



Inspire Action for Social Change  
Inspired Boost

Facilitating  
Healing and Change



**Series on Leadership & Sustainability  
Strategies for Supervised Visitation  
Programs  
Part 5: Nonprofit-Based Supervised  
Visitation Program Sustainability I  
March 30, 2023**

Presented by  
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# SV&SE NONPROFIT SUSTAINABILITY: PART I

**A Workshop for Inspire Action for Social  
Change**

# About your trainer

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# Disclaimer

*All information presented in today's session is for educational purposes only and is not intended to provide legal, accounting, or tax advice for your specific nonprofit organization.*

# Objectives for today's session



- Defining “financial sustainability”
- Integrating conversations about financial sustainability AND program stability
- Identifying organizational practices that promote sustainability
- Mapping your Business Model
- Understanding the FULL cost of your programs

What is the #1 priority for a nonprofit?



What do we  
mean by  
sustainability  
?



*The term is commonly used to describe a nonprofit's ability to sustain itself over the long term, perpetuating its ability to fulfill its mission.*

# Financial sustainability & programmatic stability cannot be separated



- It's not enough to have a high-impact program(s) if there's no strategy to sustain the organization financially
- Nor is it enough to just be financially stable
- Yet financial info and info about mission impact are rarely discussed in an integrated way
- To build sustainable organizations, we need to integrate those conversations

*Adapted from Nonprofit Sustainability: Making Strategic Decisions for Financial Viability by Jeanne Bell, Jan Masaoka, and Steve Zimmerman, 2010*



# What does it take?



*Achieving financial stability  
AND mission impact requires  
organizational leaders to  
make decisions while holding  
**BOTH OBJECTIVES** front and  
center.*

# No Money No Mission



# Understanding Your Finance Model

## Business Model

- A holistic framework to describe how an organization provides value for its community.
- Your Business Model is how you translate resources into results and impact.
- There are many business models in the nonprofit sector. There's no "one size fits all."

## Finance Model

- Your Finance Model is how you finance and sustain your work.
- It's a core component of the Business Model.
- Different types of Finance Models require different infrastructure, expertise, and relationships.
- Different Finance Models also carry unique risks and infrastructure needs.

# Typical funding sources for child visitation programs



- Government grants
- Court fees
- Collaborative grants
- Participant fees
- Individual donations

# Practices that promote sustainability

- **Financial leadership**

- *incorporate sustainability into planning conversations from the get-go*

- **Clear outcomes and demonstrable impact**

- *commitment to evaluation + developing needed data infrastructure*

- **Adaptability**

- *capacity to monitor, assess, and respond to internal and external changes*

- **Strategic planning**

- *commitment to reviewing and revising mission, vision, and values*

- **Understand the true costs for delivering your programs and services**

- *allocate indirect + shared + overhead costs and present fully loaded project budgets*

