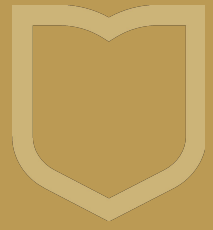
# The Simple Truth

**You have to fix your  
operational practices before  
you can be strategic**



# Find Reality



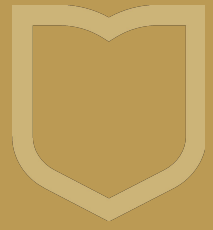


# Count The Cost: Budgeting Best Practices



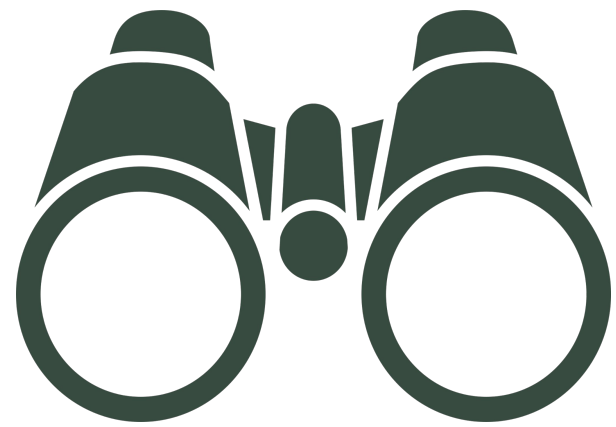
Don't depend on:

- Fundraising
- Inflated enrollment
- Reserves



# Count The Cost: Budgeting Best Practices

## Prepare THREE *Projections*

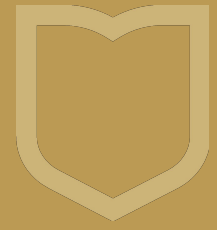


1. *OH NO*
2. *Most Likely*
3. *Sunshine*

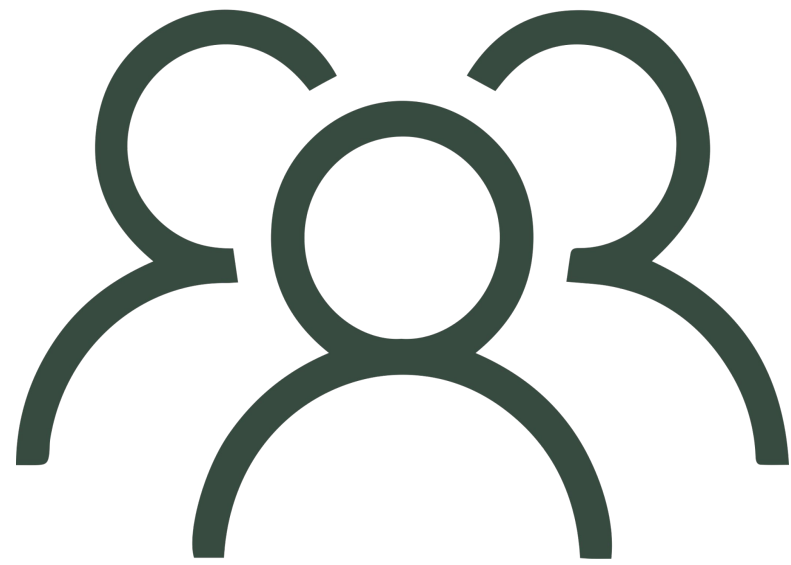


## BUDGET CONTINGENCIES

- » Withdrawing students
- » Delinquent Accounts
- » Health Insurance Costs
- » State/federal changes
- » Rent costs (Church bomb)
- » Faculty and Staff Replacements  
(experienced)



# Count The Cost: Budgeting Best Practices



Don't forget tuition assistance.





## BUDGET CONTINGENCIES

What contingencies keep you up at night? What scenarios can you effectively plan for?

