

# Strengthening Cash Flow Planning

## Nonprofit & Public Sector Seminar: Navigating the Regulatory Horizon

# Agenda

1. Considerations for cash flow planning
2. Setting and maintaining reserves
3. Cash flow management strategies
4. Creating and communicating the model



Section 01

**Considerations For Cash  
Flow Planning (And General  
Financial Sustainability)**

# Considerations for Cash Flow Planning

## Budgeting Versus Cash Flow Planning

### Budgeting

- Income and Expenses over a set time period
- Focused on revenues and expenses
- Updated annually or quarterly
- Approved by Board

### Cash Flow Planning

- Continuous evaluation of the timing of cash receipts and payments
- Focused on inflows and outflows
- Updated weekly or monthly
- Management Planning Tool

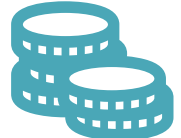
# Considerations for Cash Flow Planning

## Essential Elements



### Sources of Cash

- Private Funding
- Public Funding
- Earned Revenue



### Uses of Cash

- Personnel
- Operating Expenses
- Debt Service
- Strategic Initiatives
- Capital Projects and Renewal



### Timing



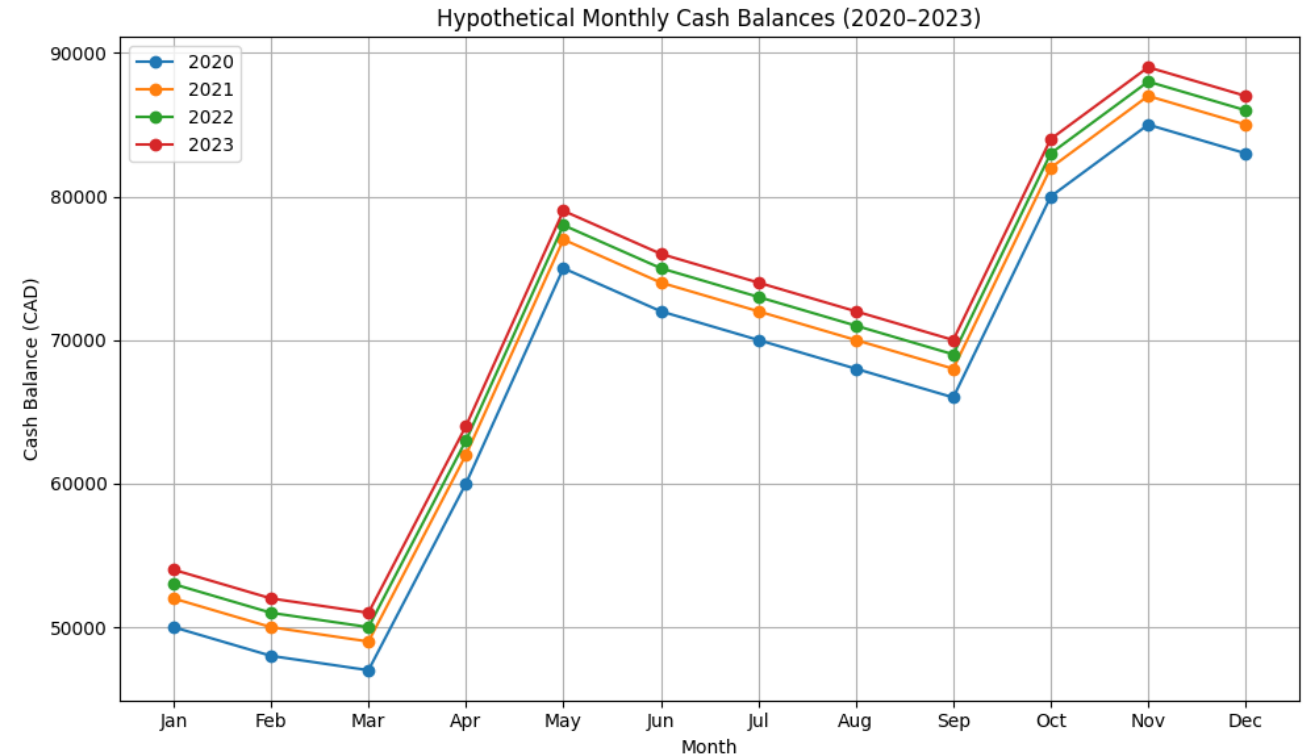
### Contingency Scenarios

- Confidence-adjusted revenues
- Adjustments to service levels

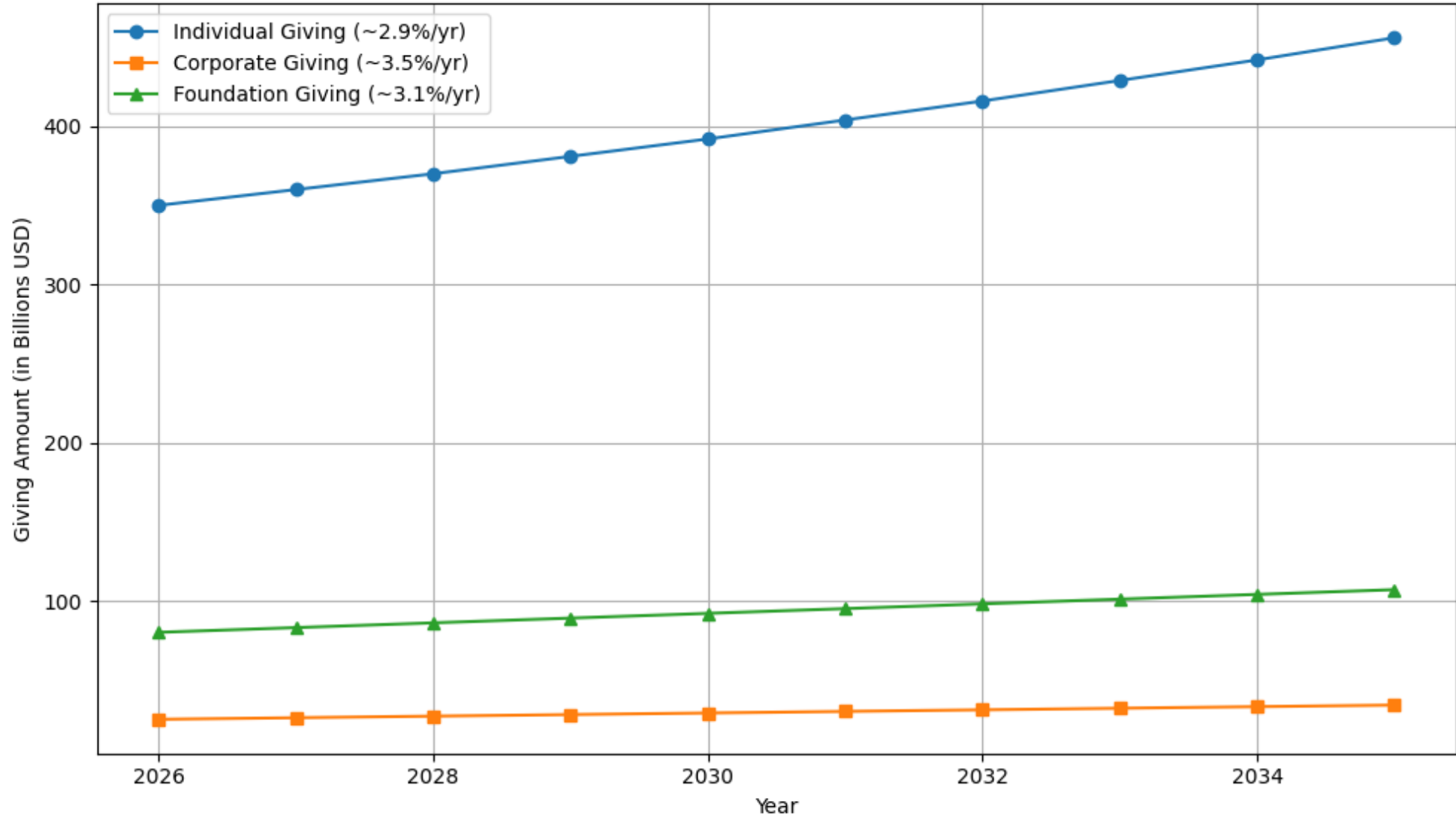
# Historical Behavior

## Understanding Your Baseline

- What is the lag on the payments from government payers?
