Nonprofit Basics: Strengthening Organizational Capacity

Effective Budgeting for Nonprofits Session 1 of 2

6/6/23 1-2:30pm ET/ 12-1:30pm CT/10-11:30am PT

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SAMHSA
Substance Abuse and Mental Health Services Administration

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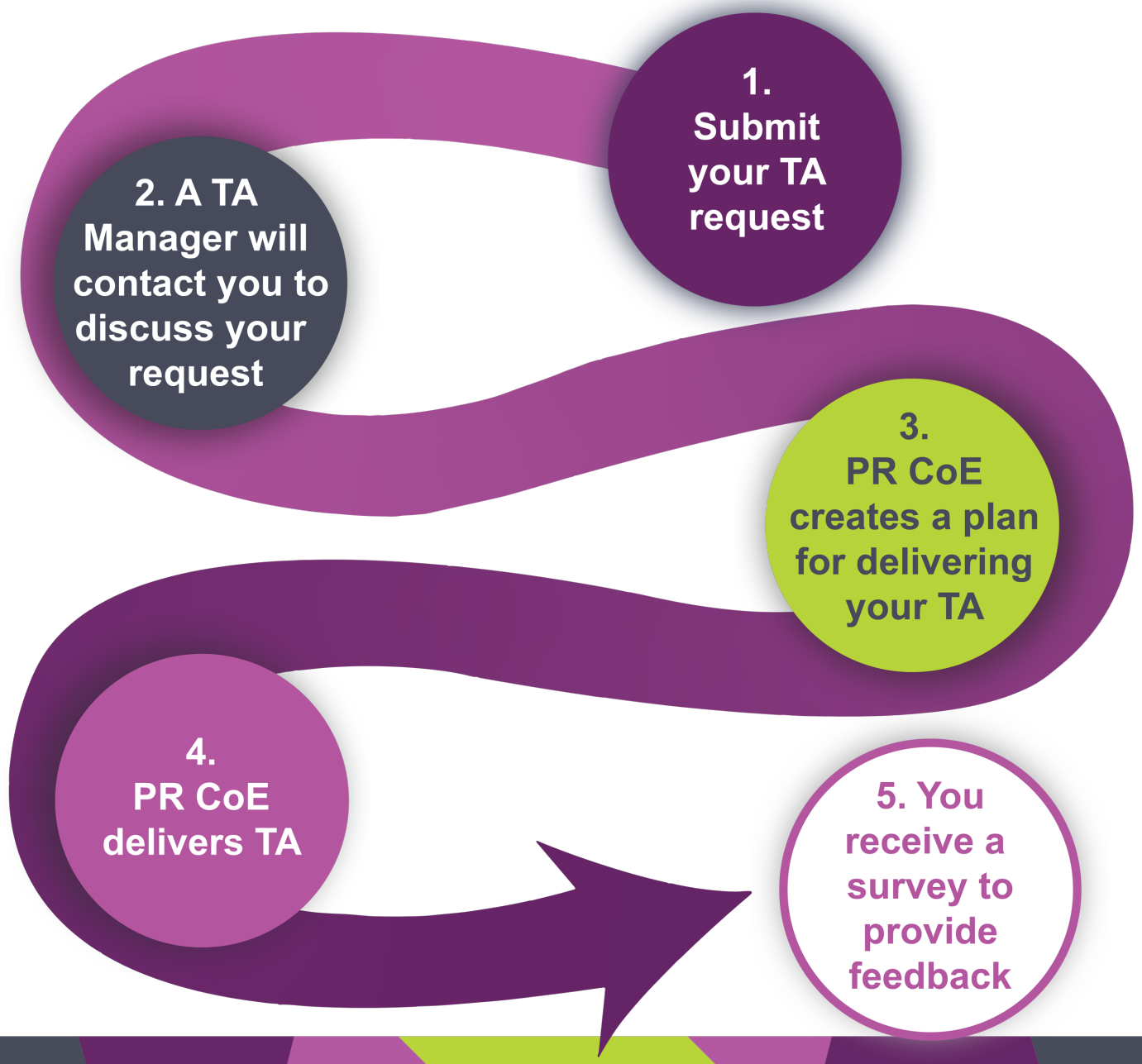
If we want addiction destigmatized, we need a language that's unified.

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

https://www.recoveryanswers.org/addiction-ary/

Technical Assistance Request and Delivery



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Housekeeping Notes

- This presentation is being recorded.
- We strongly encourage you to join with with your video on!
- 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.

