

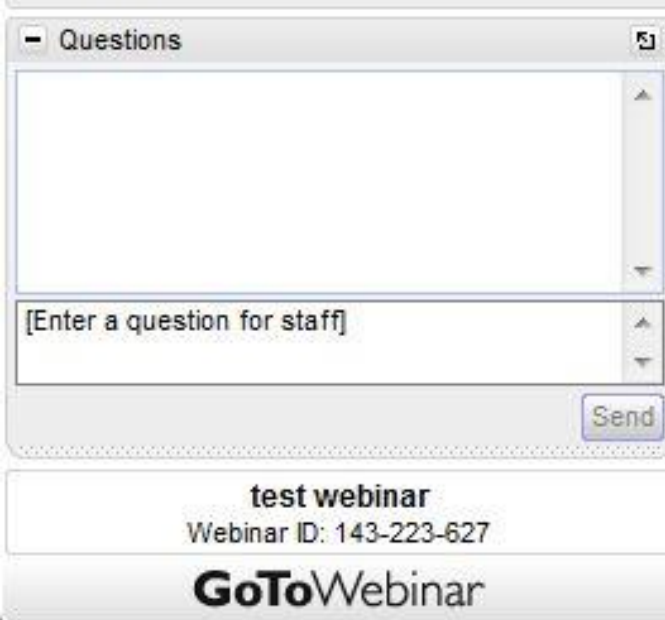
# Welcome! Below Are a Few Housekeeping Items to Review Before We Get Started

**If you can't get the audio through your speakers or by VOIP, try dialing in using your phone.**

**We have a number of participants on the call, so your phones are muted to ensure the best audio quality for everyone.**

**To ask a question, you can type it into the question box (pictured to the right) at any time. Questions will be addressed at designated intervals.**

**This webinar is being recorded.**  
**The slides and full recording will be provided to attendees after the webinar. An email will follow with further instructions.**



The image shows a screenshot of a GoToWebinar interface. At the top, there is a window titled "Questions" with a close button. Below the title bar is a large empty text area for entering a question. Underneath this is a smaller text area containing the placeholder text "[Enter a question for staff]". To the right of the text area is a "Send" button. Below the question box, the text "test webinar" and "Webinar ID: 143-223-627" is displayed. At the bottom of the interface is the "GoToWebinar" logo.

# NFF Webinar Series

## Part 3: Tools for Strategic Decision-Making

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### Program Economics



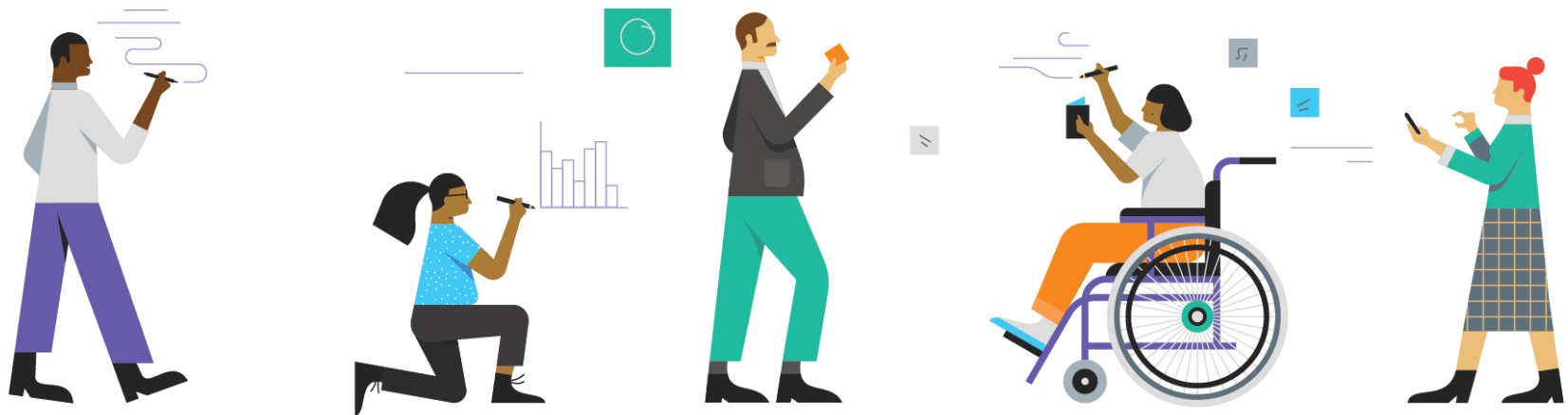
**Presented by**

Alice Antonelli  
Director, Advisory Services

# Nonprofit Finance Fund Where Money Meets Mission

*NFF envisions a world where capital and expertise come together to create a more just and vibrant society. We unlock the potential of mission-driven organizations through:*

- **Tailored investments**
- **Strategic advice**
- **Accessible insights**



# 2018 National Webinar Series: Strategic Financial Management Tools



## Financial Literacy

### **Part 1:** Basics of Nonprofit Finance

- 1: The Big Picture
- 2: Reading Financial Statements
- 3: What Every Board Member Should Know About Nonprofit Finance

## Financial Communication

### **Part 2:** Tools for Managing the Day-to-Day and Stakeholder Communication

- 4: Budgeting Basics
- 5: Strategic Budgeting
- 6: Cash Flow Planning
- 7: Dashboard Development
- 8: Telling your Financial Story

## Financial Planning & Reporting

### **Part 3:** Tools for Strategic Decision Making

- 9: Program Economics
- 10: Untangling Multiple Views of Cost
- 11: Scenario Planning
- 12: Planning for Growth
- 13: Building Long-Term Financial Health to Manage Risk and Leverage Opportunities
- 14: Partnerships and Collaborations



**Review** a couple of different program economic methodologies to consider



**Develop** a program economic tool to help leadership make informed decisions



**Prioritize** mission alignment of different programs



**Take home** a user-friendly program economics model

## Common Approaches...

### Annual Budget

- Overall agency-level financial plan

### Cash Flow

- Estimate cash needs during fiscal year

### Accounting

- Count what happened / audit by CPA

### Reports to Funders

- Confirm expenses and outcomes to grantmakers

## One More Way...

- Program Economic Analysis

**Allocated Methodology** looks at the cost of a program or service, fully-loaded with an allocation of all staff costs and other resources that are necessary for delivery

**Direct Methodology** examines the revenue and costs directly tied to a program or service, and assesses the marginal impact of the program on the organization's bottom line