- What time of year do you experience your lowest or highest cash balances?
- What events influence the normal line on your graph?



### Projected Charitable Giving Trends (2026-2035)



Generated by Copilot using projections by Council on Foundations, Fidelity Charitable, and Boston College Center for Corporate Citizenship. Dollar amounts are only illustrative of the projected growth rates and directional trends.

# Considerations for Cash Flow Planning

## Florida Funding Environment

### Florida Nonprofit Cash & Funding Environment (2024 to Date)



**49%**  
have <3 months  
or no reserves

*Florida Nonprofit Alliance, 2024 Survey*



**34.1%**  
Report No Reserves

*Florida Nonprofit Alliance, 2024 Survey*



**81.63%**  
Would Run Deficit Without  
State Funding

*Florida Nonprofit Alliance, 2024 Survey*



**\$12.88B**  
in State Funding  
to FL Nonprofits Per Year

*Florida Office of Policy and Budget (FY 2023-24)*



**120,999**  
Active Nonprofits in Florida  
(107,829 are 501(c)(3)s)

*ProPublica*



**44%**  
Served More Clients  
in 2024 vs. 2023

*Florida Nonprofit Alliance, 2024 Survey*

Sources: Florida Nonprofit Alliance, Florida Office of Policy and Budget

Section 02

**Setting and Maintaining  
Reserves**

# What Do We Mean By Cash Reserve?



Lowest balance you allow in your cash account (floor)



A separate savings or low-risk investment account

# How Much Is Enough Reserve?



3-6 months (old standard recommendation)