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Every nonprofit organization works from a budget, but some are more efficient than others. In this session, participants will acquire skills to apply in their management role to successfully budget.

Over the next two sessions we will learn about the foundation and importance of nonprofit finance and how peer-run organizations maximize effectiveness and sustainability when making financial decisions.

Agenda

- Introduction
- Level Setting (Part 1)
- Level Setting (Part 2)
- Basics of Budgeting
- Homework Assignment
- Closing

1. Introduction

Introduction

Amy Brinkley, CRS/CHW, CAPRCII

Audience Introductions
(Put in chat)

- Your name
- Your organization
- Your role
- Type of organization you work for (RCO, RCC, treatment, etc…)
- Where you are located

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2. Level Setting (Part 1)

Level Setting

Recovery Community Organizations (RCOs) are grassroots, independent, nonprofit organizations, founded and led by the local recovery community. RCOs help individuals build their recovery capital* in their natural environment, in the community.

Consumer Operated Businesses (Services) - Consumer-operated refers to an organization that is controlled and managed by mental health consumers and dedicated to improving mental health and ensuring that recovery support services are consumer-driven. A consumer-operated organization must have a board of directors comprised of more than 50 percent consumers.

https://www.samhsa.gov/grants/grant-announcements/sm-18-008

RCO Capacity Building (peerrecoverynow.org)

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Level Setting (Part 1)
RCO Needs Assessment (August 2021)

- Digital survey sent out to 210 RCO's (almost every RCO in nation) in Jan - Feb 2021
- Respondents were asked to rate their level of need in 8 areas including financial management and funding and a 34% response rate was achieved.
- Funding was the top need with 82% identifying this as a need and financial management was ranked at 32% which was in the bottom 3 needs identified by RCO's.
- **Focus groups revealed** - (key things worth noting - non exhaustive list):
  - ***ALL*** interviewees expressed ***inadequate funding*** and ***insecurity about future funding***
  - Most of the funding comes from government funding
  - Significant competition among existing RCO's
  - ***Few*** RCO's have healthy ***diversified funding streams***
  - RCO's in some state's cant' bill Medicaid – some can (reimbursement rates are low)
  - RCO leaders don't fully understand pros/cons of Medicaid reimbursement
  - No national standard around peer wage reimbursement
  - Most RCO's don't have enough staff – peer staff required to perform admin duties in addition to providing peer support and need additional training.

Graphic 1

RCO-Needs-Assessment_Nov2021-v3.pdf (peerrecoverynow.org)

Level Setting (Part 1)
RCO Needs Assessment cont…

Key Observations

(Passion/sense of ownership)

- Majority of RCO's started by people with lived experience
- People with lived experience are the 'right' people to lead RCO's
- RCO leaders need more self care, support, training, and resources
- Burnout rates are high due to lack of adequate sustainable funding, staffing, and training
- Immense personal investment of time and money to launch RCO's

Key Observations

(Funding and sustainability)

- Nationally RCO's are underfunded
- Most of funding for RCO's come from government grants
- Federal funding getting to the states but not always reaching community level
- Competition among RCO's and other nonprofit community organizations
- Very few RCO's have healthy diversified funding streams
- Many RCO's lack funding to hire volunteer coordinators

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RCO-Needs-Assessment_Nov2021-v3.pdf (peerrecoverynow.org)

Level Setting (Part 1)

RCO Needs Assessment Cont…

Key Observations

(Billing and Generating Revenue)

- Not every state allows RCO's to bill for peer support services
- Some states added peer support to Medicaid but discontinued funding in block grant for RCO's and Peers
- Some RCO's have contracts with hospitals and other organizations to bill for peer support
- No national standard for wages for peer workers
- Many RCO's who qualify for Medicaid reimbursement rates state it's not enough to provide peers a living wage
- RCO's don't a full understanding of the pros/cons of Medicaid reimbursement

Key Observations

(Staffing)

- Most RCO's don't have enough staff
- Peer support workers are required to perform administrative or operational roles in addition to direct service work
- The skills needed to run and support an RCO are broad and diverse, they include soft skills, writing skills, data collection, and proficiency in technology, leadership skills etc.
- Staff and volunteer peers are susceptible to burnout.