# Allocated vs Direct Methodology

	<b>Allocated</b>	<b>Direct</b>
Answers the question	<i>What is the price of my program? What is the fully loaded cost?</i>	<i>What is the direct result of management changes to programming?</i>
Analysis guided by the question	<i>What portion of staff time and expense are used to deliver the program?</i>	<i>If this program were to be discontinued, what revenue and expenses would go away?</i>
Tool	<i>Allocation Model</i>	<i>Program Economics Model</i>



# Program Economic Analysis

## Direct Methodology

### **The analysis is forward-looking and is based on an organization's most recent budget or forecast**

- Identify and assign all revenue and expense directly tied to each program
- Analysis can be guided by the question: “If this program goes away, what revenue and expenses go away?”
- All supporting expenses (management, occupancy, fundraising, administrative, etc.) are examined separately
- Program *bottom line* shows the impact on the overall organizational bottom line

**Methodology involves both art and science**

**This analysis is typically used for internal planning purposes only**

**Based on analysis of each program's contribution to the bottom line and to mission**

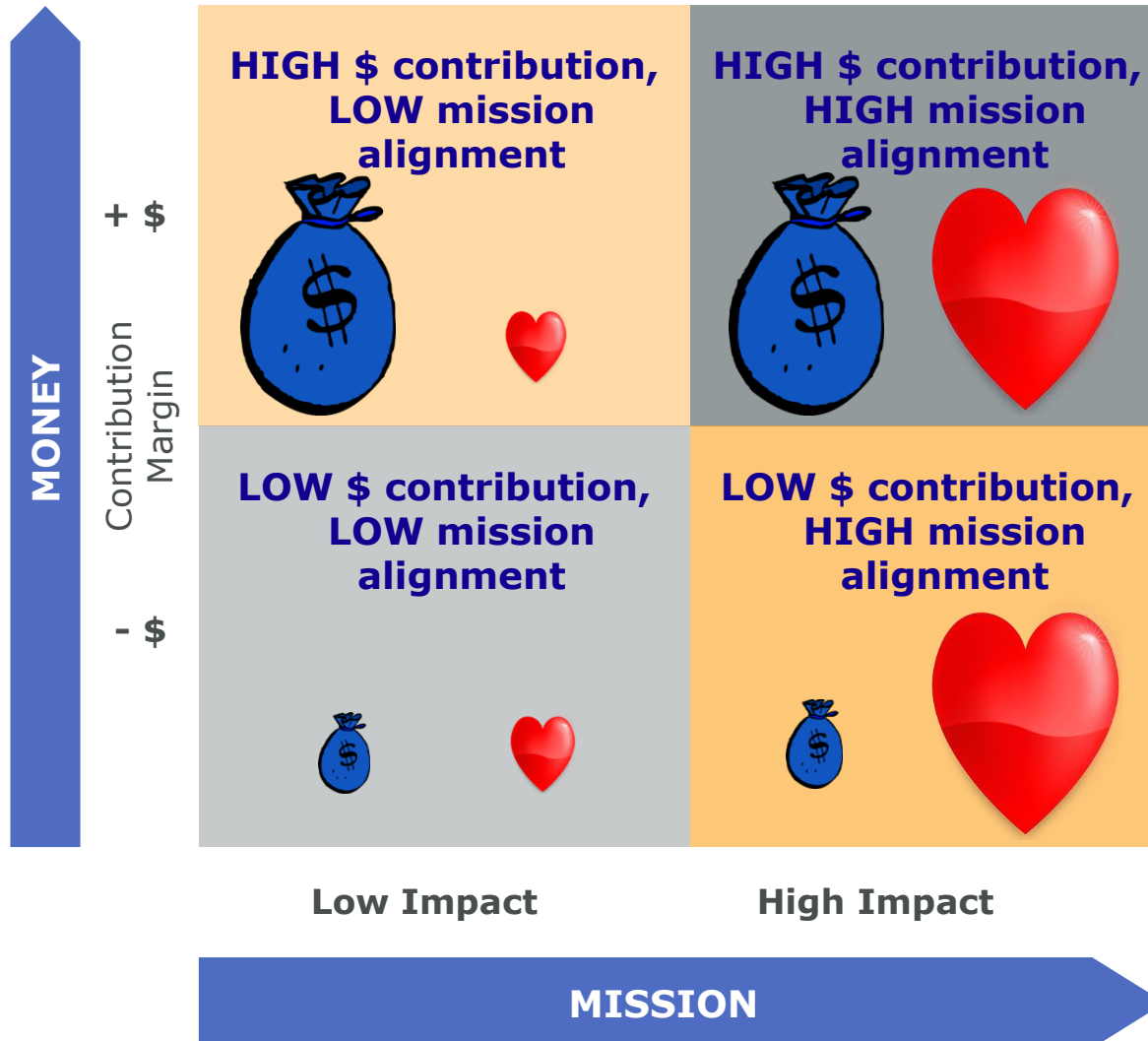
**Assessing underlying program economics informs strategic decisions about:**

- Whether and how to cut costs
- Where subsidy revenue is needed to support operations
- Whether to sustain, grow or change programs
- How to allocate resources among competing priorities

**Nonprofits often make decisions to maintain deficit programs critical to their mission**

- The key is to understand the size of, and identify sources of subsidy to cover these deficits

# Mission-Money Matrix



# CASE STUDY: Program Economic Analysis Using the Direct Methodology

**Help for Homeless Youth (HHY)** is a nonprofit dedicated to providing food, clothing, mentorship, and job opportunities to young people in Philadelphia. HHY was founded in 1990 on the belief that everyone deserves access to opportunities for a better life.