9-12 months in environments of significant disruption

More than 12 months if significant programmatic pivots are needed

# Reserve Policy

What is the goal amount of the reserve, relevant to months of normal expenses?

- Who performs that calculation?
- How often is the balance evaluated?

How will it be funded?

- Donations
- Excess Operating Cashflow
- Capital Divestiture

For what purposes can it be spent?

- Seasonal timing issues
- Capital projects
- Strategic Investments

Who can authorize spending?

- Board
- Finance Committee
- CEO/CFO

What sorts of investment vehicles are authorized?

- What is your risk tolerance?
- What are the underlying investments?
- How liquid (readily available) does it need to be?

Section 03

# Cash Flow Management Strategies

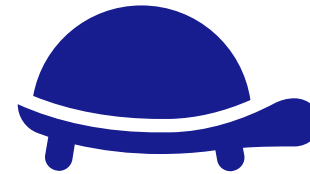
# Goals of Strategic Cash Flow Management

Preservation of Principal  
Mission Sustainability  
Well-supported Decision-making  
Processes

Via:



Faster Inflows



Predictable Outflows

# Control Your Float On Reimbursements

### Scenario 1

	Amount	Paid	Billed	Pmt Received	Days of Float	Cost of Float
Payroll 1	100,000	15-Jan	5-Feb	7-Mar	51	558.90
Payroll 2	100,000	31-Jan	5-Feb	7-Mar	35	383.56
Check Run 1	10,000	7-Jan	5-Feb	7-Mar	59	64.66
Check Run 2	10,000	4-Jan	5-Feb	7-Mar	62	67.95
Check Run 3	10,000	21-Jan	5-Feb	7-Mar	45	49.32
Check Run 4	10,000	28-Jan	5-Feb	7-Mar	38	41.64
						<u>1,166.03</u>