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RCO-Needs-Assessment_Nov2021-v3.pdf (peerrecoverynow.org)

White House Approach

FY 2023 Budget Request called for historic investment of $42.5 billion for National Drug Control Program agencies which is a $3.2 billion increase over FY22

- Prevention
- Harm Reduction
- Treatment and Recovery

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President Biden Calls for Increasehttps://www.whitehouse.gov/ondcp/briefing-room/2022/03/28/president-biden-calls-for-increased-funding-to-address-addiction-and-the-overdose-epidemic/d Funding to Address Addiction and the Overdose Epidemic | ONDCP | The White House

White House on Prevention

- Overdose Prevention strategy included investments in community resources to prevent harms related to substance use.
- CDC launched four education campaigns on dangers of fentanyl and risks of mixing drugs.
- In 2021 the WH ONDCP announced 745 community coalitions in all 50 states received $93 million through Drug Free Communities program grants.

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White House on Harm Reduction

- American Rescue Plan (ARP) included $30 million in support for harm reduction services.
- CDC and SAMHSA announced federal funding eligible to purchase fentanyl strips to curb overdose deaths.
- CDC and SAMHSA established $3 million dollar partnership to leverage CDC's National Harm Reduction TA Center

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White House on Recovery

- HHS prioritized recovery in it's new Overdose Prevention Strategy through developing different types of support through the recovery workforce, expanding access to ongoing, affordable, and effective recovery support services.
- ARP invested almost $4 billion to allow HHS to expand access to mental health and substance use services.
- Department of Justice (DOJ) provided $94 million to adult reentry and recidivism reduction programs.
- CDC provided $300 million per year through overdose 2 action grants.

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2. Level Setting (Part 2)

Level Setting
State of the States

NASMHPD Division of Recovery Support Services (DRSS)
2021 Survey Overview

Key Takeaways

DRSS Members	• 44 States/Territories Received the Survey • 19 States/Territories Responded
Types of RSS Focus of RSS	• 20 Distinct RSS Types Reported • 12 Diverse Populations Targeted
RSS Partnerships RSS Funding	• 12 Diverse State Agencies/Systems Involved in RSS Implementation • 8 Diverse Funding Streams Used to Implement RSS

20 Distinct RSS reportedly targeting 12 diverse populations across 19 states.

12 Different State Agencies and systems involved with funding ***from 8 different funding streams.***

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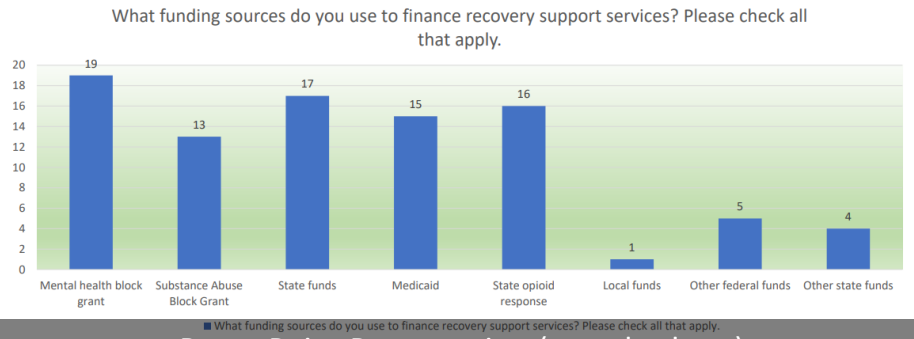
PowerPoint Presentation (nasmhpd.org)

Level Setting (Part 2)
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



PowerPoint Presentation (nasmhpd.org)