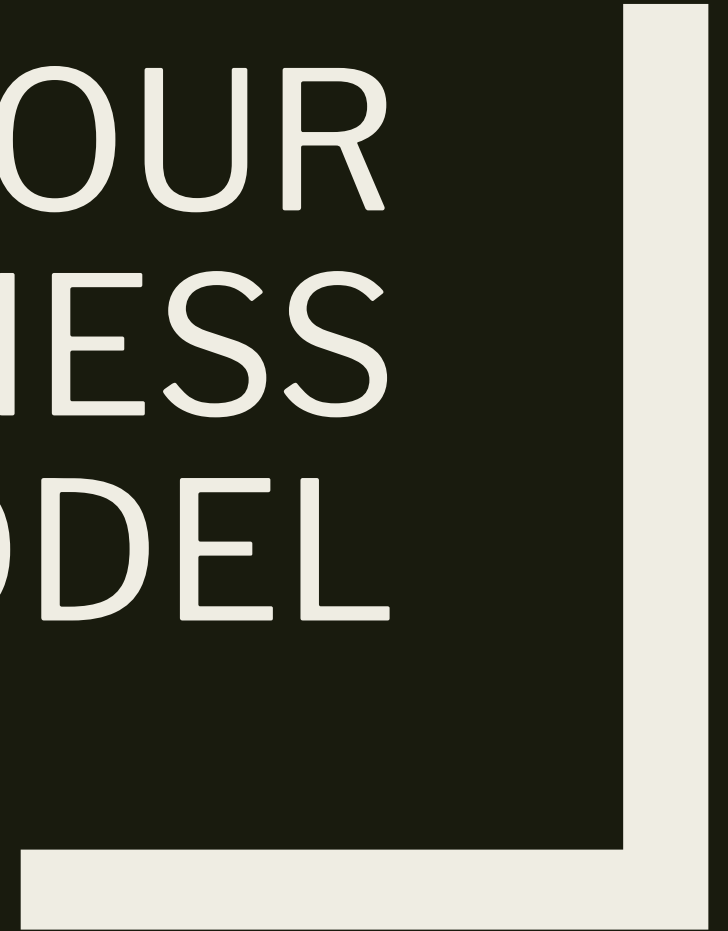
- **Seek multiple sources of funding**

- *understand reliability, autonomy, risk, and potential for growth of each stream*

- **Collaborate**

- *to leverage resources, share best practices, reach a wider audience*

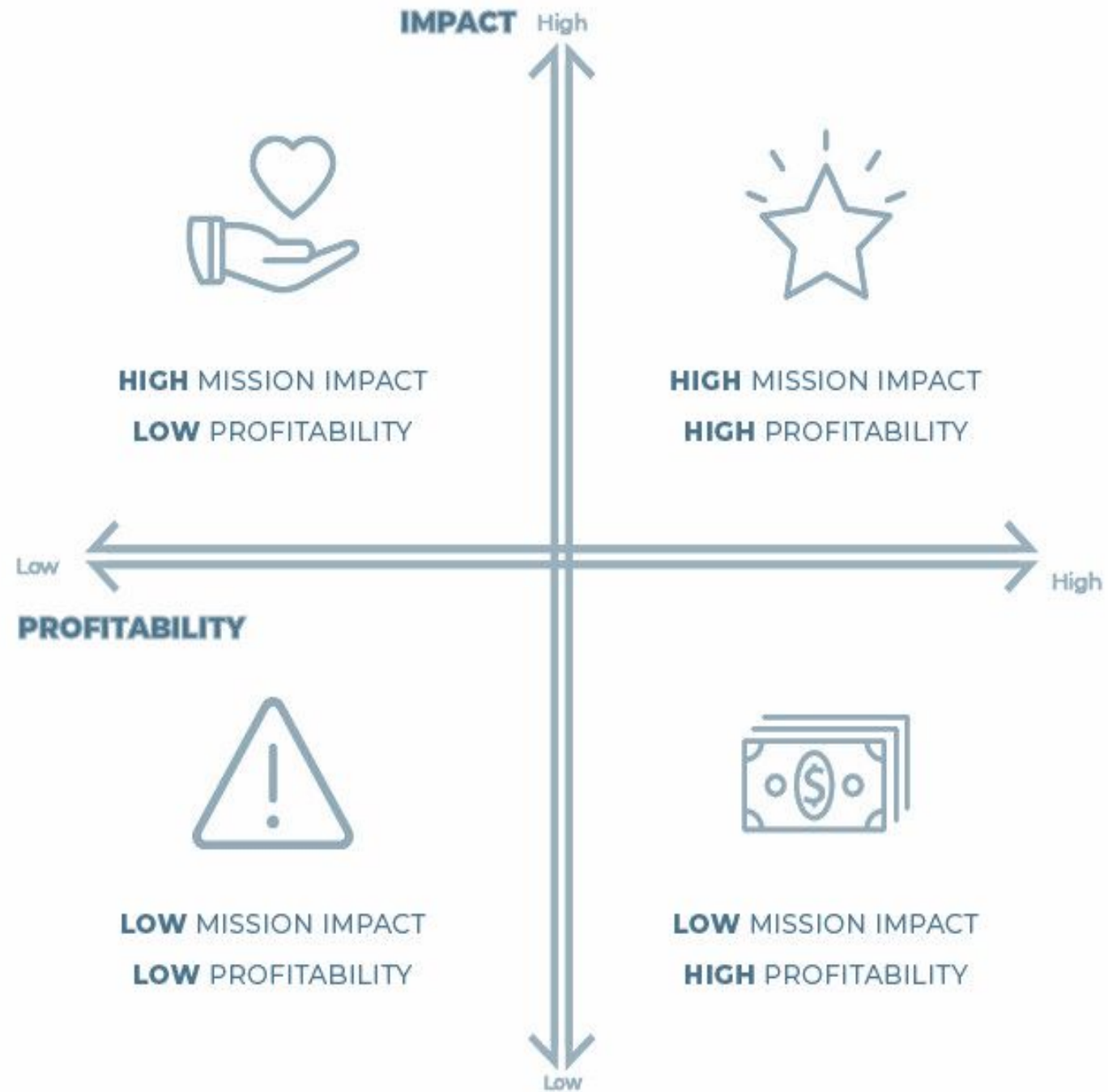
# MAPPING YOUR BUSINESS MODEL



# Matrix Map

*Framework for planning conversations about both mission impact and the effectiveness of your revenue strategies = the dual bottom line for nonprofits.*

