

Nonprofit Basics: Strengthening Organizational Capacity



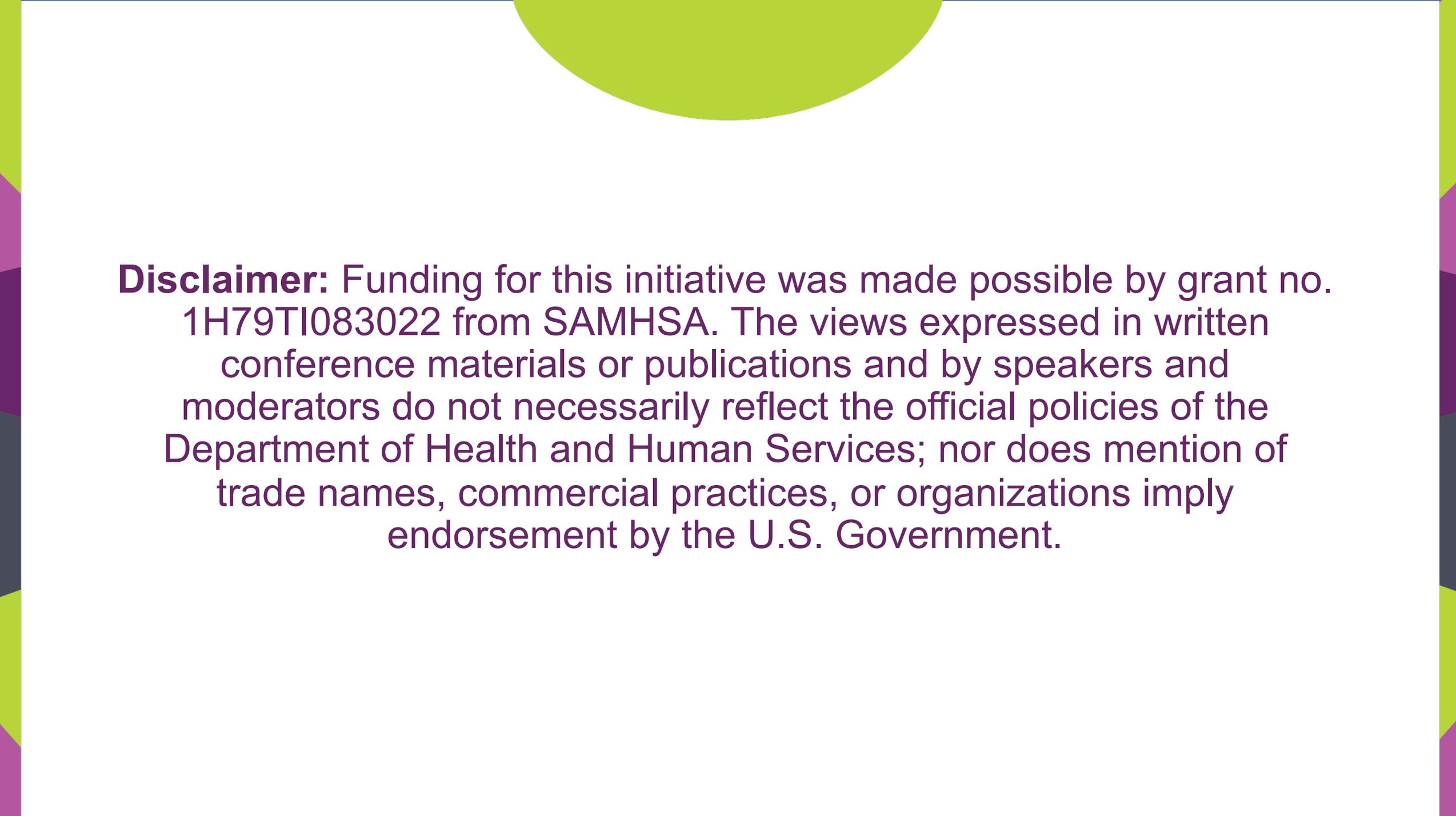
Managing Nonprofit Financial Operations

Session 2 of 2

5/16/23, 1-2:30pm ET/ 12-1:30pm CT/10-11:30am PT

Amy Brinkley, CRS/CHW, CAPRCII

SAMHSA
Substance Abuse and Mental Health
Services Administration



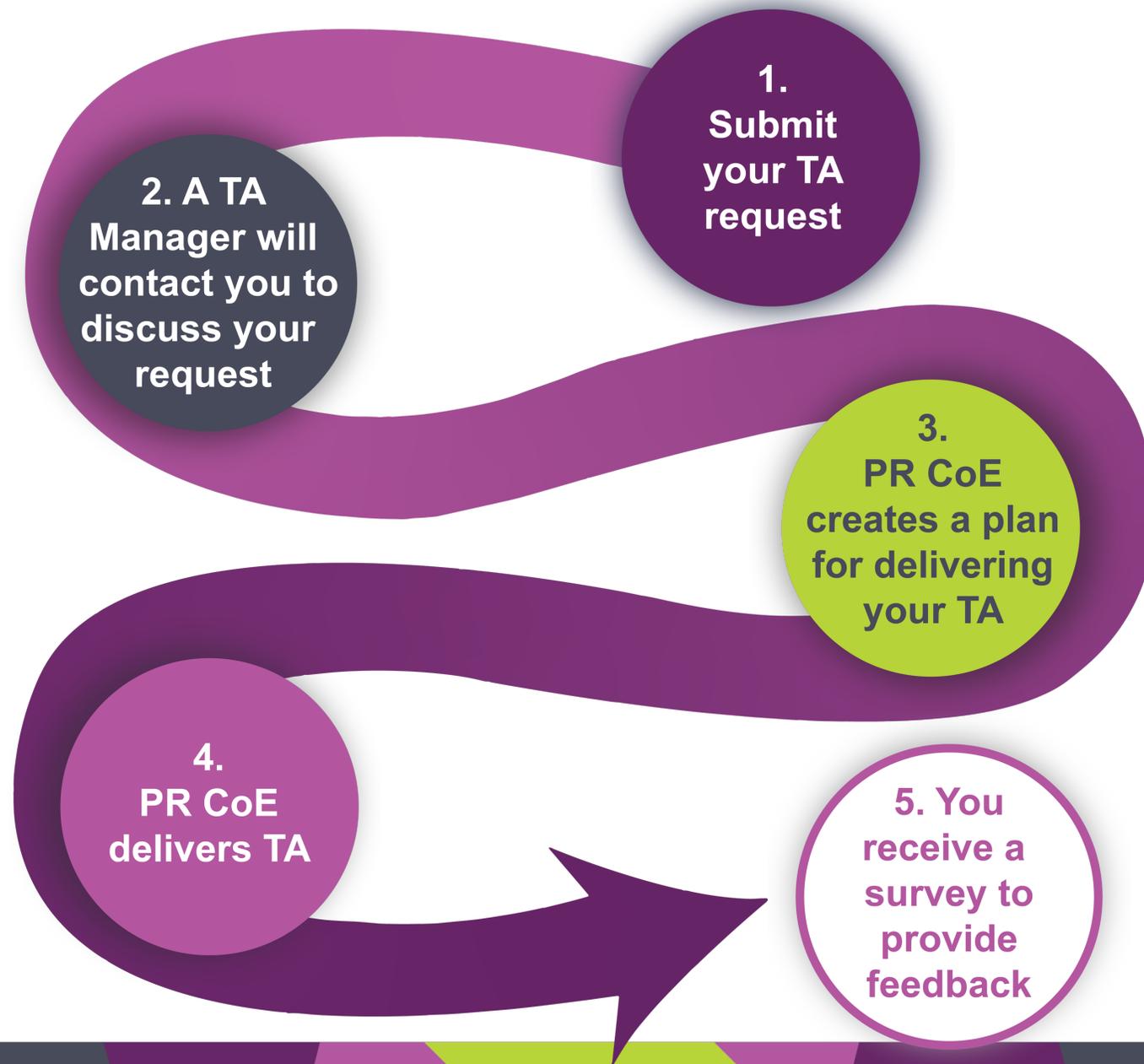
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If we want addiction destigmatized, we need a language that's unified.

The words we use matter. Caution needs to be taken, especially when the disorders concerned are heavily stigmatized as substance use disorders are.

Technical Assistance Request and Delivery



Housekeeping Notes

- This presentation will be recorded.
- Please mute yourselves when the presenter is speaking.
- When you speak, please identify yourself by name and work area to help others recognize you.
- During the presentation, submit questions and feedback in the chat box.
- You will receive the slides for this presentation via email.
- We value your feedback! If an evaluation link is provided at the end of the presentation, please submit your response within 1-2 days.



Description

In this session, participants will delve into financial management and how to effectively oversee financial operations.

Learning Outcomes

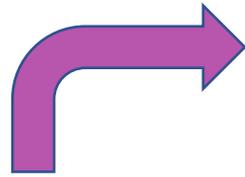
Learn about the foundation and importance of nonprofit finance and how peer-run organizations maximize effectiveness and sustainability when making financial decisions.

Learning Objectives

1. Discover the importance of operating a nonprofit with a financial focus.
2. Understand how to read balance sheets and make decisions.
3. Recognize how nonprofit Recovery Community Organization (RCO) professionals utilize financial operations to promote sustainability.
4. Understand the importance of data in building capacity for peer run organizations.



Agenda



We are here:

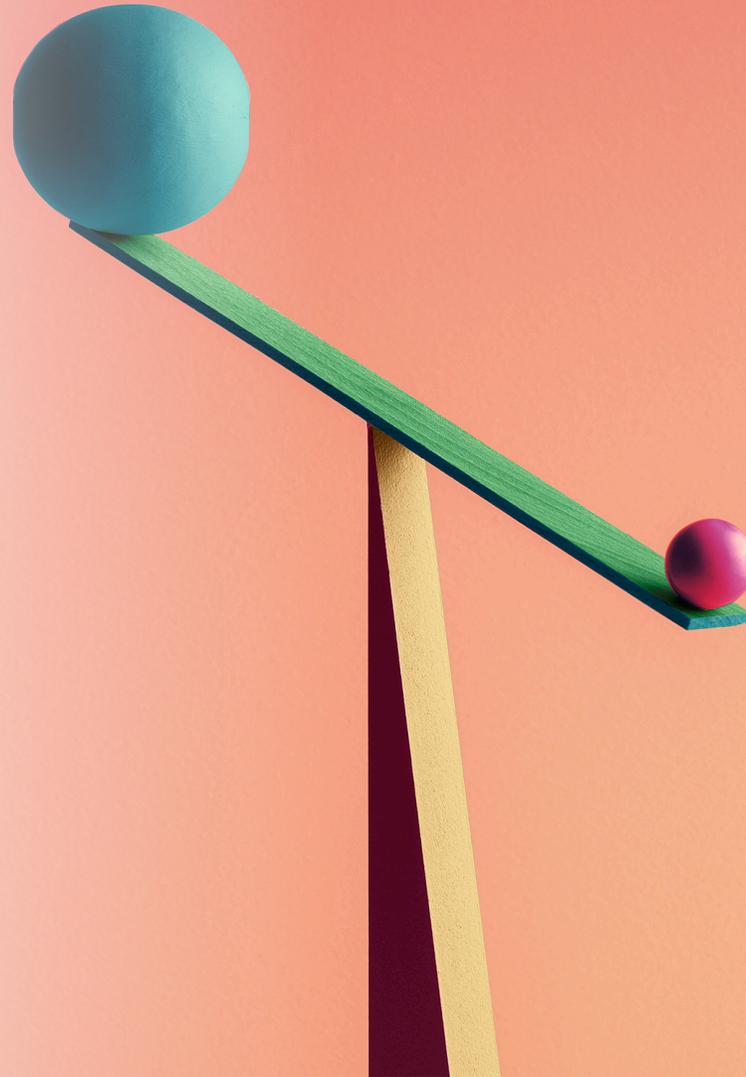
1. Introduction
2. Level Setting (Part 1 & 2 & 3)
3. Homework
4. New (agenda items)
 - a) Recap Session 1
 - b) Homework Review
5. Read balance sheets to promote financial decision-making for an RCO
6. Leveraging data to promote financial sustainability.

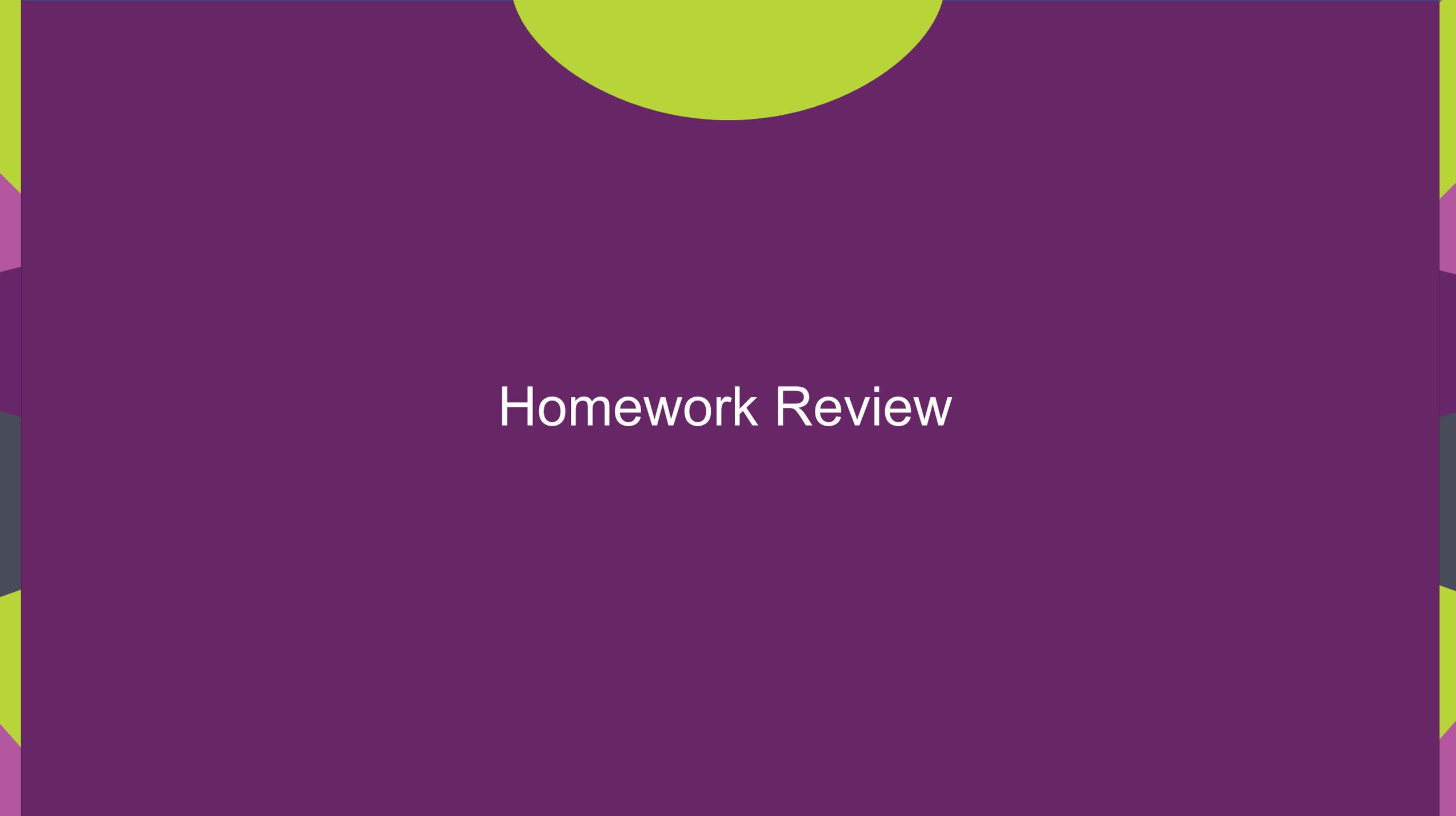


Recap Session 1

Recap Session 1

- Introductions
- Level Setting
 - RCO Needs Assessment
 - Optimizing Recovery Funding
 - State of the States
 - White House Updates
 - SAMHSA Office of Recovery
- Homework Assignment



The background is a solid purple color. At the top center, there is a large, bright green semi-circle. On the left and right sides, there are vertical strips of color: a bright green strip at the top, a pink strip in the middle, and a dark green strip at the bottom. The text "Homework Review" is centered in the purple area.