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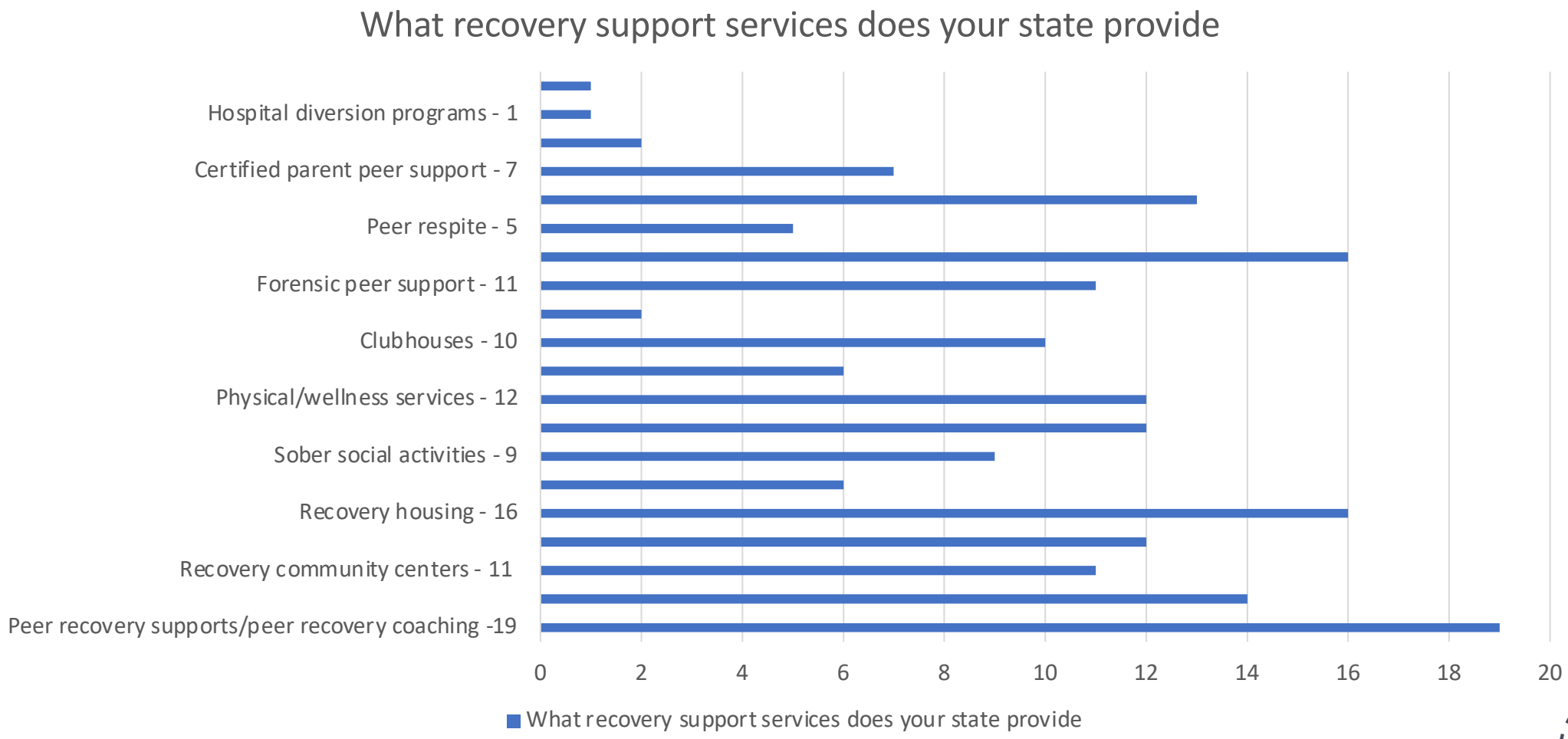
DRSS 2021 Survey