*From Nonprofit Sustainability: Making Decisions for Financial Viability by Jeanne Bell, Jan Masaoka, and Steve Zimmerman*



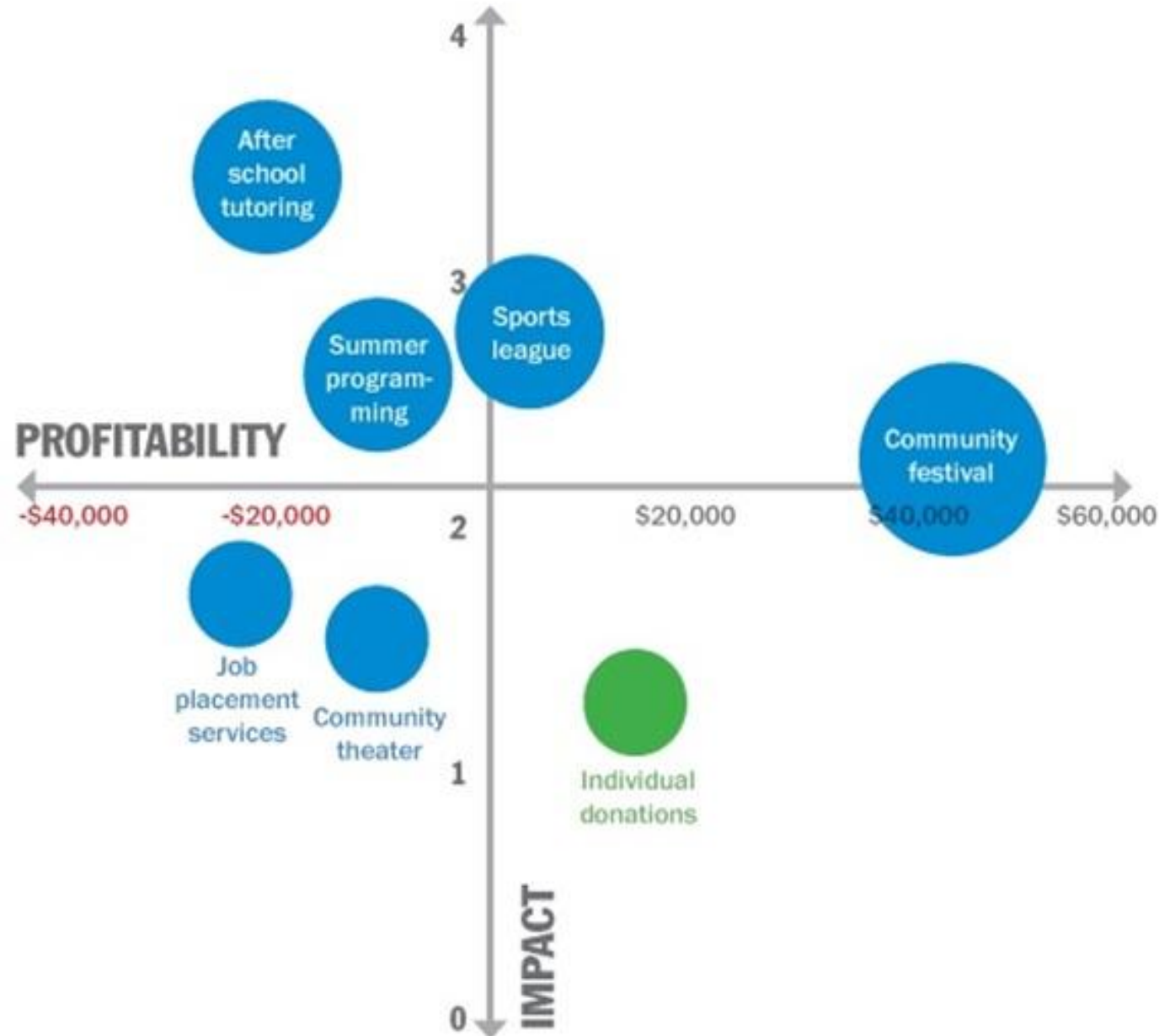
# Example

## 4-STEP PROCESS:

1. Identify your “lines of business” or activities (can include fundraising activities)
2. Assess relative mission impact = we like to think all of our programs are effective and important, but reality is that some are more impactful than others,
3. Determine profitability = how much does this business line contribute financially to the org (profit) or how much does it need to be subsidized by unrestricted funds?
4. Map the results on the grid (use “Bubble Chart” in excel)

From “The Matrix Map: A Powerful Tool for Mission-Focused Nonprofits,” NPQ, 4/1/2014.