# Who's on the team?



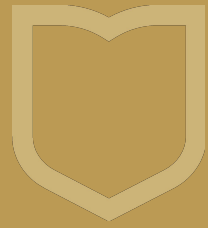


# The Greatest THREAT


## Cash Flow

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- » The number one killer of nonprofits
- » Nobody wants to give to operational deficits



# Line Items, Dashboards & SOP Manuals



# THREE RIVERS CHRISTIAN SCHOOL

Finance Committee Report  
June 16, 2015

	<u>May 2015</u> <u>(Accrual)</u>	<u>YTD 2014-15</u> <u>(Accrual)</u>	<u>YTD 2013-14</u> <u>(Accrual)</u>
Consolidated Bottom Line	<u>\$2,140.06</u>	<u>\$43,581.43</u>	<u>-\$43,343.28</u>
(without depreciation)	<u>\$4,123.40</u>	<u>\$65,398.17</u>	<u>-\$20,504.44</u>
CDC Bottom Line	<u>\$7,449.89</u>	<u>\$66,829.89</u>	<u>\$52,100.22</u>
(without depreciation)	<u>\$8,239.89</u>	<u>\$77,004.89</u>	<u>\$63,686.81</u>
HS and Elem. (combined)	<u>-\$5,309.83</u>	<u>-\$23,248.46</u>	<u>-\$95,443.50</u>
(without depreciation)	<u>-\$4,251.49</u>	<u>-\$11,606.72</u>	<u>-\$84,191.25</u>
Elementary Bottom Line	<u>-\$10,386.90</u>		
(without depreciation)	<u>-\$9,857.73</u>		
High School Bottom Line	<u>\$5,077.07</u>		
(without depreciation)	<u>\$5,606.24</u>		

Checking Account Balance: \$76,140.85      Savings Balance: \$167,888.78      Reserve Fund Balance: \$12,965.16  
 2014-15 Prepaid Tuition: \$45,829.25      2015-16 Prepaid Tuition: \$5,335.00      2015-16 Prepaid Registration: \$11,800.00

	<u>TOTALS</u>	<u>1-30</u>	<u>31-60</u>	<u>61-90</u>	<u>Over 90</u>
Accounts Receivable:					
CDC	\$34,169.98	\$5,043.00	\$2,173.70	\$1,275.90	\$25,677.38
Elementary	\$52,816.43	\$8,538.02	\$6,198.97	\$38,079.44	-
High School	\$24,668.05	\$7,909.85	\$5,443.34	\$11,314.86	-
TOTAL:	\$111,654.46				

Capital Funds Heritage Checking Balance: \$123,383.11


Capital Funds Total CD Balance: \$709,570.65

Amount spent on High School/VCF: \$ 9,585.92 (July 2014 thru May 31, 2015)

#### TRCS Financial Health Index Ideas:

Days of Expendable Reserves: (undesignated funds/daily cost of operation) Estimated 10 operational days cash reserve.

Total Monthly Giving: \$ 29,733.08 (includes all donations/TAF, capital, etc.)

		Finance Committee Report Financials APR 2024	
ACCRUAL:	APR 2024	YTD 2023-2024	YTD 2022-2023
Consolidated Bottom Line without Rentals	\$10,128.71	\$477,383.16	\$48,875.70
ELC Bottom Line	\$3,033.33	\$45,413.91	\$241,298.76
Elem Bottom Line	(\$9,740.51)	\$34,248.61	\$7,365.42
High School Bottom Line	(\$34,977.78)	(\$257,162.22)	(\$87,477.22)

KPI GOAL: \$300,000.00

ACCOUNTS:	
Fibre Checking Account	\$452,047.56
Minus Prepaid Registration & Tuition	\$183,477.78
Minus Restricted Donations	\$246,464.93
OPERATING FUNDS	\$22,104.85

Fibre Savings - Reserve	\$355,679.59
Fibre Savings Special Programs Savings	\$11.54
Fibre Prepaid Registration & Tuition Savings	\$84,843.86
Heritage - Capital Funds	\$123,626.18
Red Canoe - CD ID# 1003 - Reserve	\$101,957.39
Red Canoe - CD ID# 1004 - Reserve	\$102,003.90
Red Canoe - Foundation Funds	\$16,840.03
Red Canoe - Foundation Funds CD	\$49,156.72