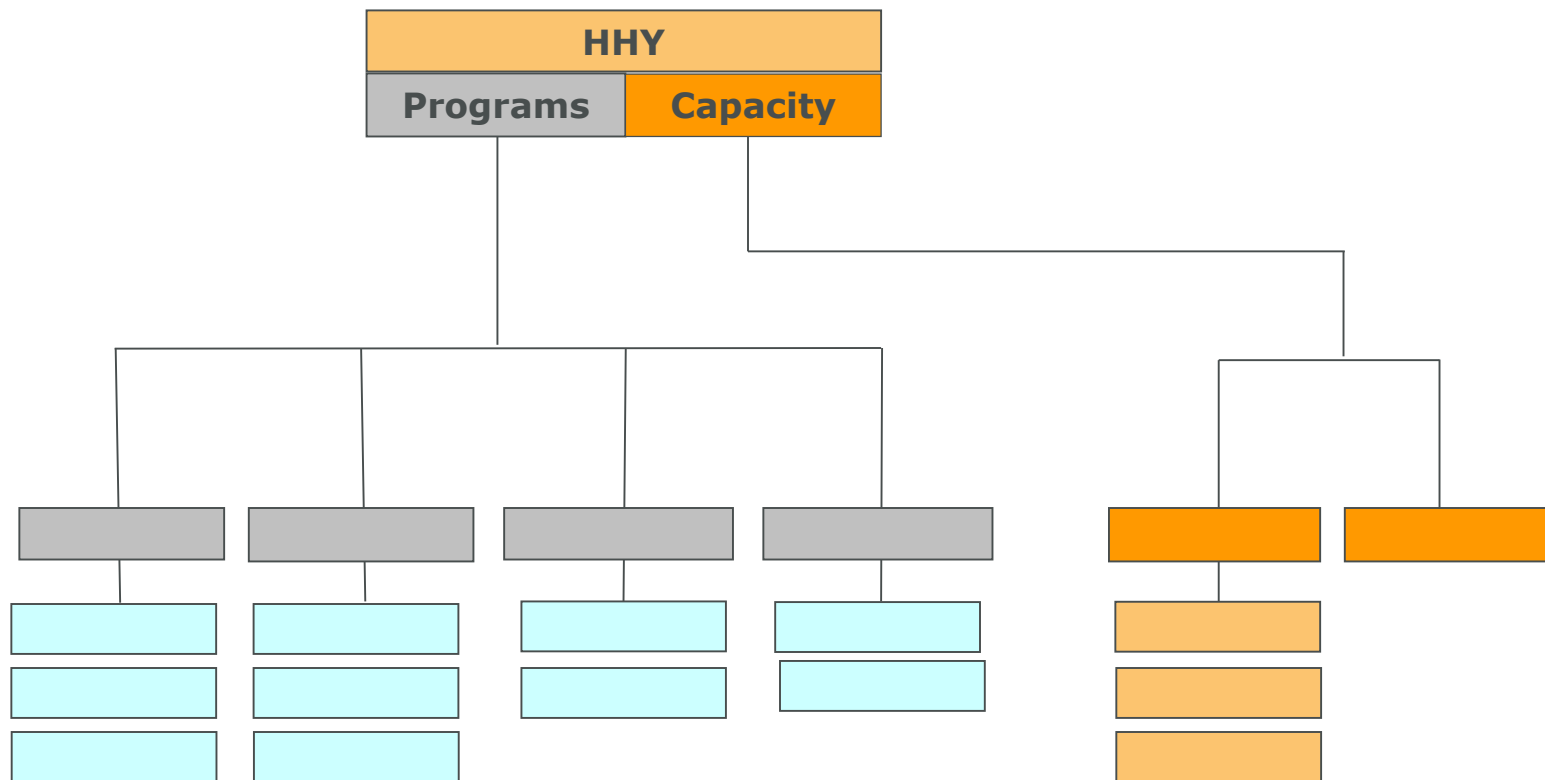


**Jordan Johnson** is the Founder and Executive Director of HHY. She continues to explore new and innovative ways for HHY to better support vulnerable youth as they strive to realize their dreams. Jordan has a Master's degree from Penn State in Public Administration. In her spare time, Jordan enjoys listening to podcasts, bike riding along the Schuylkill River trail, and spending time with family.

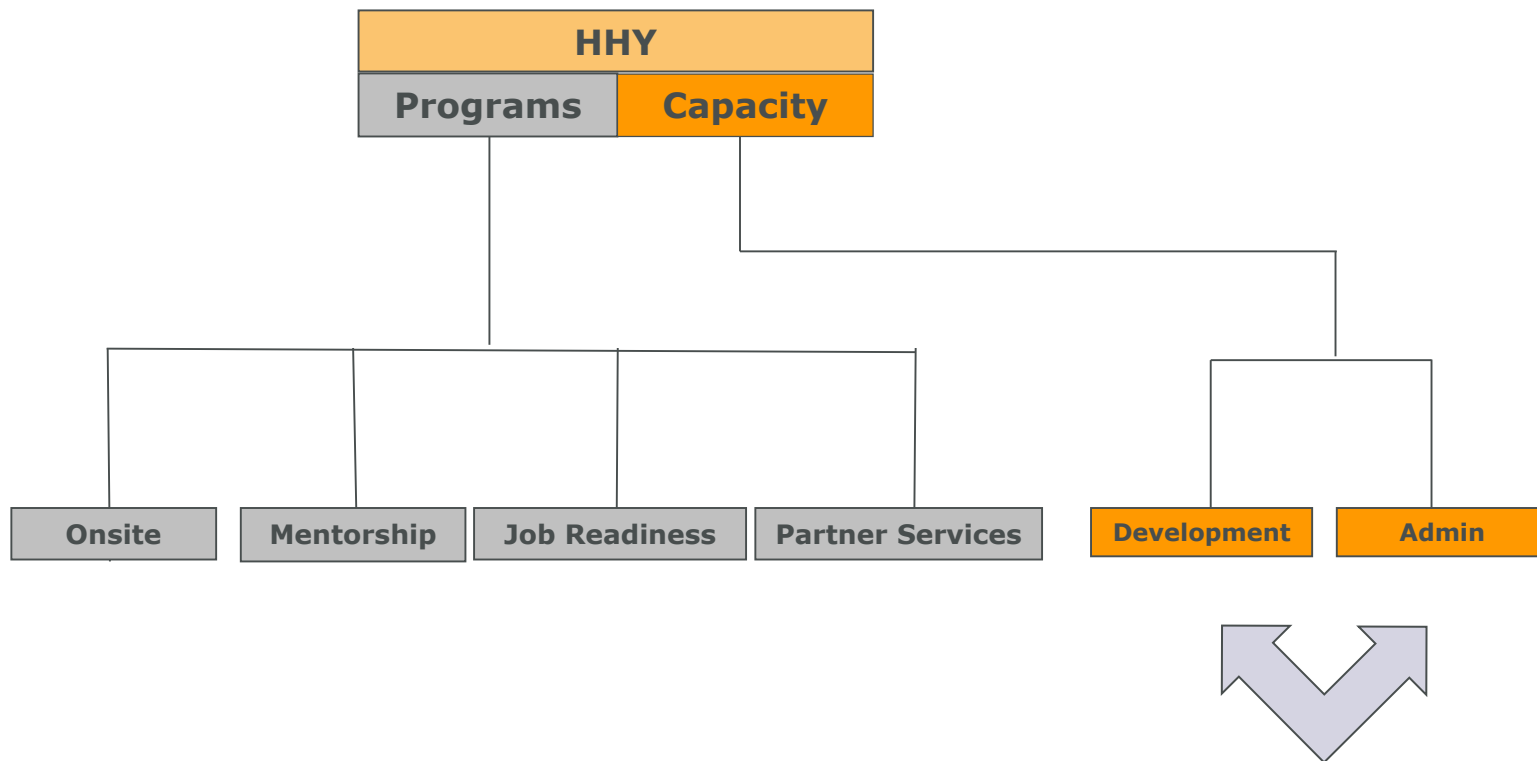
## 3 Key Questions

- **What question(s) are you trying to answer?**
- **Is data available?**
- **Will the analysis be useful?**