## Matrix Map for a Community Center





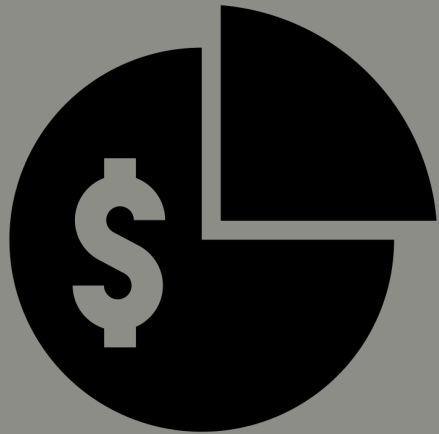


~~ BREAK ~~

UNDERSTANDING  
THE FULL COSTS OF  
PROGRAM DELIVERY



# Functional expense categories



1. Program Services
2. Management +  
General
  - *commonly known  
as “overhead”*
3. Fundraising

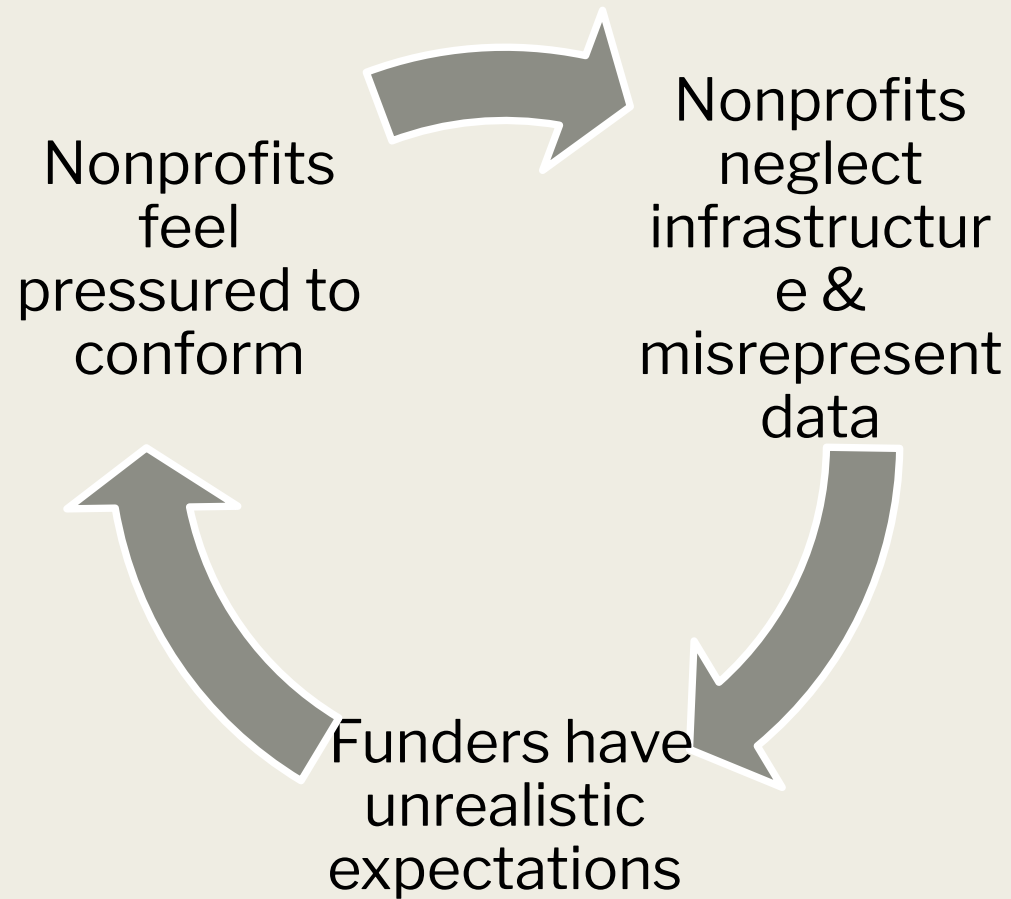