Types of Recovery Support Services Offered

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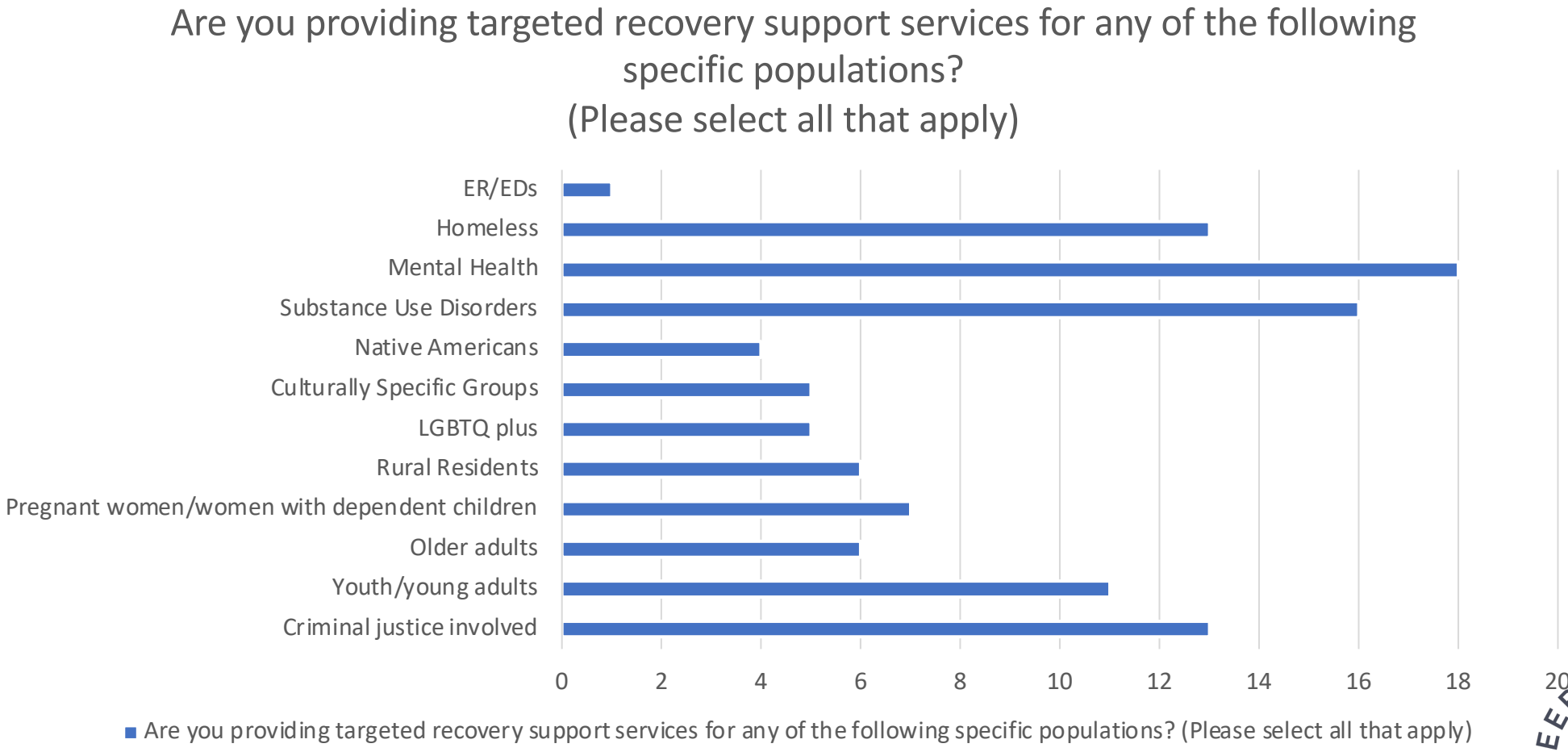
DRSS 2021 Survey



Targeted Populations for RSS

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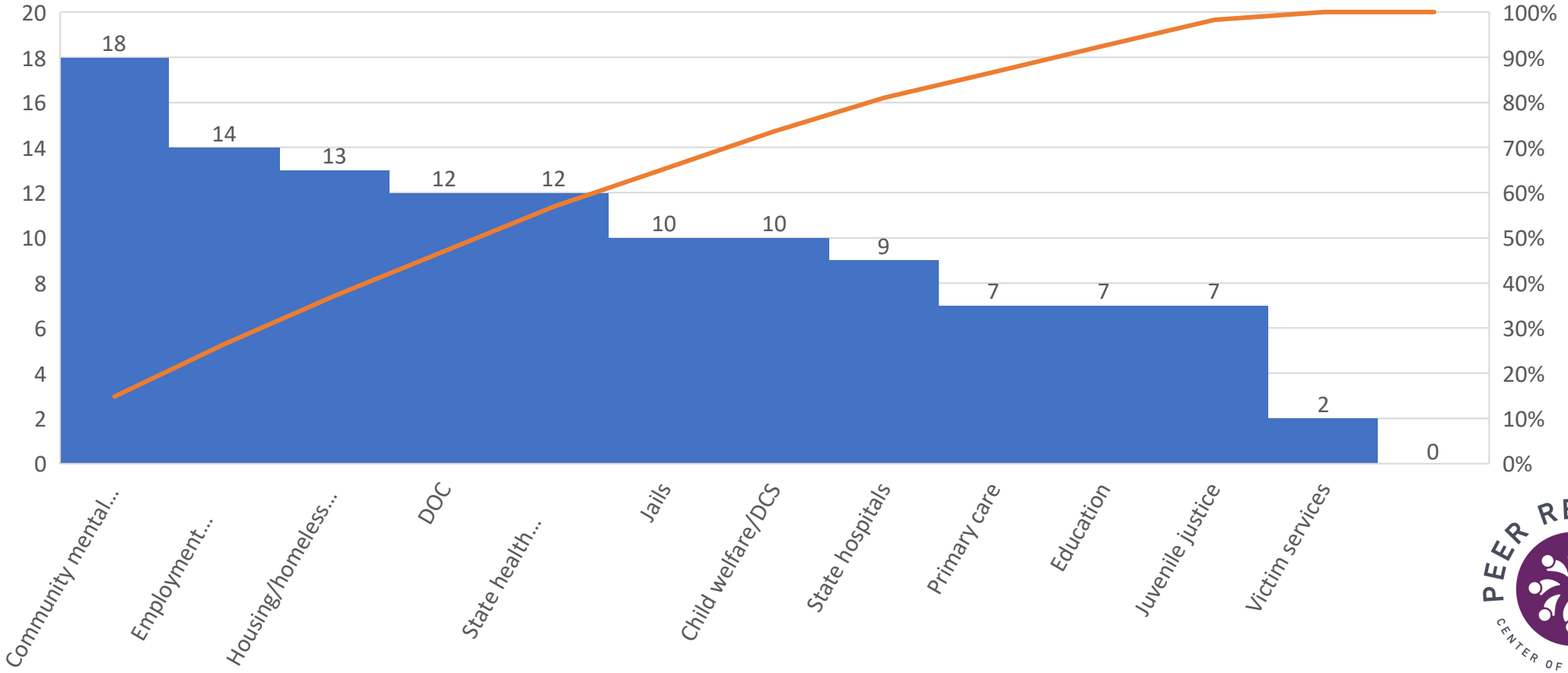
Are you working with any of the following systems/state agencies to provide Recovery Support Services?



