

Resources to Navigate Uncertainty



**National
Community Action Partnership**



COMMUNITY ACTION NETWORK SCENARIO PLANNING TOOLKIT

This toolkit assists CAAs and State Associations in navigating uncertainty by examining potential future conditions and their effects. It provides resources to assess and plan for key areas including finance, operations, programs, and community impact.



CAA BOARD DISCUSSION GUIDE FOR UNCERTAIN FINANCIAL TIMES

Financial uncertainty can threaten an organization's mission. This guide helps CAA boards assess the organization's financial health, ask key questions, and navigate tough decisions with tools for planning, decision-making, and balancing risk and opportunity.



WHEN YOUR CAA'S UPCOMING FISCAL YEAR IS UNCERTAIN: A GUIDE FOR BOARDS

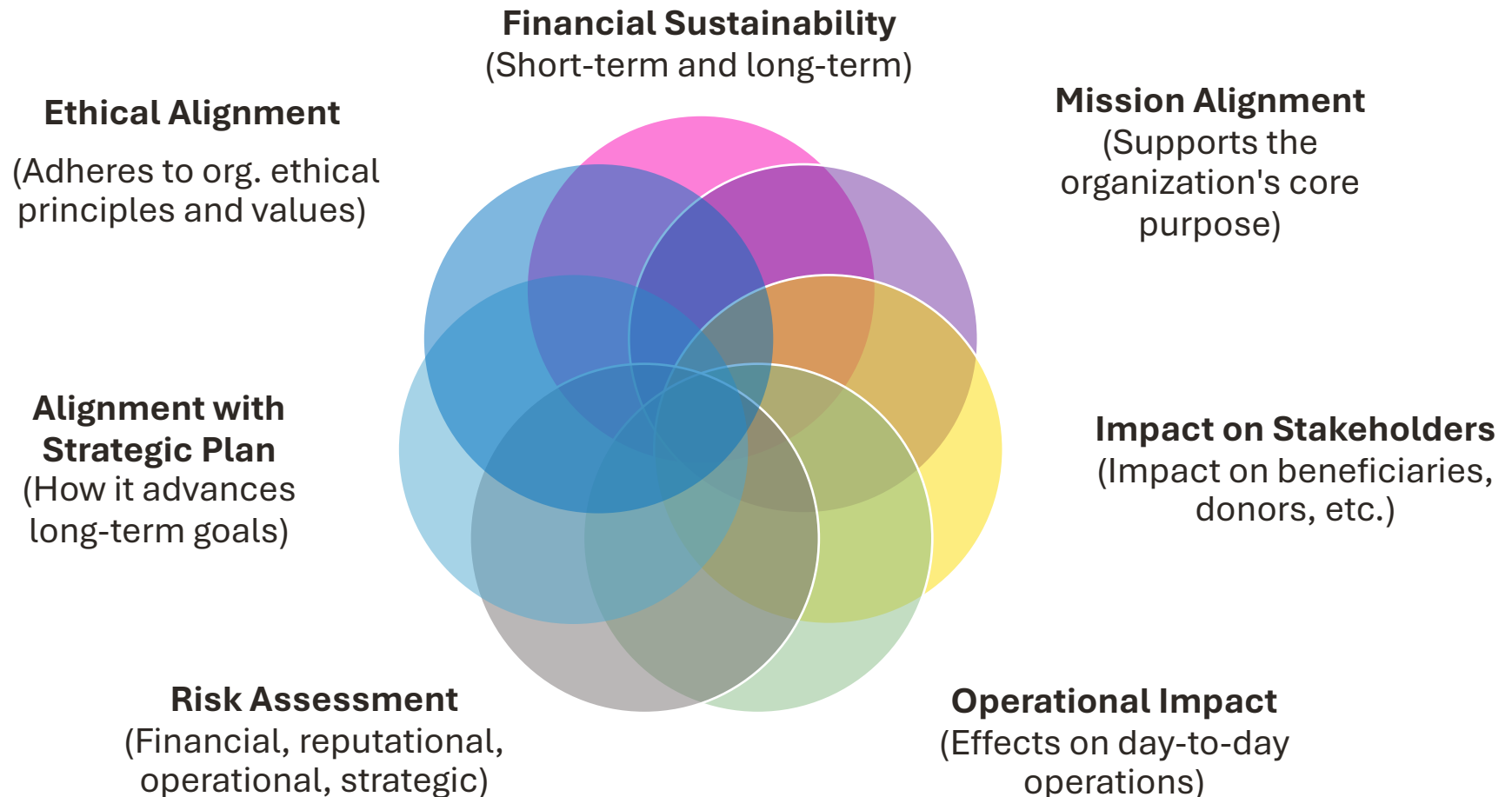
This guide helps CAA boards navigate new federal fiscal year funding uncertainty with four priorities: prepare for strategic action, understand the landscape, plan for multiple scenarios, and elevate Community Action.