Homework Review

Homework Review (15 Minutes)

Instructions

- Break into small groups of 3-5 or 5-7 people per group.
- Share for 15 minutes what the challenges/successes experienced in the homework lesson were.
- Each person should get a chance to share.
- One spokesperson for each group should be tracking key takeaways from the conversations and highlights to report out to the larger group on the following questions.

Group Questions To Discuss

1. What was a barrier/success that you experienced in your searching?
2. What is your number 1 recommendation for other RCO's coming out of this homework session?
3. What do you need moving forward to be successful in finding funding opportunities?

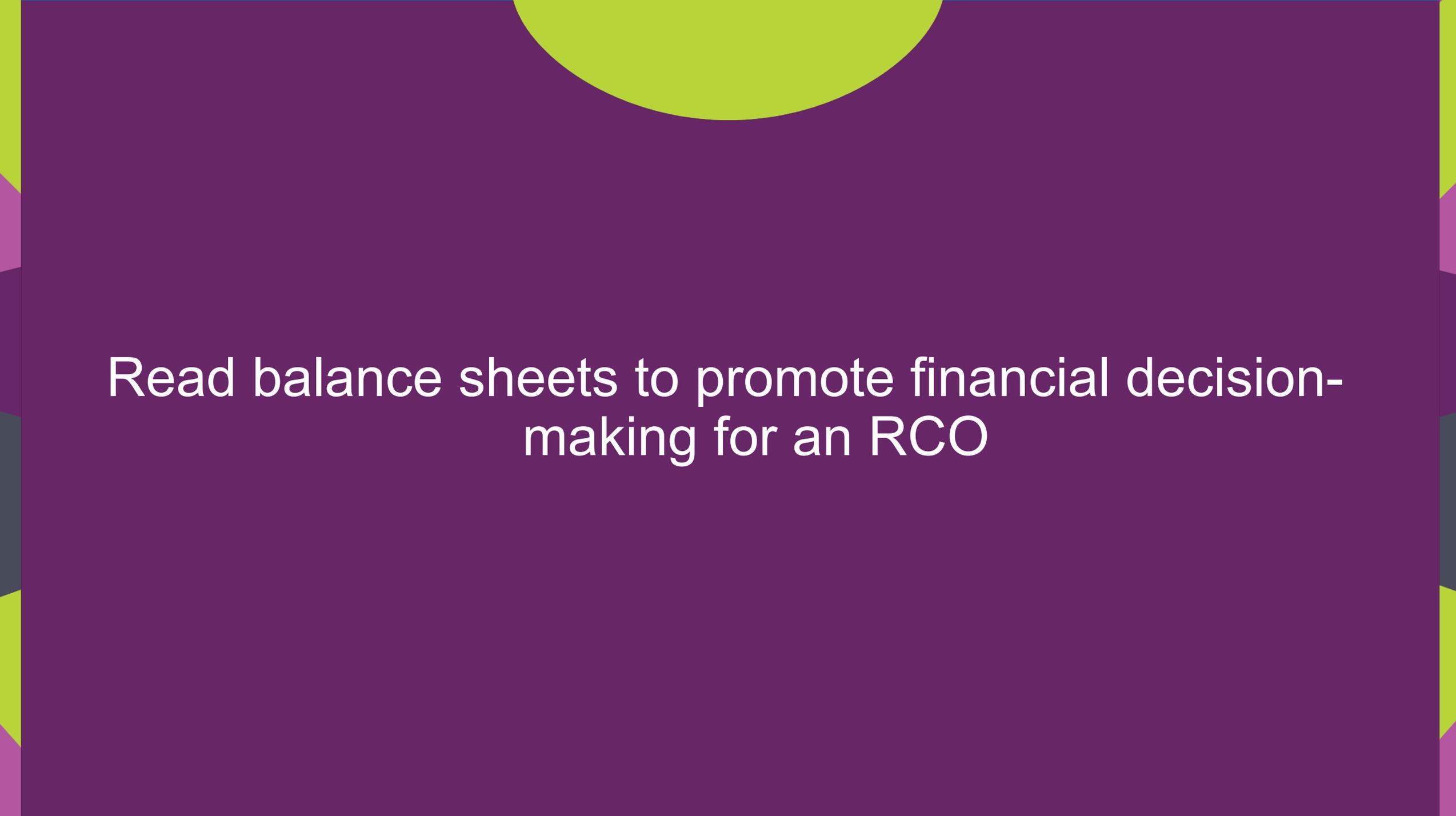


Homework Review Report Out (10 Mins)

Group Questions To Discuss

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Read balance sheets to promote financial decision-making for an RCO

Read balance sheets to promote financial decision-making for an RCO

What is a Balance Sheet?