# THE OVERHEAD MYTH

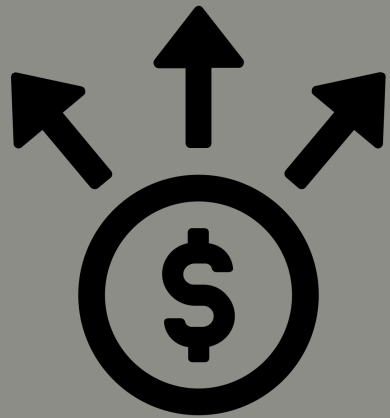
*All expenses support the mission!*



# The "overhead myth" leads to the Nonprofit Starvation Cycle



# Types of expenses



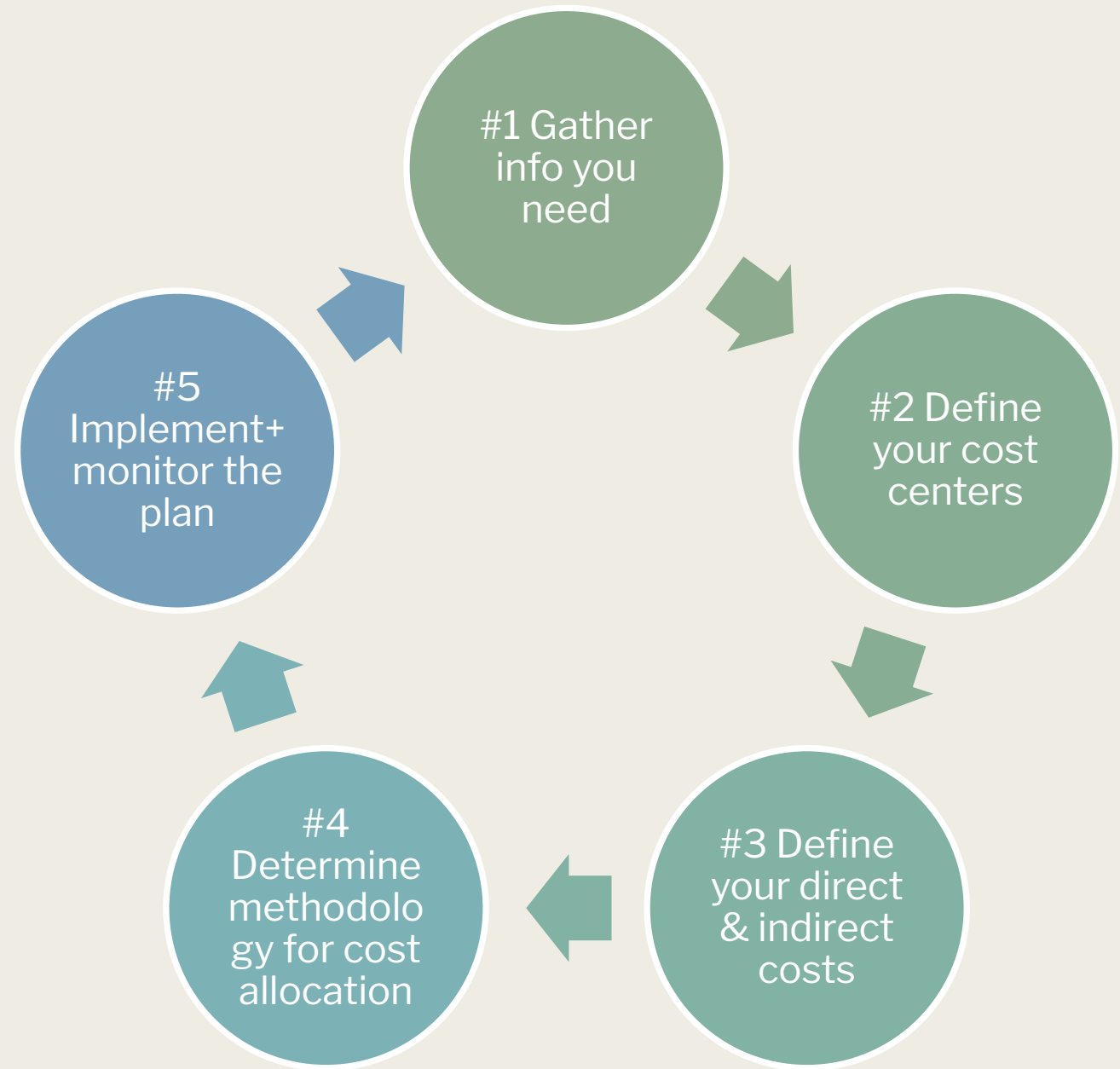
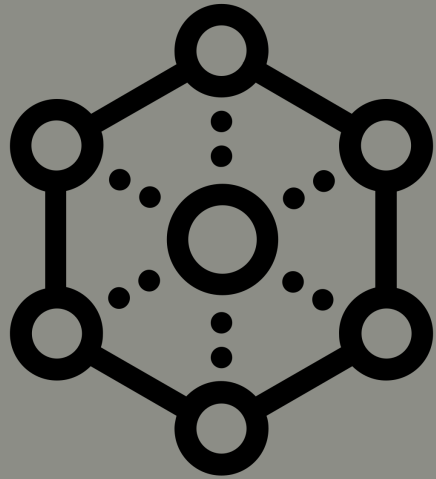
## Types of expenses:

- *direct costs*
- *indirect costs*
- *overhead costs*

# Why allocate costs?

- Helps you understand the “true” cost for running different programs
- Helps determine which programs are self-sustaining and which to prioritize for fundraising to meet budget gaps
- Makes accounting easier + helps you meet 990 reporting requirements
- Funders often ask for these functional breakdowns
- Maximizes use of restricted funds (i.e. grants and contracts)

# Creating a Cost Allocation Plan





Methods of  
cost  
allocation  
should be....



- Reasonable
- Allowable
- Allocable
- Simple
- Consistent

# Examples of cost allocation methodologies

Allocated Cost	Methodology
Administrative salaries	Allocate directors and managers across cost centers based on amount of time spent in each area. Direct costs include program development/oversight and staff supervision
Occupancy (rent + utilities)	Square feet of program or personnel as a % of total space
Vehicle costs	Mileage records
Technology assistance	Actual service Tickets, # of staff, # of computers
Insurance	FTE by program
Printing costs	# of prints/copies used by each program or department

# Example allocation of staffing costs

Position	FTE	Total	Admin	Fundraising	Supervised Visitation	Counseling Services	Parenting Classes
Executive Director	1.0	100,000	60,000	25,000	5,000	5,000	5,000
Operations Manager	0.50	35,000	35,000				
Program Director	1.0	80,000			32,000	32,000	16,000
Supervised Visitation Prog Coor	1	60,000			60,000		
Visitation Monitors	3	150,000			150,000		
Counseling Program Coordinator	0.5	40,000				40,000	
Masters Level Counselors	3	180,000				180,000	
Education Coordinator	1	60,000					60,000
Parenting Coach	1	45,000					45,000
Family Support Specialist	1	45,000			22,500		22,500
Fund Development Manager	1	60,000		51,000	3,000	3,000	3,000
Fund Development Associate	0.5	20,000		20,000			
<b>Total</b>	<b>14.50</b>	<b>875,000</b>	<b>95,000</b>	<b>96,000</b>	<b>272,500</b>	<b>260,000</b>	<b>151,500</b>
<i>Total FTEs</i>	<i>14.50</i>		<i>1.10</i>	<i>1.60</i>	<i>5.00</i>	<i>4.00</i>	<i>2.80</i>
<i>% total FTE</i>			<i>8%</i>	<i>11%</i>	<i>34%</i>	<i>28%</i>	<i>19%</i>