Budgeting 101

Budgeting (101)

Budgeting is the process of preparing and overseeing a financial document that estimates income and expenses for a period.

- For business owners, executives, and managers, budgeting is a key skill for ensuring organizations and teams have the resources to execute initiatives and reach goals.
- A basic budget consists of projected income and expenses for a given period (for instance, the upcoming quarter or year). After expenses are subtracted from projected income, the leftover money can be allocated to projects and initiatives, ensuring you're not planning to overspend.
- Budgets from previous periods can be compared to the company's actual financial allocation and performance, giving an idea of how close predictions were to actual spend.

Why Is Budgeting Important in Business? 5 Reasons (hbs.edu)

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Types of Budgeting

There are several budgeting types that each prioritize different factors when approaching a financial plan. These include:

1. Zero-based budgeting, which sets each item at zero dollars at the start of periods before reallocating
2. Static budgeting or incremental-based budgeting, which uses historical data to add or subtract a percentage from the previous period to create the upcoming period's budget
3. Performance-based budgeting, which emphasizes the cash flow per unit of product or service
4. Activity-based budgeting, which starts with the company's goals and works backward to determine the cost of attaining them
5. Value proposition budgeting, which assumes no line item should be included in the budget unless it directly provides value to the organization

- The right budgeting type varies by company and situation. If your organization is in financial distress, the zero-based method may be the best fit, as it starts from scratch each period. Trying out several methods is a good way to determine which is ideal; when doing so, ensure your entire organization is aligned.

Why Is Budgeting Important in Business? 5 Reasons (hbs.edu)

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Why Is Budgeting Important?

1. It Ensures Resource Availability - At its core, budgeting's primary function is to ensure an organization has enough resources to meet its goals. By planning financials in advance, you can determine which teams and initiatives require more resources and areas where you can cut back.

2. It Can Help Set and Report on Internal Goals - Budgeting for an upcoming period isn't just about allocating spend; it's also about determining how much revenue is needed to reach company goals.

3. It Helps Prioritize Projects - A byproduct of the budgeting process is that it requires prioritizing projects and initiatives. When prioritizing, consider the potential return on investment for each project, how each aligns with your company's values, and the extent they could impact broader financial goals.

4. It Can Lead to Financing Opportunities - If you work at a startup or are considering seeking outside investors, it's important to have documented budgetary information. When deciding whether to fund a company, investors highly value its current, past, and predicted financial performance.

5. It Provides a Pivotable Plan -A budget is a financial roadmap for the upcoming period. If it goes according to plan, it shows how much should be earned and spent on specific items.