- Balance sheet is a financial statement used by a business for insight into its financial standing and overall value. It records a summary of the business's finances, including the assets, liabilities, and owner's equity.
- Balance sheets are important accounting tools for small businesses because they not only provide a snapshot of a business's financial balances at a given point in time but can serve as key indicators of potential growth or decline.

Key Takeaways

- A balance sheet provides a general overview of a business's value and financial standing and is essentially a summary of all assets, liabilities, and equity.
- Assets are placed on the left side of the balance sheet, while liabilities and equity are placed on the right side. The amounts on each side of the balance sheet should be equal and balanced out.
- Small business owners can use and analyze balance sheets for insights, such as net worth, growth and progress, and creditworthiness for lenders.

Read balance sheets to promote financial decision-making for an RCO

What is included in a Balance Sheet?

- To create a balance sheet, you'll need to collect all receipts, invoices, and other financial documents to record your business's finances.
- Using a chart, you'll then record this data in one of the three sections:
 - Assets
 - Liabilities
 - Equity

Note:

On a balance sheet, assets are listed on the left side and are further divided into current assets and noncurrent assets. In the current assets section, you would include all the assets your business can expect to turn into cash within the current period. In the non-current assets, you would include all other assets that bring value to the business but aren't expected to be sold or to bring in a cash value within the year.

Read balance sheets to promote financial decision-making for an RCO

Assets

- Assets are items of value that the business owns. Some assets can increase the overall value of the business as these are items that can be sold or used to make products or deliver services that can be sold.
- Assets are classified as tangible and intangible assets. Tangible assets are physical objects that can also be categorized as fixed assets, meaning they are not for sale but rather used for operational purposes. Intangible assets, meanwhile, are not physical objects but concepts or ideas of value, such as intellectual property.

Some examples of small business assets include:

Tangible Assets	Current Assets	Intangible Assets
Equipment	Cash	Patents
Property	Inventory	Trademarks
Plant	Accounts Receivable	Copyrights

<https://www.thebalancemoney.com/how-to-create-a-balance-sheet-for-your-small-business-5205349>



Read balance sheets to promote financial decision-making for an RCO

Liabilities

- Liabilities are essentially the debts of the business. This is what the business owes to other businesses, employees, and even customers.
- Liabilities are listed on the right side of the balance sheet, opposite of the assets. Some examples of liabilities include:
- Like assets, liabilities are divided into two categories: current liabilities and noncurrent liabilities. Current liabilities are the debts that are owed and must be paid within the year, such as accounts payable. Non-current liabilities are debts that are considered long-term and don't need to be paid out fully within the year, such as loans.

Liabilities Examples

- Accounts payable
- Taxes
- Bank loans
- Rent
- Utilities
- Payroll
- Goods owed to customers
- Bonds

<https://www.thebalancemoney.com/how-to-create-a-balance-sheet-for-your-small-business-5205349>



Read balance sheets to promote financial decision-making for an RCO

Equity

- Equity is considered the net worth of the business. On a balance sheet, it is listed after liabilities and represents the amount that would belong to the owners of the business if all assets were used to pay off all liabilities. It may also be referred to as shareholders' equity or owner's equity.

Note

While the term “shareholders' equity” is primarily used for corporations, small business owners like sole proprietors without investors should refer to this as simply “owner's equity.” The main difference between these terms is whether investors hold a portion of the business.



Read balance sheets to promote financial decision-making for an RCO

How To Prepare Your Balance Sheet

Once you understand what goes into a balance sheet, you can begin to create it. There are many templates and software programs available that provide the basic structure, making it easy for small business owners to get started.

Here are a few basic steps to take to prepare your balance sheet:

1. Determine whether you'll be reporting for the month, quarter, or year.
2. Gather all financial documents, such as receipts and invoices, pertaining to your business's assets and liabilities.
3. Fill in all amounts of assets and liabilities, with assets on the left and liabilities on the right.
4. Determine retained earnings or equity.
5. Make sure both sides balance out.

<https://www.thebalancemoney.com/how-to-create-a-balance-sheet-for-your-small-business-5205349>



Read balance sheets to promote financial decision-making for an RCO

Understanding Your Small Business Balance Sheet

- After you fill in your balance sheet with all the necessary financial data, you can begin to analyze that data. Balance sheets offer many insights, including a company's net worth, areas requiring more organization, progress made over time, and the ability to show your business is worthy to lenders. You can use your balance sheet to calculate key ratios, which can help you to understand your business's financial standing.