### Scenario 2

	Amount	Paid	Billed	Pmt Received	Days of Float	Cost of Float
Payroll 1	100,000	15-Jan	20-Jan	19-Feb	35	383.56
Payroll 2	100,000	31-Jan	5-Feb	7-Mar	35	383.56
Check Run	40,000	31-Jan	5-Feb	7-Mar	35	153.42
						<u>920.55</u>
				<b>Potential Savings</b>		<b>245.48</b>



# Leverage Free Vendor Credit

## 2/10, Net 30

- 2% discount if paid in 10 days, but net due in 30 days
- If you earn more than 2% interest on your reserves, pay at 30 days
- If you have no reserves, you may want to pay within 10 days and get the discount

## Fewer check runs

- Enter invoices as received, paying attention to actual due dates
- Communicate check run dates to vendors
- See everything that is owed, pay only what is due

## Use Purchasing Cards

- Expense data can sync frequently to the GL for billing purposes
- Consolidates disbursements to once a month
- Potential for cash back or other rewards
- Ability to set robust controls and monitoring processes

# Purchasing Card Controls

## Prevention Controls

- Card use restricted by:
  - Vendor MCC (Merchant Category Code)
  - Daily, Weekly, or Monthly \$ limits
  - Daily, Weekly, or Monthly trans # limits
- Ability to adjust limits instantly
- Ability to turn cards on and off instantly
- Some vendors offer receipt detail automatically
- Approvers have visibility all month, not just at month end.

## Detection/Monitoring Controls

- Monitoring reports and alerts for:
  - Cards nearing limits
  - Attempts to use card outside of policy
  - Failure to upload substantiation
  - Failure to code transactions
- Ability to upload photos of receipts reduces unsubstantiated trans.
- Automated approval workflows aligned to policy
- (newer) AI-powered fraud/policy monitoring
- Journal entry upload capability to reduce data entry errors

# Assess Your Billing Process

## Are You Wasting Resources Trying To Get Paid?



What parts are tedious and manual?



Are there duplicative efforts in the payment of expenses and the billing of those expenses?



Is the data in my systems reliable the first time around?



What are the processes that get the necessary data in the system?

Are they reliable and predictable?

Are there data governance issues that need to be addressed?

Are there roadblocks to obtaining necessary data in a timely manner?



Can we leverage available technology to make any of this faster or more accurate?

# Using A Line Of Credit

Apply for a line of credit BEFORE you need it, when your financial position is strong

Useful for cyclical low spots

Can have auto-funding options based on your set cash floor in your operating account

Allow for timing differences between funding and payment of expenses.