CHENOWETH FUND: (Included in the "Restricted Donations" dollar amount listed above)	\$111,881.50
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PREPAIDS:	
2023-2024 Tuition	\$99,396.17
2024-2025 Registration & Tuition	\$84,081.61

MONTHLY GIVING:	
Capital Donations	\$2,862.50
Chenoweth	\$200.00
Contributions	\$13,572.26
Foundation	\$4,898.40
TOTAL GIVING	\$21,533.16

STATEMENT OF CASH FLOW:	
Net Cash Increase For Period	-\$163,252.39
Cash At Beginning Of Period	\$1,465,561.30
CASH AT END OF MONTH	\$1,302,318.91

ACCTS RECEIVABLE:	TOTAL	1-30	31-60	61-90	OVER 90
TOTAL	\$15,068.65	\$13,668.89	\$377.00	\$55.00	\$967.76



# KPIs and Metrics

- » Financial Aid should be at around 10% of gross tuition.
- » Compensation should sit somewhere between 70% and 80% of the school's total budget.
- » Percent income of expenses should be somewhere around 102% i.e. that tuition / fees and auxiliary income (without philanthropy) should result in a net surplus each year of about 2% of the total budget.
- » The operations reserve should be an average of three months of operating expenses.



# Transparency with Donors

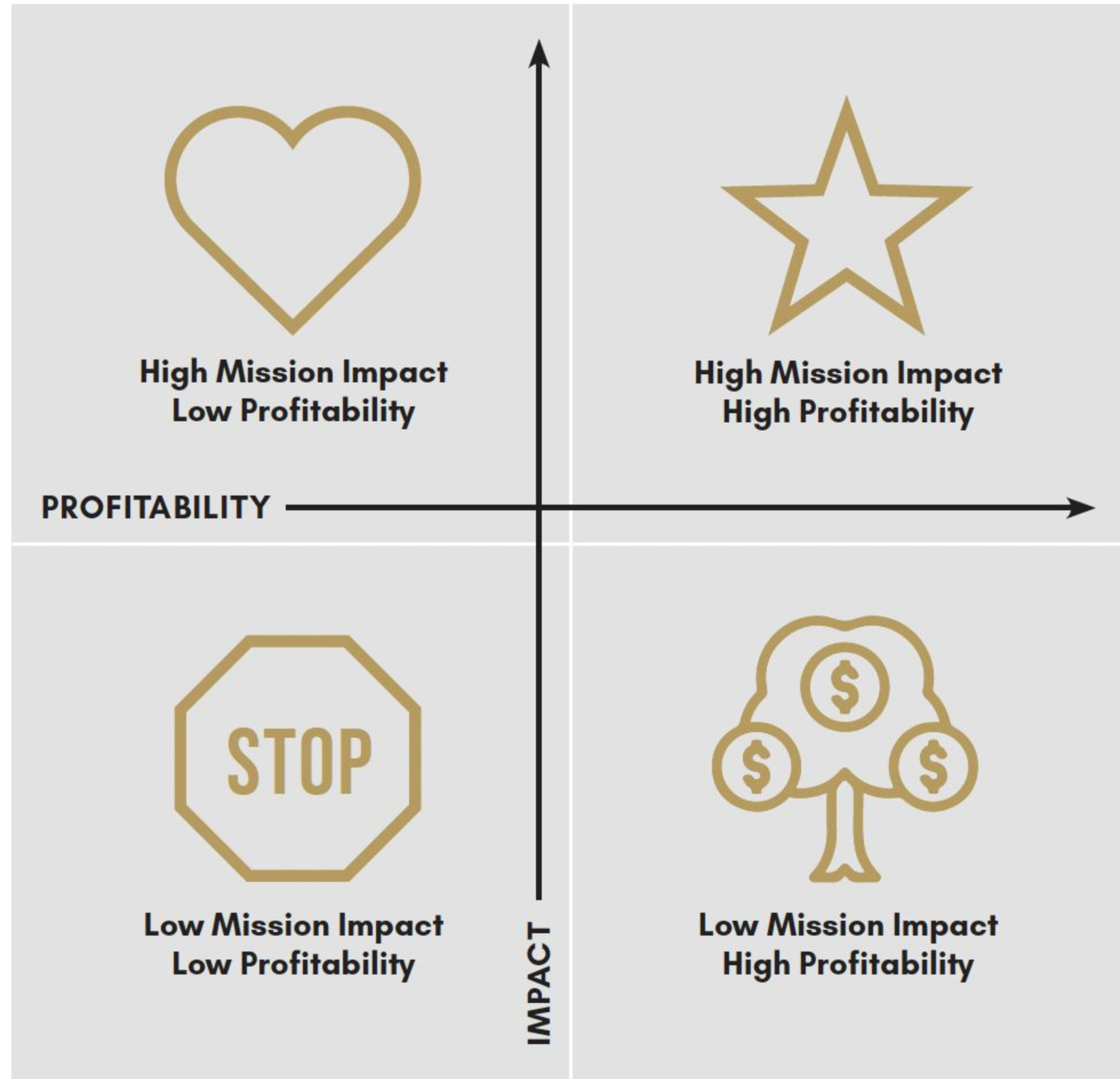
Donors don't give  
charity, they invest!