Read balance sheets to promote financial decision-making for an RCO

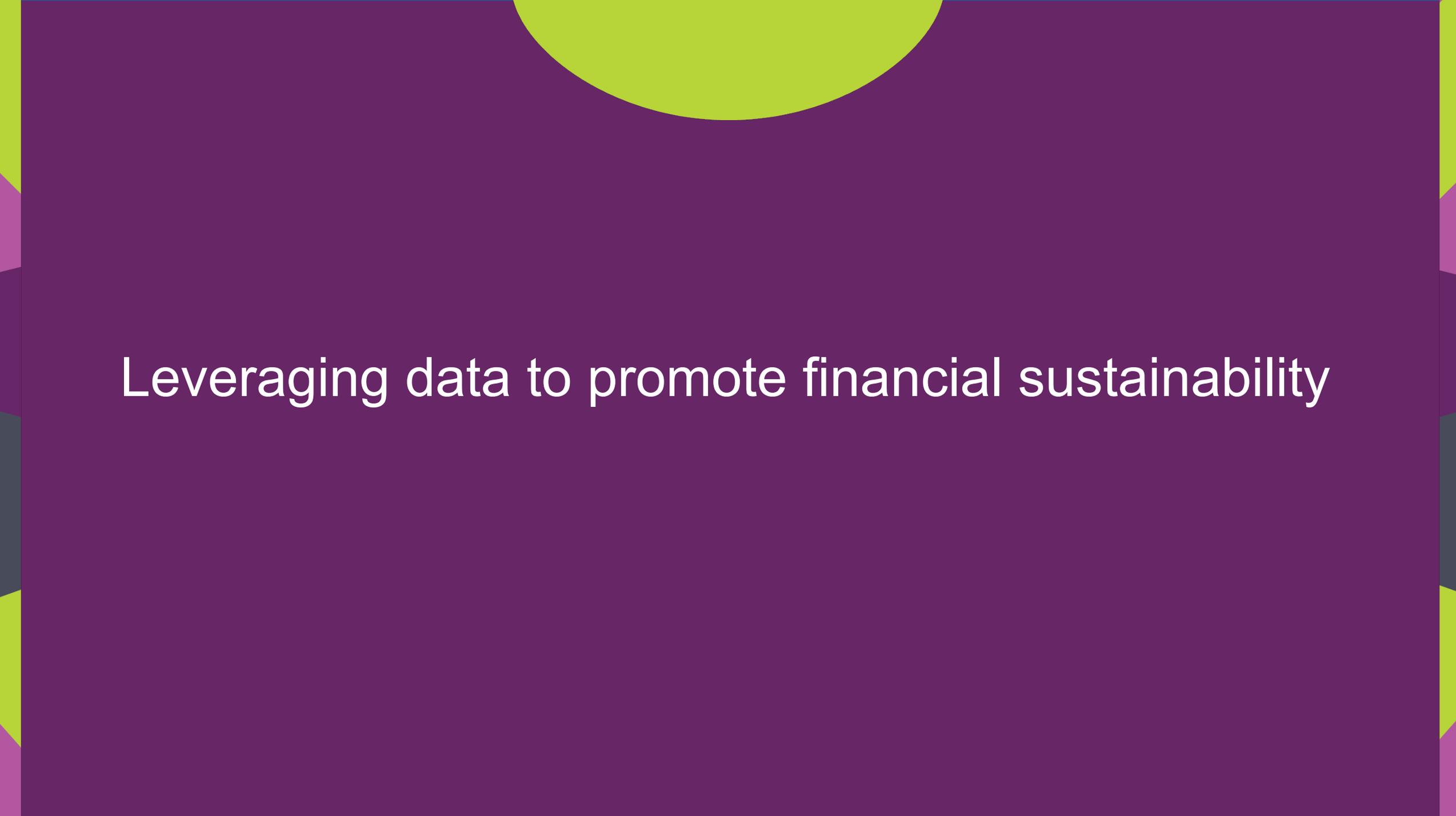
Here are some examples:

- **Debt Ratio:** The debt ratio is used to determine the financial standing by determining debt using the formula: **Debt Ratio = Total Liabilities ÷ Total Assets**
- **Working Capital:** Working capital refers to the funds used to cover operating costs and can be calculated using this formula: **Working Capital = Current Assets - Current Liabilities**
- **Debt-to-Equity Ratio:** The debt-to-equity ratio shows a business's leverage regarding its capital and whether the majority of it is debt or shareholders' equity. It is calculated with the formula: **Debt/Equity Ratio = Total Liabilities ÷ Total Equity**



Balance Sheet Example

	2016 \$	2015 \$
CURRENT ASSETS		
XYZ Bank	60,000	55,000
Accounts Receivable	100,000	110,000
Stock	50,000	60,000
Work in Progress	5,000	2,000
Total Current Assets	215,000	227,000
NON-CURRENT ASSETS		
<i>Fixed Assets</i>		
Building and Equipment	100,000	90,000
<i>Intangible Assets</i>		
Goodwill	10,000	10,000
TOTAL ASSETS	325,000	327,000
CURRENT LIABILITIES		
Accounts Payable	85,000	95,000
GST Due	30,000	35,000
Total Current Liabilities	115,000	130,000
NON-CURRENT LIABILITIES		
XYZ Term Loan	25,000	35,000
Loan – ABC Finance	15,000	18,000
Total Non-current Liabilities	40,000	53,000
TOTAL LIABILITIES	155,000	183,000
NET ASSETS REPRESENTING OWNER'S EQUITY	170,000	144,000



Leveraging data to promote financial sustainability

‘The biggest challenge facing the recovery community is the need for sustainable funding, the only way we receive sustainable funding is with the collection of recovery data and recovery-oriented outcomes.’

Amy Brinkley



Leveraging data to promote financial sustainability.