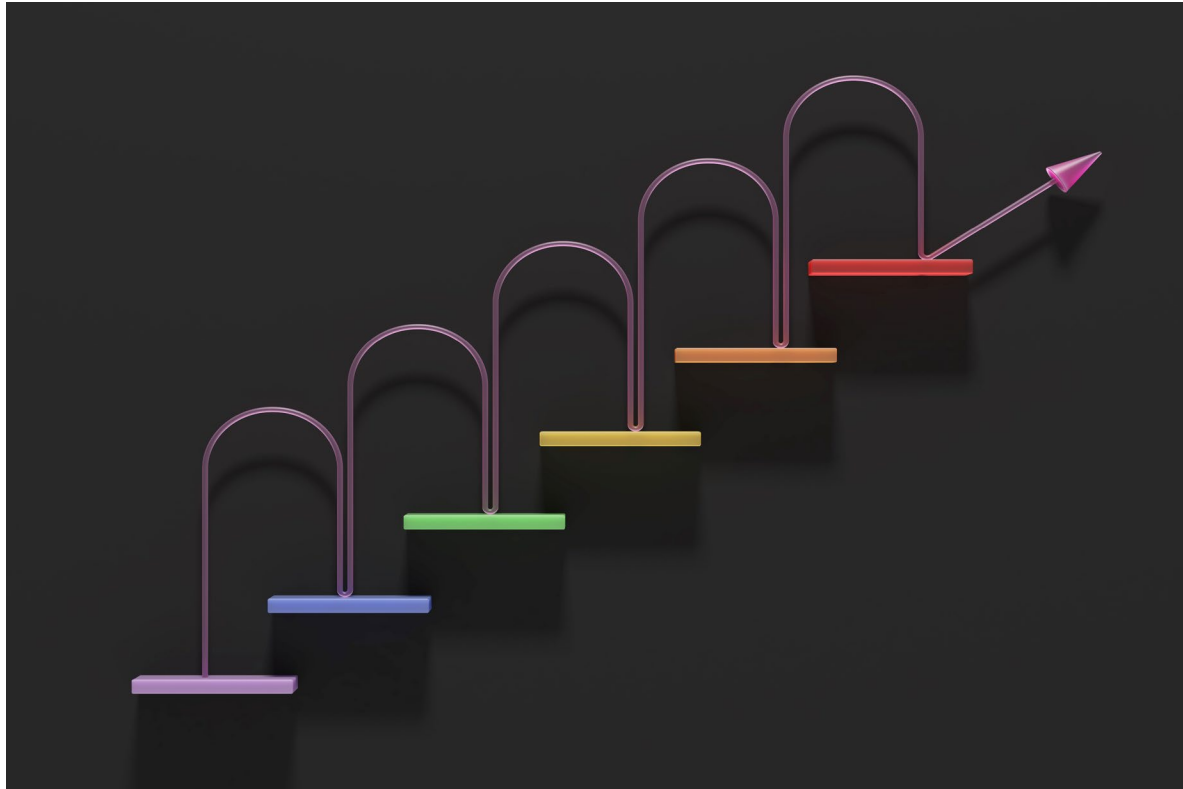
Can be used for seed money for pivot projects or earned revenue initiatives

# Section 04

## **Modeling**

So how do we make this  
actually happen?

# Cash Flow Modeling



## Best Practices

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Monthly or Weekly intervals

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Monthly or Weekly updates

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At least 12 month rolling horizon

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Includes historical trend information

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Clear, CONSISTENT, projection methodology

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Confidence-adjusted revenues

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Easily populated and adjusted

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Includes scenarios of best, worst, and most likely case

# Example Of A Rolling Cash Flow

	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	
	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	
<b>1</b> Beginning Cash Balance	400,000	888,868	998,847	816,432	616,723	466,849	377,409	533,725	300,735	157,111	28,254	(195,459)	(347,960)	(454,426)	(670,552)	(893,579)	(1,105,226)	
<b>Receipts</b>																		
<b>2</b> Donations	5,196	39,306	10,000	7,500	1,244	8,000	11,874	12,987	8,601	8,368	8,512	9,724	10,011	9,701	9,153	9,245	9,391	
<b>3</b> Fundraising Event																		
<b>4</b> Govt grants																		
<b>5</b> Fee for Service								8,000				70,000		5,000		10,000		
<b>6</b> Private Grants	700,000	261,667	61,667	11,667	41,667	114,667	383,001	78,333	103,333	118,333	23,333	23,333	215,333	23,333	23,333	23,333	23,333	
<b>7</b> Govt Contracts	70,000	83,000	-	-		17,000	17,000											