Questions to Spur Good Board (and Administration) Discussion

1. How do we ensure that the ***people and communities*** we assist are centered in our decisions?
2. What are our ***top three priorities*** right now?
3. How could we ***sustain our mission*** without our largest funding source?
4. What are the ***impacts on our community*** if we ***lose a major funding source***?
5. What kinds of ***risk*** and how much risk ***are we willing to tolerate***?
6. What ***opportunities*** do we see to grow or build revenue?
7. What does the ***Executive Director need*** from the Board?
8. What are our legal and financial ***liabilities***?
9. How do we ***protect*** the organization?
10. What are our ***assumptions about our funding***, and how might they need to change?

A Decision Filter establishes the criteria through which you will make decisions.



Understanding the Landscape: Financial Condition

External Funding Landscape

- Federal
- State
- Foundation/Private Funders

Internal Funding Landscape:

- **Revenue Mix:** What percentage of funds are federal, state, local, or private?
- **Funding Security:** How stable are our funding sources?
- **Liquidity:** How much of our assets are liquid/illiquid? How many days cash on hand do we have? Do we have a line of credit and if so, to what level have we used it?
- **Restrictions:** What funder restrictions exist on our funds?

Sample Revenue Chart

Funding Source	Origination (Federal, State, Local, etc.)	Amount (\$)	% of Overall Revenue	Payment Method (Reimbursement, Advance, Deliverable)	Stability (Low/ Med/High)	Likelihood of Continuation (Secure, Uncertain, At-Risk)
Continuum of Care	Federal	\$350,000	45%	Advance / Reimbursement	High	Secure
State Energy Grant	State	\$250,000	32%	Reimbursement	Medium	Uncertain
Private Grant – Financial Counseling	Foundation	\$150,000	19%	Deliverable-based	Low	At-Risk
Fee for Service – Sliding Scale Fees	Program Revenue	\$20,000	3%	Paid per service	Medium	Uncertain
Individual Donations	Private	\$5,000	1%	Lump sum	Low	Uncertain

Where Do I Start? Understand Your Current Costs

Fixed vs. Variable Costs

- **Fixed Costs:** Costs that don't change regardless of the level of service provided (e.g., rent, salaries).
- **Variable Costs:** Costs that fluctuate based on the level of service provided (e.g., program supplies, utilities).

Administrative Costs

- Costs related to general operations, non-program staff, and overhead.
- Some funding may have caps or limits.

Program-Specific Costs

- Costs associated with each program or service provided, such as benefits, materials, staff time, and other program-related expenses.

Human Resources & Staffing

- Costs including salaries, benefits, and staffing levels needed for operations.

Vendor & Contract Costs

- Costs for outsourced services, vendor agreements, and any long-term contracts.

You Will Need Capacity

Avoiding the “Cut Only” Trap

There are multiple possibilities to address your scenarios that can help you to manage costs or cashflow and grow revenue

Cost Reduction	Revenue Growth	Cash Flow Management
Reduce overhead	Increase fundraising efforts	Secure lines of credit/financing
Postpone nonessential hiring	Apply for new grants	Liquidate assets
Staffing adjustments (e.g., reduce hours, furloughs, benefits)	Expand/develop fee-for-service programs	Negotiate extended payment terms
Merge or share services with other organizations	Build partnerships for shared funding	Request advances on funding