Indiana Recovery Funding Evolution (Example)

- 2017 - \$750,000 Budget (1 RCO)
- 2020 - 2022 Budget grew to \$10,000,000 + (28 RCO's etc.)
- From 2021 – 2022 Indiana began to focus on recovery specific data collection
 - IRC Lived Experience Survey
 - RSW Data Focus (SDOH, CANS/ANSA, and MPH)

Overview of Indiana's Recovery Data Sets

Recovery Support Workgroup Data Sets

- 1) Lived Experience Feedback Survey
- 2) Consumer Satisfaction Surveys (MHSIP/YSS-F))
- 3) Assessment Data (CANS/ANSA)
- 4) Social Determinants of Health Data
- 5) Recovery Data Platform

Cross State Agency Data Collection – (MPH)



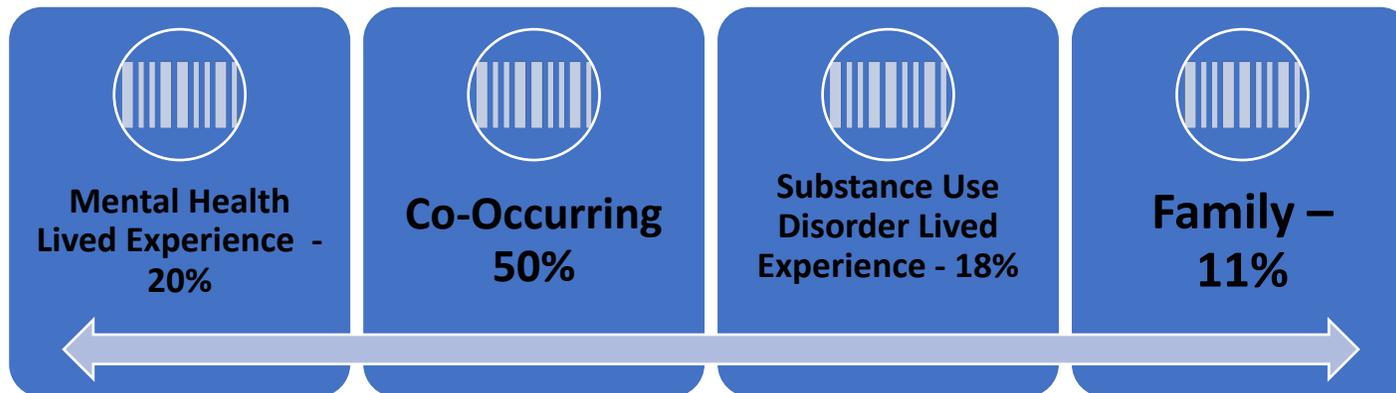
Indiana Recovery Council 2020 Survey

First time survey administered to people with mental health and substance use disorder lived experiences.

Key Considerations:

1. 19 Total Recovery Centered and Demographic Questions included
2. Survey open approximately 4 weeks from July 24, 2020 – August 20, 2020
3. Survey was sent out 6 months into the COVID pandemic
4. 199 People with mental health and addiction lived experience completed the survey

The survey asked respondents demographic questions to identify their gender, race, ethnicity, age group, and the county in which they reside.



Indiana Recovery Council 2020 Survey

Dimensions of Recovery	Total	White/Caucasian	Black/African American
Health	47%	47%	29%
Home	48%	46%	71%
Community	39%	39%	50%
Purpose	52%	51%	57%

SAMHSA's Dimensions of Recovery defined in survey as:

- a. Health** (access to treatment, medication, insurance, primary care doctor)
- b. Home** (safe and affordable housing, supportive housing, transition housing)
- c. Community** (peer support services, social supports)
- d. Purpose** (exercise, hobbies, education, or employment opportunities)



Indiana Recovery Council 2020 Survey

Barriers to Treatment/Recovery Supports

RSS Needs	Total	White/ Caucasian	Black/ African American
Medication	27%	25%	14%
Housing	34%	33%	36%
Cost/Insurance	52%	52%	36%
Distance	19%	19%	36%
Childcare	16%	16%	14%
Availability/ Access	50%	51%	50%
Transportation	32%	31%	50%

Dimensions of Recovery Missing from Daily Lives:

Dimensions of Recovery	Total	White/ Caucasian	Black/ African American
Health	47%	47%	29%
Home	48%	46%	71%
Community	39%	39%	50%
Purpose	52%	51%	57%



ANSA Items Utilized

We selected and grouped ANSA items into SAMHSA's dimensions of recovery so that the Recovery Support Workgroup could more easily utilize the data.

HEALTH

Medical/Physical
Involvement in Recovery
Self Care
Sleep
Medication Involvement

HOME

Independent Living Skills
Community Violence
Residential Stability

COMMUNITY

Community Connections Social Functioning
Family Functioning Family Strengths
Social Connectedness Natural Supports
Transportation Cultural Identity
Traditions and Rituals

PURPOSE

Employment Job History Recreational
Volunteering Educational Resiliency
Optimism Talents/Interests
Resourcefulness Spiritual/Religious



ANSA Items Utilized (Analyzed)

Top Five Most Common Actionable Recovery Items at Admission for Those with SMI

1. Sleep (61%)
2. Social Functioning (60%)
3. Resourcefulness (55%)
4. Family Functioning (52%)
5. Recreational (52%)

Top Five Most Common Actionable Recovery Items at Admission for Those with SUD

1. Resourcefulness (60%)
2. Optimism (55%)
3. Legal (55%)
4. Family Strengths (54%)
5. Resiliency (52%)



State Fiscal Year 21 (RCO Data)

- ❑ 20 Organizations using RDP
- ❑ 100+ licenses issued to date
- ❑ Recovery Vital Scales – 1,200
- ❑ 2,200 Individual Participants in the system (1800+ engaged)
- ❑ In June 2021 alone: (1 month!)
 - ❑ 2072 People Served in Direct Peer Support
 - ❑ 1557 People Served in Group Peer Support

Totals
People Served = 17,920
Groups = 16,340
Referrals = 5,647

RSW data driven recommendations can direct Regional Recovery Hubs focus and Recovery Support Services offered locally through hubs.