<b>8</b> Other Income	200	1,000		500									500	500	500	500	500	
<b>9</b> Total Receipts	775,396	384,973	71,667	19,667	42,910	139,667	411,875	99,321	111,934	126,701	31,846	103,057	225,844	38,534	32,986	43,078	33,224	
<b>Expenditures</b>																		
<b>Payroll &amp; Regular</b>																		
<b>10</b> Contractors	(190,522)	(143,486)	(149,754)	(155,413)	(153,512)	(153,504)	(153,504)	(230,256)	(153,504)	(153,504)	(153,504)	(153,504)	(230,256)	(158,109)	(158,109)	(158,109)	(158,109)	
<b>11</b> Occupancy	(4,500)	(4,500)	(4,500)	(4,500)	(4,500)	(4,500)	(13,025)	(13,025)	(13,025)	(13,025)	(13,025)	(13,025)	(13,025)	(13,025)	(13,025)	(13,025)	(13,025)	
<b>12</b> Grants to other orgs	(25,370)	-	(25,166)	(14,980)	-	(28,684)	(25,370)	(25,370)	(25,370)	(25,370)	(25,370)	(25,370)	(25,370)	(25,370)	(25,370)	(25,370)	(25,370)	
<b>13</b> Other Expenses	(63,542)	(42,229)	(74,661)	(44,483)	(34,772)	(42,419)	(63,660)	(63,660)	(63,660)	(63,660)	(63,660)	(63,660)	(63,660)	(58,155)	(59,509)	(58,221)	(59,389)	
<b>14</b> Total Expenditures	(283,934)	(190,215)	(254,081)	(219,376)	(192,784)	(229,107)	(255,559)	(332,310)	(255,559)	(255,559)	(255,559)	(255,559)	(332,310)	(254,660)	(256,013)	(254,725)	(255,893)	
<b>15</b> Debt Draw (Payment)	(2,595)	(84,779)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>17</b> Net Change In Cash	488,868	109,979	(182,414)	(199,710)	(149,874)	(89,440)	156,317	(232,990)	(143,624)	(128,857)	(223,713)	(152,501)	(106,466)	(216,126)	(223,027)	(211,647)	(222,669)	
<b>18</b> Ending Cash Balance	888,868	998,847	816,432	616,723	466,849	377,409	533,725	300,735	157,111	28,254	(195,459)	(347,960)	(454,426)	(670,552)	(893,579)	(1,105,226)	(1,327,895)	
<b>19</b> Ending Debt Payable	84,779	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