# Example: Functional Budget

REVENUE	Total	Admin	Unrestricted	Supervised Visitation	Counseling Services	Parenting Classes
Government Contracts	700,000			325,000	225,000	150,000
Foundation	200,000		75,000		75,000	50,000
Corporate Contributions	10,000		10,000	-	-	
Individual Donations	30,000		30,000			
Special Events	100,000		100,000			
Program Fees	30,000			15,000	15,000	
<b>Total Revenue</b>	<b>\$1,070,000</b>		<b>215,000</b>	<b>340,000</b>	<b>315,000</b>	<b>200,000</b>
EXPENSES	Total	Admin	Fundraising	Supervised Visitation	Counseling Services	Parenting Classes
Personnel (salaries, wages, benefits)	875,000	95,000	96,000	272,500	260,000	151,500
Staff Training + Development	10,000	800	1,100	3,400	2,800	1,900
Travel + Meals	10,000	800	1,100	3,400	2,800	1,900
Professional + Contractual Services	25,000	5,000	5,000		15,000	
Occupancy	50,000	4,000	5,500	17,000	14,000	9,500
Other Operating Costs	45,000	3,600	4,950	15,300	12,600	8,550
Marketing + Promotions	5,000		3,000	500	750	750
Fundraising Expenses	10,000		10,000			
Participant Assistance	5,000			2,500		2,500
Overhead Cost Allocation		(109,200)	15,288	37,128	36,036	20,748
<b>Total Expenses</b>	<b>\$1,035,000</b>		<b>\$141,938</b>	<b>\$351,728</b>	<b>\$343,986</b>	<b>\$197,348</b>
<b>Net Revenue</b>	<b>\$35,000</b>	-	<b>73,062</b>	<b>(11,728)</b>	<b>(28,986)</b>	<b>2,652</b>

# Example: Fully Loaded Program Budget

FY2023-2024 Counseling Program Budget	
<b>REVENUE</b>	
Government Contracts	225,000
Foundation Grants	75,000
Program Fees	15,000
Unrestricted Fundraising Revenue	29,000
Total Revenue	\$ 344,000
<b>EXPENSES</b>	
Personnel (salaries, wages, benefits)	260,000
Staff Training + Development	2,800
Travel + Meals	2,800
Professional & Contractual Services	15,000
Occupancy	14,000
Other Operating Costs (supplies, printing, postage, IT,)	12,600
Marketing + Promotions	750
Total Direct Costs	\$ 307,950
Overhead Costs @ 11.7%	\$ 36,036
<b>Total Direct + Indirect Costs</b>	<b>\$ 343,986</b>