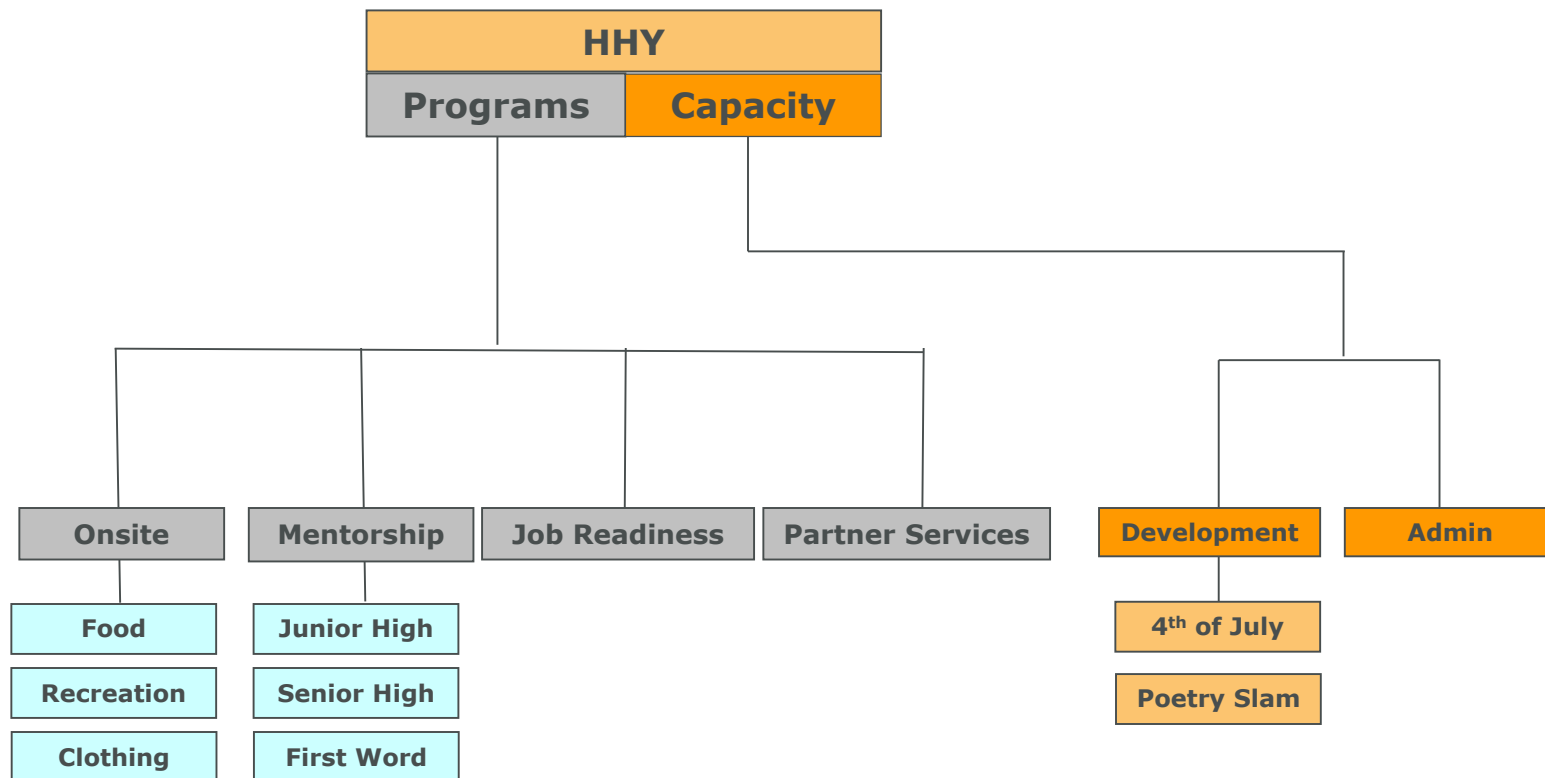
# STEP 2: Program Architecture



# HHY's Core Programs



# HHY's Sub Programs





# STEP 3: Understanding and Incorporating Mission Impact

- **Alignment with Core mission:** Rate how well the following programs and sub-programs address and then achieve the core mission?
- **Incentive to Support:** “I would support keeping this program.”
- **Incentive to Fund:** To what extent do you believe the activity motivates funders and donors to contribute to the organization?

*Scale: 5 (Aligned with mission)...1 (NOT aligned with mission)*

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>Not Sure</b>
<b>Onsite Services</b>						
Food						
Recreation						
Clothing						
<b>Mentorship</b>						
Mentor Program Junior High						
Mentor Program High School						
First Word Press						
<b>Job Counseling &amp; Readiness</b>						
<b>Partner Services</b>						

# Mission Impact

## Some Additional Questions

- **Filling an Important Gap in Service:** Does the program provide a service that is not readily available and/or affordable elsewhere?
- **Scale:** Does the program reach the maximum number of participants?
- **Leverage:** To what extent does the activity lead participants to other programs in the organization?