# Confidence-Adjusted Revenues

Planned Grant Receipts	GROSS APPLICATIONS/ASKS														CONFIDENCE ADJUSTED												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	% Confidence	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Grant 1	50,000						50,000						100,000	100%	50,000	-	-	-	-	-	50,000	-	-	-	-	-	100,000
Grant 2		50,000											50,000	100%	-	50,000	-	-	-	-	-	-	-	-	-	-	50,000
Grant 3	100,000											100,000	200,000	100%	100,000	-	-	-	-	-	-	-	-	-	100,000	200,000	
Grant 4						29,167	29,167	29,167	29,167	29,167	29,167	29,167	204,167	80%	-	-	-	-	-	23,333	23,333	23,333	23,333	23,333	23,333	163,333	
Grant 5												100,000	100,000	80%	-	-	-	-	-	-	-	-	-	-	80,000	80,000	
Grant 6												200,000	200,000	20%	-	-	-	-	-	-	-	40,000	-	-	-	40,000	
Grant 7							25,000						25,000	20%	-	-	-	-	-	-	5,000	-	-	-	-	5,000	
Grant 8												250,000	250,000	20%	-	-	-	-	-	-	-	50,000	-	-	-	50,000	
Grant 9				8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	75,000	0%	-	-	-	-	-	-	-	-	-	-	-	-	
Grant 10							250,000						250,000	0%	-	-	-	-	-	-	-	-	-	-	-	-	
Grant 11					5,000								5,000	0%	-	-	-	-	-	-	-	-	-	-	-	-	
Grant 12								100,000					100,000	80%	-	-	-	-	-	-	80,000	-	-	-	-	80,000	
Grant 13						30,000							30,000	0%	-	-	-	-	-	-	-	-	-	-	-	-	
Grant 14												15,000	15,000	80%	-	-	-	-	-	-	-	-	-	-	12,000	12,000	
Grant 15							30,000						30,000	0%	-	-	-	-	-	-	-	-	-	-	-	-	
Grant 16								150,000					150,000	0%	-	-	-	-	-	-	-	-	-	-	-	-	
Grant 17						250,000							250,000	50%	-	-	-	-	-	125,000	-	-	-	-	-	125,000	
Grant 18						25,000							25,000	80%	-	-	-	-	-	20,000	-	-	-	-	-	20,000	
Grant 19						100,000							100,000	100%	-	-	-	-	-	100,000	-	-	-	-	-	100,000	
Grant 20	11,667	11,667	11,667	11,667	11,667	11,667							70,004	100%	11,667	11,667	11,667	11,667	11,667	11,667	-	-	-	-	-	70,004	
Grant 21	100,000												100,000	100%	100,000	-	-	-	-	-	-	-	-	-	-	100,000	
Grant 22						15,000							15,000	100%	-	-	-	-	-	15,000	-	-	-	-	-	15,000	
Grant 23						5,000			5,000				10,000	100%	-	-	-	-	-	5,000	-	-	5,000	-	-	10,000	
Grant 24					100,000	50,000							150,000	100%	-	-	-	-	100,000	50,000	-	-	-	-	-	150,000	
Grant 25					15,000	-							15,000	20%	-	-	-	-	3,000	-	-	-	-	-	-	3,000	
Grant 26						300,000							300,000	0%	-	-	-	-	-	-	-	-	-	-	-	-	
Grant 27						500,000							500,000	0%	-	-	-	-	-	-	-	-	-	-	-	-	
Grant 28						25,000							25,000	0%	-	-	-	-	-	-	-	-	-	-	-	-	
Grant 29						50,000							50,000	20%	-	-	-	-	-	10,000	-	-	-	-	-	10,000	
Grant 30						50,000							50,000	0%	-	-	-	-	-	-	-	-	-	-	-	-	
Grant 31						10,000							10,000	20%	-	-	-	-	-	2,000	-	-	-	-	-	2,000	
Grant 37						25,000							25,000	80%	-	-	-	-	-	20,000	-	-	-	-	-	20,000	
Grant 47						5,000							5,000	20%	-	-	-	-	-	1,000	-	-	-	-	-	1,000	
(insert lines above)													-	0%	-	-	-	-	-	-	-	-	-	-	-	-	
Total	261,667	61,667	11,667	20,001	140,001	1,489,167	392,500	287,500	492,500	37,500	37,500	252,500	3,484,171		261,667	61,667	11,667	11,667	114,667	383,001	78,333	103,333	118,333	23,333	23,333	215,333	1,406,337



# Planning For Reimbursements

Government Grant Billings														Planned Cash Inflow													
Expenses incurred														Planned Cash Inflow													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
PY Grant 6	60,000	60,000	60,000	60,000									240,000	60,000	60,000	60,000	60,000	60,000	60,000	-	-	-	-	-	-	-	360,000
PY Grant 9	60,000	60,000	60,000	60,000									240,000	60,000	60,000	60,000	60,000	60,000	60,000	-	-	-	-	-	-	-	360,000
Grant 1	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000			50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500,000
Grant 2		30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	330,000			-	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	270,000
Grant 3					100,000	25,000	100,000	25,000	100,000	25,000	50,000	-	425,000			-	-	-	-	100,000	25,000	100,000	25,000	100,000	25,000	100,000	375,000
Grant 4			16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	160,000			-	-	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	128,000
(insert lines above)													-			-	-	-	-	-	-	-	-	-	-	-	
Total	170,000	200,000	216,000	216,000	196,000	121,000	196,000	121,000	196,000	121,000	146,000	96,000	1,995,000	120,000	120,000	170,000	200,000	216,000	216,000	196,000	121,000	196,000	121,000	196,000	121,000	1,993,000	
														Cumulative Net Cash Flow	(50,000)	(130,000)	(176,000)	(192,000)	(172,000)	(77,000)	(77,000)	(77,000)	(77,000)	(77,000)	(27,000)	(2,000)	



# Forecasting Cash Outflows



Scheduled Debt Payments



Recurring payments (rent and other contracts)



Enter payables invoices as received, pay when due



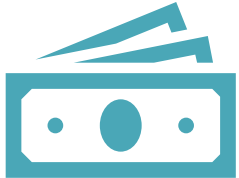
Decide on the most appropriate methodology-  
(this may change during the year):