*Why Recovery Data Collection
and Outcomes Matter for the
Future of RCO's*



Throwback to Session 1

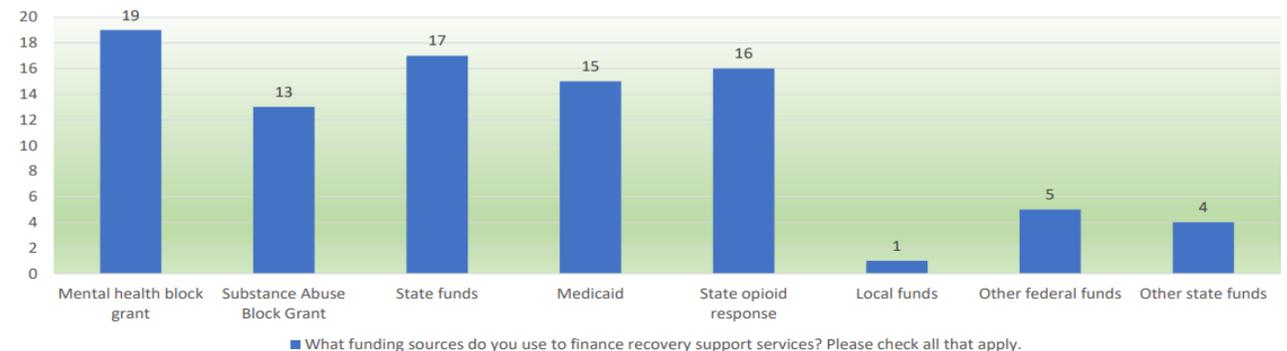
Level Setting (Part 3) State of the states

- **Mental Health Block Grant – 19 States**
- **Substance Abuse Block Grant – 13 States**
- State Funds – 17 States
- Medicaid – 15 States
- State Opioid Response – 16 States
- Local Funds – 1 State
- Other Federal Funds – 5 States
- Other State Funds – 4 States

Diverse RSS Funding Options

Question 5

What funding sources do you use to finance recovery support services? Please check all that apply.



Throwback to Session 1

Office of Recovery Initiatives Peer Recovery Community Should be Following Closely

- 1) SAMSHA TEP – Peer Support Certification Model Standards
- 2) Next Generation ROSC
- 3) **Block Grant Recovery Data Updates**
- 4) Peer Respite Cost Benefit Analysis
- 5) National Recovery Agenda Announced
- 6) National Recovery Research Agenda Forthcoming

Throwback to Session 1

Office of Recovery Core Principles

Data and evidence

- ❖ To increase the collection, analysis & reporting of data on recovery and expand the identification & use of evidence and practice-based policies and approaches.

Trauma-informed

- ❖ To embed trauma-informed practices and approaches in recovery efforts.

Rights Protection

- ❖ To protect the human and civil rights of people with lived experience.



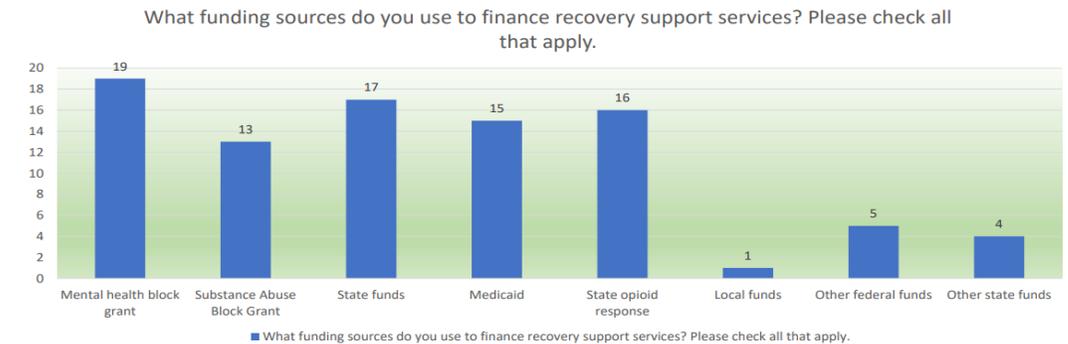
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Diverse RSS Funding Options

Question 5



All funding sources
care about data.



Only 3 National Recovery Data Options for RCO's

1) Recovery Data Platform

- Brief Addiction Recovery Capital Scale and Addiction Recovery Capital Scale
- Life Engagement Scale, Cravings Rating Scale, Relationship Rating Scale

2) Recovery Link

3) Recovery Capital Index

RCO's need data platforms to capture demographics, peer encounters, outreach, referrals, and intake/assessment information.

<https://recoverycapital.io/>

[RecoveryLink™ - Digital Recovery Support Tools \(myrecoverylink.com\)](https://myrecoverylink.com)

[RDP - Faces & Voices of Recovery \(facesandvoicesofrecovery.org\)](https://facesandvoicesofrecovery.org)



Questions?





THANK YOU!

We'd Love to
hear from you

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SAMHSA
Substance Abuse and Mental Health
Services Administration

Managing Nonprofit Financial Operations: Sessions 1 & 2

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