*Scale: 5 (Aligned with mission)... 1 (NOT aligned with mission)*

	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>Not Sure</b>
<b>Onsite Services</b>						
Food						
Recreation						
Clothing						
<b>Mentorship</b>						
Mentor Program Junior High						
Mentor Program High School						
First Word Press						
<b>Job Counseling &amp; Readiness</b>						
<b>Partner Services</b>						

# STEP 4: Filling in the Numbers Model Architecture

## Help for Homeless Youth

Forecast for 2018

Fiscal year end: Dec 31

	Programs					Program Subtotal	Capacity		Capacity Subtotal	Total
	Onsite Services	Mentorship	Job Counseling & Readiness	Partner Services	Program Management		Development	General Operations		
<b>Revenue</b>										
<b>(A) Earned</b>										
Subtotal Earned	-	-	-	-	-	-	-	-	-	-
<b>(B) Contributed</b>										
Total foundations	-	-	-	-	-	-	-	-	-	-
Total government	-	-	-	-	-	-	-	-	-	-
Total corporations	-	-	-	-	-	-	-	-	-	-
Special event(s)	-	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-	-
Board	-	-	-	-	-	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-	-	-	-	-
Net assets released from rest	-	-	-	-	-	-	-	-	-	-
Subtotal Contributed	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	-	-	-	-	-	-	-	-	-	-
<b>Expenses</b>										
Total personnel	-	-	-	-	-	-	-	-	-	-
Total consultants/contracto	-	-	-	-	-	-	-	-	-	-
Total occupancy	-	-	-	-	-	-	-	-	-	-
Total support	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	-	-	-	-	-	-	-	-	-	-
<b>Surplus/Deficit</b>	-	-	-	-	-	-	-	-	-	-

# Filling in the Numbers Model Architecture

	Onsite Services	Mentorship	Programs Job Counseling & Readiness	Partner Services	Program Management	Program Subtotal	Capacity Development	General Operations	Capacity Subtotal	Total
<b>Revenue</b>										
<b>(A) Earned</b>										
Subtotal Earned	-	85,000	-	-	-	85,000	-	100	100	85,100
<b>(B) Contributed</b>										
Foundations										
Total foundations	65,000	-	135,000	-	-	200,000	165,000	-	165,000	365,000
Total government	-	-	50,000	30,000	-	80,000	-	-	-	80,000
Total corporations	-	-	-	-	-	-	10,000	-	10,000	10,000
Special event(s)	-	-	-	-	-	-	50,000	-	50,000	50,000
Individuals	-	-	-	-	-	-	10,000	-	10,000	10,000
Board	-	-	-	-	-	-	5,000	-	5,000	5,000
In-kind revenue	15,000	-	-	-	-	15,000	5,000	-	5,000	20,000
Net assets released from rest	-	120,000	-	-	-	120,000	-	-	-	120,000
Subtotal	80,000	120,000	185,000	30,000	-	415,000	245,000	-	245,000	660,000
<b>Total Revenue</b>	<b>80,000</b>	<b>205,000</b>	<b>185,000</b>	<b>30,000</b>	<b>-</b>	<b>500,000</b>	<b>245,000</b>	<b>100</b>	<b>245,100</b>	<b>745,100</b>
<b>Expenses</b>										
Total personnel	60,839	95,178	50,543	44,635	78,389	329,583	-	126,358	126,358	455,941
Total consultants/contracto	-	-	120,000	-	-	120,000	5,000	9,500	14,500	134,500
Total occupancy	-	-	-	-	-	-	-	21,287	21,287	21,287
Total support	55,500	46,775	450	1,550	3,300	107,575	25,975	14,625	40,600	148,175
<b>Total Expenses</b>	<b>116,339</b>	<b>141,953</b>	<b>170,993</b>	<b>46,185</b>	<b>81,689</b>	<b>557,158</b>	<b>30,975</b>	<b>171,770</b>	<b>202,745</b>	<b>759,903</b>
<b>Surplus/Deficit</b>	<b>(36,339)</b>	<b>63,047</b>	<b>14,007</b>	<b>(16,185)</b>	<b>(81,689)</b>	<b>(57,158)</b>	<b>214,025</b>	<b>(171,670)</b>	<b>42,355</b>	<b>(14,803)</b>

# Filling in the Model

## Can we Allocate?

	Onsite Services	Mentorship	Programs Job Counseling & Readiness	Partner Services	Program Management	Program Subtotal	Capacity Development	General Operations	Capacity Subtotal	Total
<b>Revenue</b>										
<b>(A) Earned</b>										
Subtotal Earned	-	85,000	-	-	-	85,000	-	100	100	85,100
<b>(B) Contributed</b>										
Foundations										
Total foundations	65,000	-	135,000	-	-	200,000	165,000	-	165,000	365,000
Total government	-	-	50,000	30,000	-	80,000	-	-	-	80,000
Total corporations	-	-	-	-	-	-	10,000	-	10,000	10,000
Special event(s)	-	-	-	-	-	-	50,000	-	50,000	50,000
Individuals	-	-	-	-	-	-	10,000	-	10,000	10,000
Board	-	-	-	-	-	-	5,000	-	5,000	5,000
In-kind revenue	15,000	-	-	-	-	15,000	5,000	-	5,000	20,000
Net assets released from rest	-	120,000	-	-	-	120,000	-	-	-	120,000
Subtotal	80,000	120,000	185,000	30,000	-	415,000	245,000	-	245,000	660,000
<b>Total Revenue</b>	<b>80,000</b>	<b>205,000</b>	<b>185,000</b>	<b>30,000</b>	<b>-</b>	<b>500,000</b>	<b>245,000</b>	<b>100</b>	<b>245,100</b>	<b>745,100</b>
<b>Expenses</b>										
Total personnel	60,839	95,178	50,543	44,635	78,389	329,583	-	126,358	126,358	455,941
Total consultants/contracto	-	-	120,000	-	-	120,000	5,000	9,500	14,500	134,500
Total occupancy	-	-	-	-	-	-	-	21,287	21,287	21,287
Total support	55,500	46,775	450	1,550	3,300	107,575	25,975	14,625	40,600	148,175
<b>Total Expenses</b>	<b>116,339</b>	<b>141,953</b>	<b>170,993</b>	<b>46,185</b>	<b>81,689</b>	<b>557,158</b>	<b>30,975</b>	<b>171,770</b>	<b>202,745</b>	<b>759,903</b>
<b>Surplus/Deficit</b>	<b>(36,339)</b>	<b>63,047</b>	<b>14,007</b>	<b>(16,185)</b>	<b>(81,689)</b>	<b>(57,158)</b>	<b>214,025</b>	<b>(171,670)</b>	<b>42,355</b>	<b>(14,803)</b>