- Original Budget
- Adjusted Budget
- Average of the last X months cash outflows
- Some combination of these



Volume of purchasing card versus check payments

# Scenario Planning



## Best Case

- Confidence adjustments are high
- Govt payments are on time
- Expenses are as budgeted



## Worst Case

- Confidence adjustments are low
- Govt payments are behind a month
- Unexpected inflation or expense increases due to community demand



## Most Likely Case

- Best guess confidence adjustments
- Govt payments 15 days behind contractual time
- Expenses as experienced in the last 6 months

# Presentation Best Practices

Consistent presentation formats lead to fewer surprises!



## Know your audience

Focus on strategic implications  
Anticipate concerns



## Structure the presentation clearly



## Visualize the data

Charts and graphs  
Colorcoding  
Timelines



## Highlight Key Metrics



## Link to strategic goals



## Be transparent about risks



## Prepare for questions



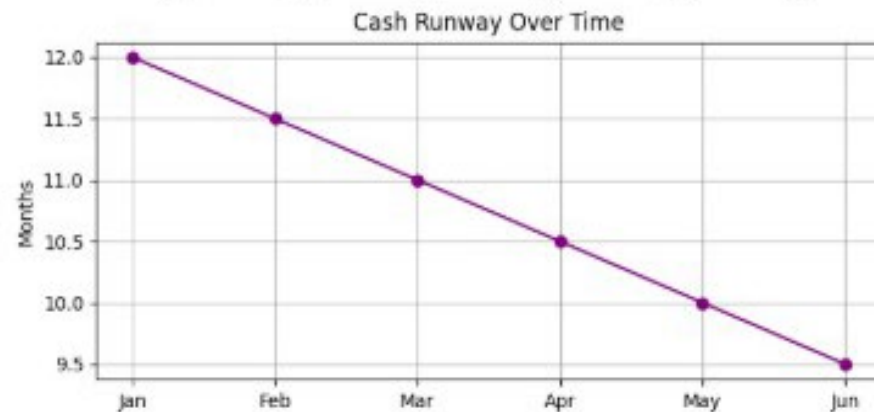
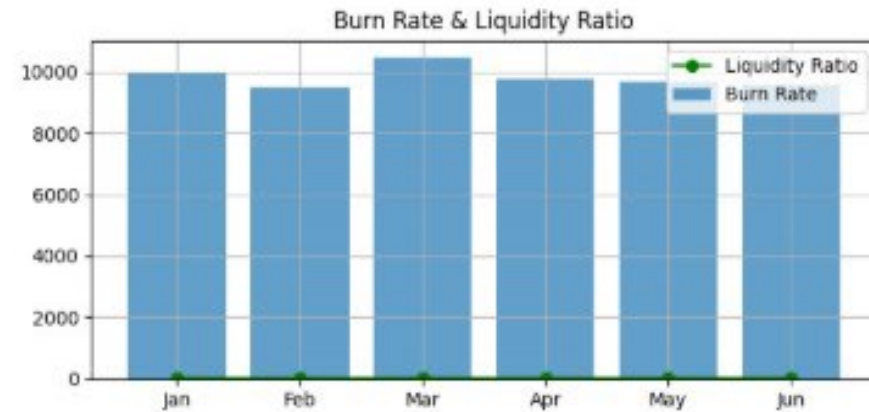
## Provide a takeaway document

# Cash Flow Projection Dashboard

## Executive Summary:

- Stable operating cash flow with positive trend.
- Free cash flow supports strategic initiatives.
- Burn rate is manageable with current reserves.
- Liquidity ratios indicate healthy financial position.
- Cash runway sufficient for next 9-12 months.

Metric	Latest Value
Operating Cash Flow	\$57,000
Free Cash Flow	\$34,000
Burn Rate	\$9,600
Liquidity Ratio	1.62
Cash Runway (months)	9.5



Questions?

Feedback?



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