**Take risks based on the  
character and promises of God**

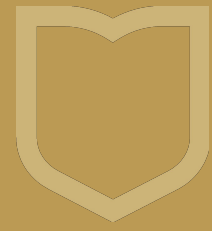




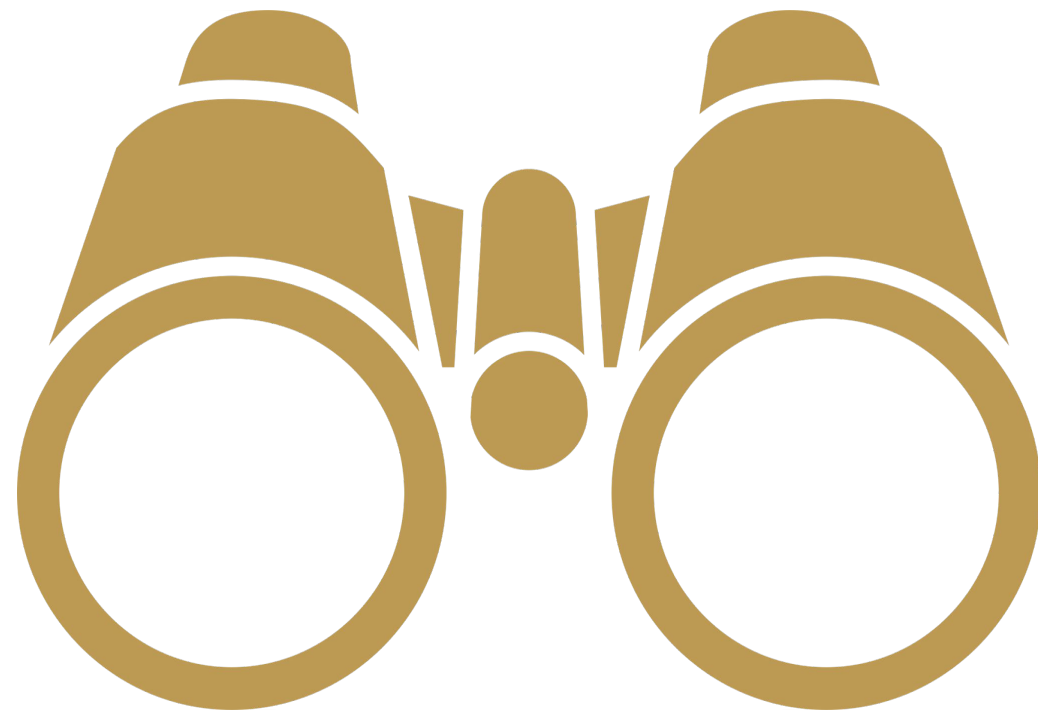
# A MATRIX FOR EVALUATION







# BUDGET PROJECTION



- » 4 Table Groups
- » Reflect on the topic questions
- » Discuss answers and formulate a few takeaways
- » Keep the focus on budgeting, not philosophy
- » Nominate a spokesperson for the report