Why Is Budgeting Important in Business? 5 Reasons (hbs.edu)

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Budgeting Process Considerations

The budgeting process for a community peer recovery organization involves several key steps to ensure effective financial planning and resource allocation. Here are some steps and best practices to consider:

- **Needs Assessment:** Conduct a comprehensive needs assessment to determine the financial requirements of the organization. Assess the scope of services, the target population, and the expected demand for peer support. Identify the resources necessary to meet those needs effectively.
- **Revenue Sources:** Identify potential revenue sources to support the organization's budget. This can include a combination of funding streams such as grants, contracts with government agencies or healthcare providers, private donations, fundraising events, and fee-for-service models. Explore partnerships with other organizations or healthcare systems that may provide financial support or in-kind contributions.
- **Expense Categories:** Determine the major expense categories for the organization's operations. This typically includes personnel costs (salaries, benefits, training), office space, utilities, supplies, technology infrastructure, marketing and outreach, program development, and evaluation. Categorize expenses to ensure a comprehensive overview of the organization's financial needs.

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Remember!!

- **Financial Management:** Establish effective financial management practices to monitor and control the organization's budget. Implement accounting systems to track income and expenses accurately. Regularly review financial statements, maintain up-to-date records, and conduct financial audits to ensure compliance and accountability.
- **Performance Indicators and Tracking:** Develop performance indicators and metrics to assess the financial health and sustainability of the organization. Monitor key financial ratios, such as revenue-to-expense ratio, and track indicators of success, such as growth in service utilization or revenue diversification. Regularly evaluate the organization's financial performance to identify areas for improvement and make informed decisions.

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Remember!!

- **Grant and Funding Opportunities:** Stay informed about grant and funding opportunities relevant to peer recovery organizations. Continuously search for new funding sources, submit grant applications, and build relationships with funders. Develop strong proposals and clearly articulate the organization's mission, impact, and financial needs.
- **Contingency Planning:** Establish a contingency plan to address unexpected financial challenges or changes in funding. Maintain reserves or create a financial cushion to mitigate potential risks. Develop strategies to diversify revenue sources and reduce dependency on a single funding stream.

By following these steps and best practices, a community peer recovery organization can effectively budget its financial resources, optimize revenue generation, and ensure financial sustainability to support its mission and provide vital peer support services to individuals in need.

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Summary

In summary, financial budgeting is essential for peer-run organizations as it facilitates resource allocation, financial planning, decision making, accountability, risk management, fundraising, and monitoring.

By adopting sound budgeting practices, these organizations can enhance their financial stability, sustainability, and ability to fulfill their mission.

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Tools

Peer-run organizations should be aware of the following resources for effective financial management:

Financial Management Software: Investing in financial management software can greatly assist peer-run organizations in streamlining their budgeting, accounting, and reporting processes. These software solutions often offer features such as expense tracking, budget creation and monitoring, invoicing, financial reporting, and integration with other systems.

Nonprofit Accounting Standards: Peer-run organizations should familiarize themselves with the accounting standards specific to nonprofits. Understanding these standards, such as the Generally Accepted Accounting Principles (GAAP) for nonprofits, ensures accurate financial reporting and compliance with legal requirements.

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Tools

Financial Literacy Training: It is important for members of peer-run organizations, particularly those involved in financial decision-making, to have a basic understanding of financial concepts and practices. Training programs or workshops on financial literacy can help enhance their knowledge and skills in budgeting, financial analysis, and reporting.

Professional Accountants or Financial Consultants: For complex financial matters, peer-run organizations may benefit from consulting with professional accountants or financial consultants with expertise in nonprofit finance. These professionals can provide guidance on budgeting, financial planning, compliance, tax matters, and strategic financial decision-making.

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Tools

Nonprofit Financial Management Resources: There are numerous resources available online that provide guidance and support specifically tailored to nonprofit financial management. Nonprofit associations, foundations, and government agencies often offer educational materials, toolkits, webinars, and publications to help organizations navigate financial challenges and best practices.

Peer Networks and Communities: Connecting with other peer-run organizations can be invaluable for sharing knowledge and experiences related to financial management. Peer networks or communities provide opportunities to learn from others facing similar financial challenges, exchange best practices, and access resources and support specific to the nonprofit sector.

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Tools

Funding Opportunities and Grant-Making Institutions: Peer-run organizations should actively seek out funding opportunities and stay informed about grant-making institutions that align with their mission. These funding sources often provide financial management training, technical assistance, and resources to help organizations build their financial capacity.

Financial Policies and Procedures: Developing and implementing clear financial policies and procedures is essential for effective financial management. These policies should cover areas such as budget development, expense authorization, procurement, cash management, and financial controls. Templates and examples of financial policies and procedures can be found through nonprofit support organizations or professional associations.