# Filling in the Model

## Exceptions to the Rule

Mentorship Programs					Sub Total	Program Mgt	Program Total
	Mentor Program Junior High	Mentor Program High School	First Word Press				
<b>Revenue</b>							
<b>(A) Earned</b>							
Subtotal	\$40,000	\$45,000	\$0	\$85,000	\$0	\$85,000	
<b>(B) Contributed</b>							
Subtotal	\$0	\$0	\$0	\$0	\$120,000	\$120,000	
<b>Total Revenue</b>	<b>\$40,000</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$85,000</b>	<b>\$120,000</b>	<b>\$205,000</b>	
<b>Expenses</b>							
Salaries							
Executive Director	-	-	-	-	-	\$0	
Program Director	-	-	-	\$0	-	\$0	
Other Program staff	19,075	19,075	-	\$38,150	43,200	\$81,350	
Office staff	-	-	-	\$0	-	\$0	
<b>Subtotal salaries</b>	<b>\$19,075</b>	<b>\$19,075</b>	<b>\$0</b>	<b>\$38,150</b>	<b>\$43,200</b>	<b>\$81,350</b>	
<b>Benefits</b>	<b>3,242</b>	<b>3,242</b>	<b>-</b>	<b>\$6,485</b>	<b>7,343</b>	<b>\$13,828</b>	
<b>Total personnel</b>	<b>\$22,317</b>	<b>\$22,317</b>	<b>\$0</b>	<b>\$44,635</b>	<b>\$50,543</b>	<b>\$95,178</b>	
<b>Total consultants/contractors</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Total occupancy</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Total support</b>	<b>\$18,100</b>	<b>\$21,100</b>	<b>\$6,675</b>	<b>\$45,875</b>	<b>\$900</b>	<b>\$46,775</b>	
<b>Total Expenses</b>	<b>\$40,417</b>	<b>\$43,417</b>	<b>\$6,675</b>	<b>\$90,510</b>	<b>\$51,443</b>	<b>\$141,953</b>	
<b>Surplus/Deficit</b>	<b>(\$417)</b>	<b>\$1,583</b>	<b>(\$6,675)</b>	<b>(\$5,510)</b>	<b>\$68,557</b>	<b>\$63,047</b>	

# STEP 5: Initial Observations



	Onsite Services	Mentorship	Programs Job Counseling & Readiness	Partner Services	Program Management	Program Subtotal	Capacity Development	Capacity General Operations	Capacity Subtotal	Total
<b>Revenue</b>										
<b>(A) Earned</b>										
Subtotal Earned	-	85,000	-	-	-	85,000	-	100	100	85,100
<b>(B) Contributed</b>										
<b>Foundations</b>										
Total foundations	65,000	-	135,000	-	-	200,000	165,000	-	165,000	365,000
Total government	-	-	50,000	30,000	-	80,000	-	-	-	80,000
Total corporations	-	-	-	-	-	-	10,000	-	10,000	10,000
Special event(s)	-	-	-	-	-	-	50,000	-	50,000	50,000
Individuals	-	-	-	-	-	-	10,000	-	10,000	10,000
Board	-	-	-	-	-	-	5,000	-	5,000	5,000
In-kind revenue	15,000	-	-	-	-	15,000	5,000	-	5,000	20,000
Net assets released from rest	-	120,000	-	-	-	120,000	-	-	-	120,000
Subtotal	80,000	120,000	185,000	30,000	-	415,000	245,000	-	245,000	660,000
<b>Total Revenue</b>	<b>80,000</b>	<b>205,000</b>	<b>185,000</b>	<b>30,000</b>	<b>-</b>	<b>500,000</b>	<b>245,000</b>	<b>100</b>	<b>245,100</b>	<b>745,100</b>
<b>Expenses</b>										
Total personnel	60,839	95,178	50,543	44,635	78,389	329,583	-	126,358	126,358	455,941
Total consultants/contracto	-	-	120,000	-	-	120,000	5,000	9,500	14,500	134,500
Total occupancy	-	-	-	-	-	-	-	21,287	21,287	21,287
Total support	55,500	46,775	450	1,550	3,300	107,575	25,975	14,625	40,600	148,175
<b>Total Expenses</b>	<b>116,339</b>	<b>141,953</b>	<b>170,993</b>	<b>46,185</b>	<b>81,689</b>	<b>557,158</b>	<b>30,975</b>	<b>171,770</b>	<b>202,745</b>	<b>759,903</b>
<b>Surplus/Deficit</b>	<b>(36,339)</b>	<b>63,047</b>	<b>14,007</b>	<b>(16,185)</b>	<b>(81,689)</b>	<b>(57,158)</b>	<b>214,025</b>	<b>(171,670)</b>	<b>42,355</b>	<b>(14,803)</b>

# STEP 6: Conversation With Leadership



	Onsite Services	Mentorship	Programs Job Counseling & Readiness	Partner Services	Program Management	Program Subtotal	Capacity Development	General Operations	Capacity Subtotal	Total
<b>Revenue</b>										
<b>(A) Earned</b>										
Subtotal Earned	-	85,000	-	-	-	85,000	-	100	100	85,100
<b>(B) Contributed</b>										
Foundations										
Total foundations	65,000	-	135,000	-	-	200,000	165,000	-	165,000	365,000
Total government	-	-	50,000	30,000	-	80,000	-	-	-	80,000
Total corporations	-	-	-	-	-	-	10,000	-	10,000	10,000
Special event(s)	-	-	-	-	-	-	50,000	-	50,000	50,000
Individuals	-	-	-	-	-	-	10,000	-	10,000	10,000
Board	-	-	-	-	-	-	5,000	-	5,000	5,000
In-kind revenue	15,000	-	-	-	-	15,000	5,000	-	5,000	20,000
Net assets released from rest	-	120,000	-	-	-	120,000	-	-	-	120,000
Subtotal	80,000	120,000	185,000	30,000	-	415,000	245,000	-	245,000	660,000
<b>Total Revenue</b>	<b>80,000</b>	<b>205,000</b>	<b>185,000</b>	<b>30,000</b>	<b>-</b>	<b>500,000</b>	<b>245,000</b>	<b>100</b>	<b>245,100</b>	<b>745,100</b>
<b>Expenses</b>										
Total personnel	60,839	95,178	50,543	44,635	78,389	329,583	-	126,358	126,358	455,941
Total consultants/contracto	-	-	120,000	-	-	120,000	5,000	9,500	14,500	134,500
Total occupancy	-	-	-	-	-	-	-	21,287	21,287	21,287
Total support	55,500	46,775	450	1,550	3,300	107,575	25,975	14,625	40,600	148,175
<b>Total Expenses</b>	<b>116,339</b>	<b>141,953</b>	<b>170,993</b>	<b>46,185</b>	<b>81,689</b>	<b>557,158</b>	<b>30,975</b>	<b>171,770</b>	<b>202,745</b>	<b>759,903</b>
<b>Surplus/Deficit</b>	<b>(36,339)</b>	<b>63,047</b>	<b>14,007</b>	<b>(16,185)</b>	<b>(81,689)</b>	<b>(57,158)</b>	<b>214,025</b>	<b>(171,670)</b>	<b>42,355</b>	<b>(14,803)</b>