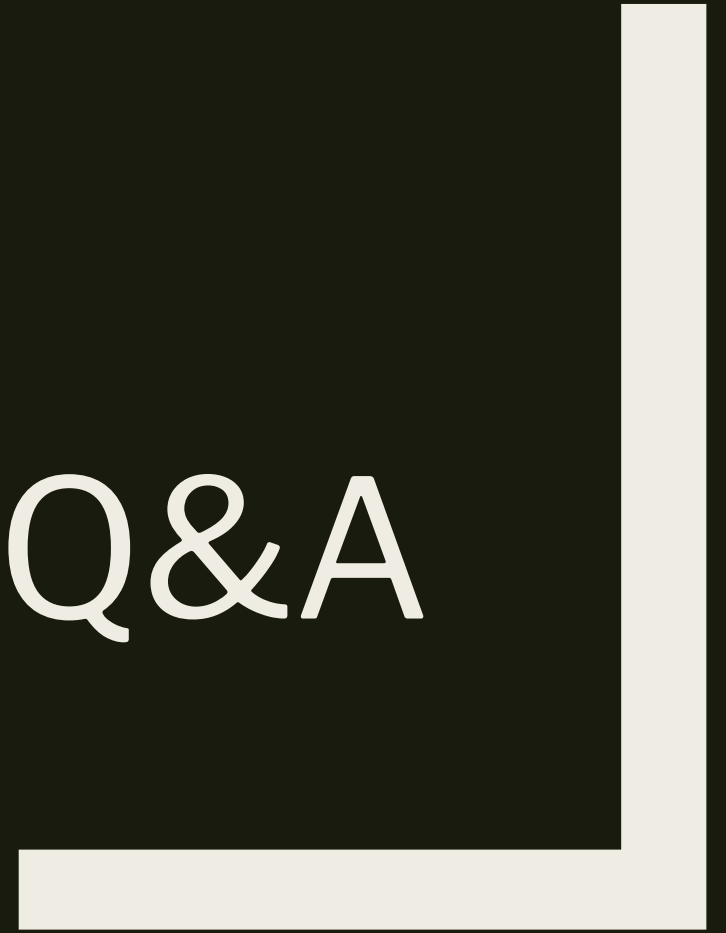
# Main takeaways



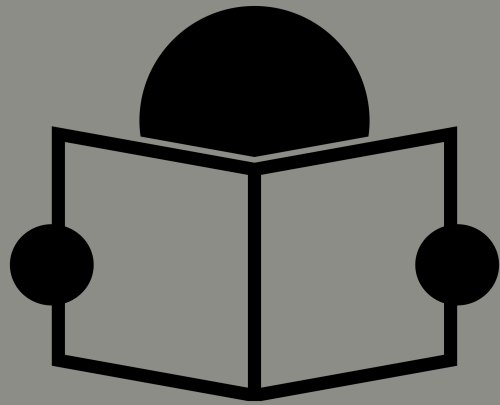
- Begin conversations about program sustainability during the development phase
- Be strategic with cost allocations and have a solid cost allocation plan
- Present fully loaded project/program budgets to funders
- Avoid the Nonprofit Starvation Cycle



Q&A

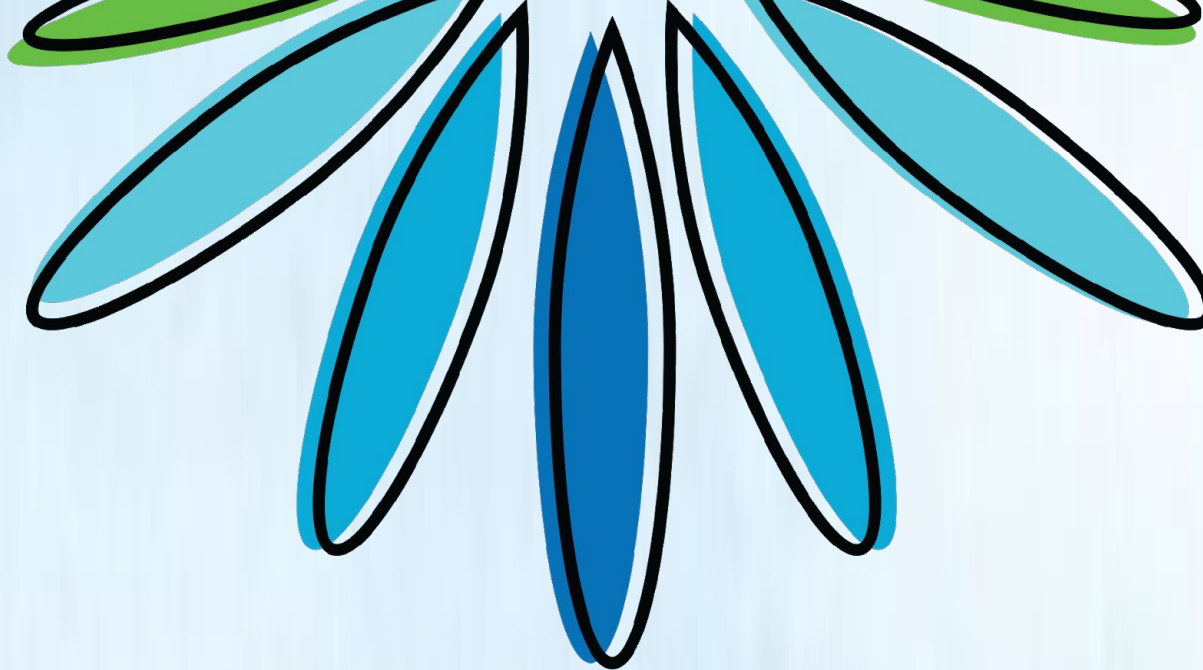


# Resources



- What is a nonprofit "[business plan](#)?" (National Council of Nonprofits)
- [Nonprofit Sustainability: Making Strategic Decisions for Financial Viability](#), by Jeanne Bell, Jan Masaoka, and Steve Zimmerman (book)
- [The Sustainability Mindset: Using the matrix map to make strategic decisions](#), by Jeanne Bell and Steve Zimmerman (book)
- <https://nonprofitquarterly.org/the-matrix-map-a-powerful-tool-for-mission-focused-nonprofits/> by Jeanne Bell and Steve Zimmerman, Nonprofit Quarterly, April 1, 2014.
- Nonprofit Financial Leadership Academy ([www.npfla.com](http://www.npfla.com))





**We are here to provide you support - please contact us anytime!**

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