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Tools

Financial Audit and Review: Peer-run organizations may undergo financial audits or reviews, either voluntarily or as a requirement for certain funding sources. Understanding the audit process and having proper financial documentation and record-keeping practices in place is crucial. It is helpful to engage professional auditors with experience in the nonprofit sector to ensure compliance and accuracy in financial reporting.

By leveraging these resources, peer-run organizations can enhance their financial management practices, build financial capacity, and strengthen their overall organizational sustainability.

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Sample Budget

Non Profit Budget	Actual	Budget
Income		
Contributions	25,000	27,500
Grants (unrestricted)	6,000	6,000
Sales	4,325	4,000
Total income	35,325	37,500
Expenses		
Staff	10,000	12,000
Office expense	1,120	1,000
Cost of goods sold (COGS)	1,000	1,000
Telephone	5,665	6,000
Counseling	12,000	12,000
Bus tickets	4,960	5,000
Misc. support	510	500
Total expenses	35,255	37,500
Excess	70	0

wordlayouts.com

Budgets can be simple and/or comprehensive.

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6. Homework Assignment

Homework Assignment

Identify at least 2-3 NEW funding opportunities your organization would qualify for and come back to the next class prepared to discuss:

1. How many diversified funding streams do you currently operate from?
2. What are the two new opportunities you found and what did you learn through this exercise?
3. Describe successes and barriers you experienced with the exercise.

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Closing

Self Assessments

- Self-assessments are often the first step in an organization's journey toward effective outcomes. The goal of assessments is to collect data that can help the nonprofit evaluate whether or not it is making progress toward various goals and help the nonprofit demonstrate that it is advancing its mission.

- Organizations that are serious about measuring their progress and evaluating their outcomes typically engage in a self-assessment process, whether organization-wide or focused on certain aspects of their programs or activities. For example, board members can conduct self-assessments to determine how engaged the board is, or to identify knowledge or experience gaps.

https://www.councilofnonprofits.org/running-nonprofit/governance-leadership/organizational-self-assessments

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Practice Pointers

- Diverse perspectives can affect the ways in which individuals react to self-assessments. As a preliminary step it might be useful to discuss how diverse perspectives may impact the process, so that goals of inclusiveness are taken into consideration both when designing the assessment and when interpreting the results.
- Self-assessments can help boards and staff more quickly identify areas in which your organization can improve its effectiveness to serve its mission. While individual staff or board members may feel uncomfortable with self-assessments, reinforcing how assessments are directly tied to advancing the mission may help them become more comfortable participating in self-assessments
- If your nonprofit receives funding from private foundations, don't be shy about asking whether the grant maker recommends a particular self-assessment tool or evaluation process. Some grant reports have specific questions for the grantee to address that ask about the process the organization uses to measure its outcomes or progress.

https://www.councilofnonprofits.org/running-nonprofit/governance-leadership/organizational-self-assessments

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Resources

Non – Medicaid Funding Opportunities for Peer Support

- **SAMHSA Grants -**
  - SABG Block Grant - Substance Abuse Prevention & Treatment Block Grant (SABG) | SAMHSA
  - Mental Health Block Grant - Mental Health Services Block Grant (MHBG) | SAMHSA
  - SAMHSA 2022 Grant Overview - Grants Dashboard | SAMHSA
  - BCOR Grants - Building Communities of Recovery | SAMHSA
  - RCSP Grants - Recovery Community Services Program | SAMHSA
  - Statewide Family Network Grants - Statewide Family Network Program | SAMHSA
  - Statewide Consumer Network Grants - Statewide Consumer Network Grant Program | SAMHSA
  - Harm Reduction Grants - Harm Reduction Grant Program | SAMHSA
  - SOR *States Only - State Opioid Response (SOR) Grants | SAMHSA
  - Treatment, Recovery, and Workforce Grants (already awarded) - Treatment, Recovery, and Workforce Support Grant | SAMHSA
- **Bureau of Justice Affairs Grants (COSSAP)** - O-BJA-2022-171280 | Office of Justice Programs (usdoj.gov) - Peer Recovery Support Services Mentoring Initiative (cossapresources.org)
- **Human Resources and Services Administration (HRSA)** - HHS Announces $226.5 Million to Launch Community Health Worker Training Program | HHS.gov

MACPAC Recovery Support Services - **https://www.macpac.gov/wp-content/uploads/2019/07/Recovery-Support-Services-for-Medicaid-Beneficiaries-with-a-Substance-Use-Disorder.pdf**

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Questions?

THANK YOU!

We'd love to hear from you

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