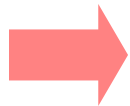


# Examine the Deficit Programs

Onsite Services				Sub Total	Program Mgt	Program Total
Food	Recreation	Clothing				
<b>Revenue</b>						
<b>(A) Earned</b>						
<b>Subtotal</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>(B) Contributed</b>						
<b>Total foundations</b>	\$0	\$0	\$0	\$0	\$65,000	\$65,000
<b>Total government</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total corporations</b>	\$0	\$0	\$0	\$0	\$0	\$0
Special event(s)	-	-	-	\$0	-	\$0
Individuals	-	-	-	\$0	-	\$0
Board	-	-	-	\$0	-	\$0
In-kind revenue	-	-	15,000	\$15,000	-	\$15,000
Net assets released from r	-	-	-	\$0	-	\$0
<b>Subtotal</b>	\$0	\$0	\$15,000	\$15,000	\$65,000	\$80,000
<b>Total Revenue</b>	\$0	\$0	\$15,000	\$15,000	\$65,000	\$80,000
<b>Expenses</b>						
<b>Total personnel</b>	\$0	\$0	\$0	\$0	\$60,839	\$60,839
<b>Total consultants/contractors</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total occupancy</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total support</b>	\$30,400	\$5,000	\$20,000	\$55,400	\$100	\$55,500
<b>Total Expenses</b>	\$30,400	\$5,000	\$20,000	\$55,400	\$60,939	\$116,339
<b>Surplus/Deficit</b>	(\$30,400)	(\$5,000)	(\$5,000)	(\$40,400)	\$4,061	(\$36,339)

# Examine the Surplus Programs

Mentorship Programs				Sub Total	Program Mgt	Program Total
	Mentor Program Junior High	Mentor Program High School	First Word Press			
<b>Revenue</b>						
<b>(A) Earned</b>						
Fee-for-service	-	-	-	\$0	-	\$0
Program income	40,000	45,000	-	\$85,000	-	\$85,000
Interest Income	-	-	-	\$0	-	\$0
<b>Subtotal</b>	<b>\$40,000</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$85,000</b>	<b>\$0</b>	<b>\$85,000</b>
<b>(B) Contributed</b>						
<b>Total foundations</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total corporations</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Special event(s)	-	-	-	\$0	-	\$0
Individuals	-	-	-	\$0	-	\$0
Board	-	-	-	\$0	-	\$0
In-kind revenue	-	-	-	\$0	-	\$0
Net assets released from restric	-	-	-	\$0	120,000	\$120,000
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$120,000</b>	<b>\$120,000</b>
<b>Total Revenue</b>	<b>\$40,000</b>	<b>\$45,000</b>	<b>\$0</b>	<b>\$85,000</b>	<b>\$120,000</b>	<b>\$205,000</b>
<b>Expenses</b>						
<b>Total personnel</b>	<b>\$22,317</b>	<b>\$22,317</b>	<b>\$0</b>	<b>\$44,635</b>	<b>\$50,543</b>	<b>\$95,178</b>
<b>Total consultants/contractors</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total occupancy</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Support</b>						
Supplies	-	-	5,000	\$5,000	-	\$5,000
Education/Outreach/Incentives	7,000	10,000	-	\$17,000	-	\$17,000
Volunteer Incentives	1,600	1,600	-	\$3,200	-	\$3,200
Facilitation/Venues/Hospitality	8,500	8,500	-	\$17,000	-	\$17,000
Telecommunications	-	-	-	\$0	800	\$800
Postage, Shipping & Deliveries	-	-	75	\$75	-	\$75
Printing & Reproduction	-	-	1,600	\$1,600	-	\$1,600
Staff Mileage/Travel/Parking/Ent	1,000	1,000	-	\$2,000	-	\$2,000
Miscellaneous Expenses	-	-	-	\$0	100	\$100
<b>Total support</b>	<b>\$18,100</b>	<b>\$21,100</b>	<b>\$6,675</b>	<b>\$45,875</b>	<b>\$900</b>	<b>\$46,775</b>
<b>Total Expenses</b>	<b>\$40,417</b>	<b>\$43,417</b>	<b>\$6,675</b>	<b>\$90,510</b>	<b>\$51,443</b>	<b>\$141,953</b>
<b>Surplus/Deficit</b>	<b>(\$417)</b>	<b>\$1,583</b>	<b>(\$6,675)</b>	<b>(\$5,510)</b>	<b>\$68,557</b>	<b>\$63,047</b>



# How About Development?

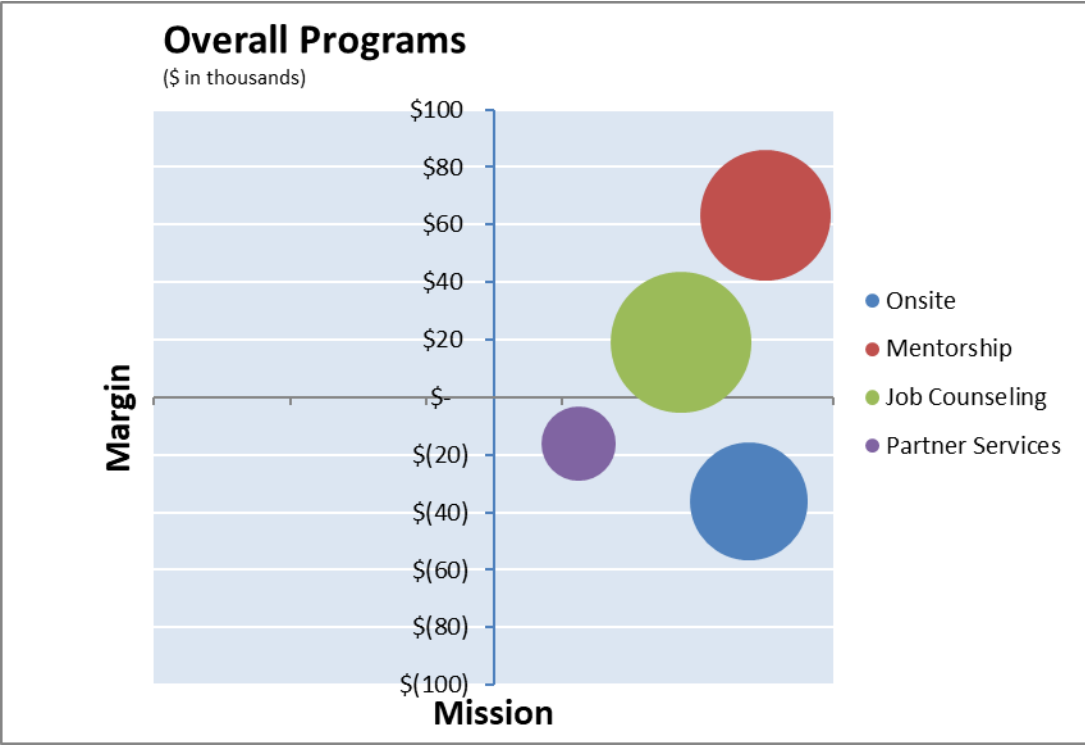
Development Activities				Development Total
4th of July Fundraiser	Teen Poetry Slam	General Development		
<b>Revenue</b>				
<b>(A) Earned</b>				
<b>Subtotal</b>	\$0	\$0	\$0	\$0
<b>(B) Contributed</b>				
<b>Total foundations</b>	\$0	\$0	\$165,000	\$165,000
<b>Total government</b>	\$0	\$0	\$0	\$0
<b>Total corporations</b>	\$0	\$0	\$10,000	\$10,000
Special event(s)	20,000	30,000	-	\$50,000
Individuals	-	-	10,000	\$10,000
Board	-	-	5,000	\$5,000
In-kind revenue	5,000	-	-	\$5,000
Net assets released from re	-	-	-	\$0
<b>Subtotal</b>	\$25,000	\$30,000	\$190,000	\$245,000
<b>Total Revenue</b>	\$25,000	\$30,000	\$190,000	\$245,000
<b>Expenses</b>				
<b>Subtotal salaries</b>	\$0	\$0	\$0	\$0
Benefits	-	-	-	\$0
<b>Total personnel</b>	\$0	\$0	\$0	\$0
<b>Total consultants/contractors</b>	\$5,000	\$0	\$0	\$5,000
<b>Total occupancy</b>	\$0	\$0	\$0	\$0
<b>Total support</b>	\$20,725	\$1,750	\$3,500	\$25,975
<b>Total Expenses</b>	\$25,725	\$1,750	\$3,500	\$30,975
<b>Surplus/Deficit</b>	(\$725)	\$28,250	\$186,500	\$214,025

# STEP 7: Where Are We After Our Initial Modifications?

	Onsite Services		Programs Job Counseling & Readiness	Partner Services	Program Management	Program Subtotal	Capacity		Capacity Subtotal	Total
	Services	Mentorship					Development	General Operations		
<b>Revenue</b>										
<b>(A) Earned</b>										
<b>Subtotal Earned</b>	-	85,000	-	-	-	85,000	-	100	100	85,100
<b>(B) Contributed</b>										
<b>Foundations</b>										
<b>Total foundations</b>	65,000	-	135,000	-	-	200,000	165,000	-	165,000	365,000
<b>Total government</b>	-	-	50,000	30,000	-	80,000	-	-	-	80,000
<b>Total corporations</b>	-	-	-	-	-	-	10,000	-	10,000	10,000
Special event(s)	-	-	-	-	-	-	63,000	-	63,000	63,000
Individuals	-	-	-	-	-	-	10,000	-	10,000	10,000
Board	-	-	-	-	-	-	5,000	-	5,000	5,000
In-kind revenue	15,000	-	-	-	-	15,000	5,000	-	5,000	20,000
Net assets released from rest	-	120,000	-	-	-	120,000	-	-	-	120,000
<b>Subtotal</b>	<b>80,000</b>	<b>120,000</b>	<b>185,000</b>	<b>30,000</b>	<b>-</b>	<b>415,000</b>	<b>258,000</b>	<b>-</b>	<b>258,000</b>	<b>673,000</b>
<b>Total Revenue</b>	<b>80,000</b>	<b>205,000</b>	<b>185,000</b>	<b>30,000</b>	<b>-</b>	<b>500,000</b>	<b>258,000</b>	<b>100</b>	<b>258,100</b>	<b>758,100</b>
<b>Expenses</b>										
<b>Total personnel</b>	60,839	95,178	50,543	44,635	78,389	329,583	-	126,358	126,358	455,941
<b>Total consultants/contracto</b>	-	-	115,000	-	-	115,000	5,000	9,500	14,500	129,500
<b>Total occupancy</b>	-	-	-	-	-	-	-	21,287	21,287	21,287
<b>Total support</b>	55,500	39,175	450	1,550	3,300	99,975	25,975	14,625	40,600	140,575
<b>Total Expenses</b>	<b>116,339</b>	<b>134,353</b>	<b>165,993</b>	<b>46,185</b>	<b>81,689</b>	<b>544,558</b>	<b>30,975</b>	<b>171,770</b>	<b>202,745</b>	<b>747,303</b>
<b>Surplus/Deficit</b>	<b>(36,339)</b>	<b>70,647</b>	<b>19,007</b>	<b>(16,185)</b>	<b>(81,689)</b>	<b>(44,558)</b>	<b>227,025</b>	<b>(171,670)</b>	<b>55,355</b>	<b>10,797</b>



# Step 9: Understanding a Program's Balance Between Mission and Money



# Steps to Implement a Program Economics Model

1. Inquiry – What question(s) are you trying to answer?
2. Create the program and capacity architecture
3. Rank and prioritize programs according to mission impact
4. Fill in direct expense and revenue
5. Discuss initial observations
6. Use the Model for Strategic Conversations
7. Assess initial modifications
8. Budget for capitalization needs
9. Complete the Mission-Money Matrix

# Strategic Questions that a Program Economics Model Will Help Inform

- What revenue and expense variables we can adjust to reduce an organization-wide deficit?
- Which programs may be scaled or contracted? What is the implication on the enterprise bottom line?
- How might we do business differently so our programs and capacity are supported in the short and long-term?
- How can we generate a surplus sufficient to cover our organization's future capitalization needs?

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- 2: Reading Financial Statements
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- 5: Strategic Budgeting
- 6: Cash Flow Planning
- 7: Dashboard Development
- 8: Telling your Financial Story

### **Part 3:** Tools for Strategic Decision Making

- 9: Program Economics
- 10: Untangling Multiple Views of Cost
- 11: Scenario Planning
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