

# Navigating Uncertainty: Budgeting & Forecasting Strategies for Nonprofits & Education in 2026





# Requirements to Qualify for Attendance Monitoring and CPE Tracking

- To qualify for the maximum CPE credit, participants must respond to 3 out of 5 polling questions.
- To qualify for the maximum CPE credit, participants must stay on for 50 minutes.
- If you have technical difficulties responding to the polls, please send an email to [ElevateLearn@armanino.com](mailto:ElevateLearn@armanino.com)
  - Include the session name, session date, and your poll response.
  - Have a question or comment for the faculty? Submit it via chat.

## CPE Information

Program Level: **BASIC**

Recommended CPE: **1**

Target Audience: **Nonprofit Executives and Finance Professionals**

Method of Delivery: **Group Internet Based**

Program Prerequisite: **NONE**

Advanced Preparation: **NONE**



# Learning Objectives

After this course, you will be able to:



**Apply** budgeting and forecasting principles to strengthen strategic planning and sustainability.



**Evaluate** the impact of federal funding uncertainty and economic shifts on revenue planning, grant strategy and program delivery.



**Incorporate** fundraising trends and donor insights into financial models to anticipate funding gaps.



THIS COURSE COVERS

# Agenda

- Welcome
- Foundations of Budgeting & Forecasting
- Common Challenges in Nonprofit & Education
- Building Flexible (Financial) Models
- Scenario Planning for Resilience
- Best Practices for Effective Forecasting
- Q&A



# Today's Presenters



**Stacie Cornwell**

Armanino  
Partner, Audit and Attest  
National Nonprofit Industry Leader



**Kate Hultin-Schott**

Armanino  
Director, Nonprofit  
Consulting



**Gabbi McKanna**

Armanino  
Manager, Nonprofit  
Consulting

WHO WE ARE

# Firm Overview

OUR PROMISE

Armanino delivers **impactful, bold solutions** that **increase clarity and spark success** for today and tomorrow.

*When it comes to your success, we know addressing today's challenges is just as important as planning for the future. Our teams bring deep industry experience to help organizations reach peak performance today, and to help you prepare for the future.*

## Recognition & Awards





WHO WE ARE

# Firm Overview

**armanino** | **Employees 2700+** | **Team Members in 41 States** | **Firm Ranking 20<sup>th</sup> Largest**



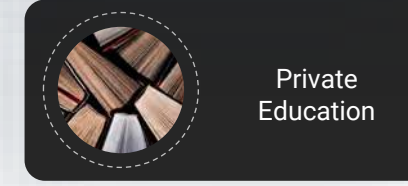
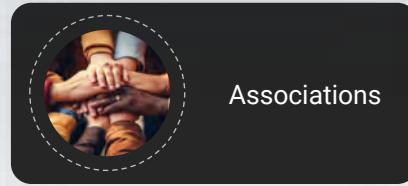
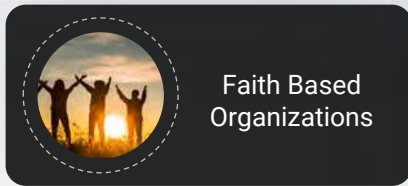
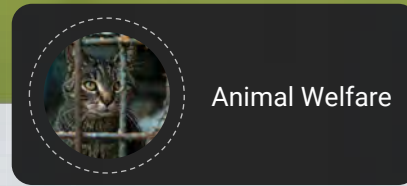
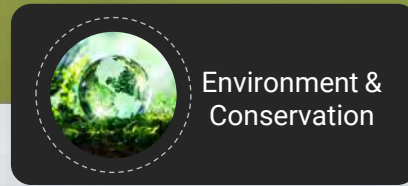
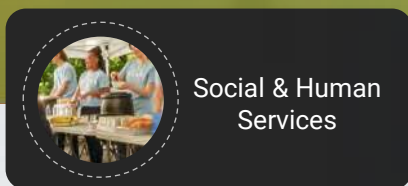
**Canada**  
Vancouver

**India**  
Ahmedabad  
Hyderabad

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|--|------------------------------|---|----------------------------------|
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| <b>Colorado</b><br>Denver  | <b>Idaho</b><br>Boise        | <b>New York</b><br>New York City<br>Garden City | <b>Texas</b><br>Austin<br>Dallas |
|  | <b>Illinois</b><br>Chicago   | <b>Pennsylvania</b><br>Philadelphia<br>Scranton | <b>Utah</b><br>Salt Lake City    |
|  |                              |   | <b>Washington</b><br>Bellevue    |

# *Nonprofit Industry* Expertise

Armanino's nonprofit practice is the largest industry group in our firm by client count. We proudly serve over 2,000 nonprofit and exempt organizations with a wide variety of accounting and consulting needs and have been doing so for over 50 years. At our core, Armanino's dedicated team of industry experts help nonprofits maintain and build organizational strength across the key finance functions needed to support mission-focused activities, both from an operational and strategic perspective. And while you are only seeking audit and tax services it may provide you with some comfort knowing that we are broad-based in services we can provide.





BUDGETING AND FORECASTING STRATEGIES FOR 2026

# Why Does This Matter?

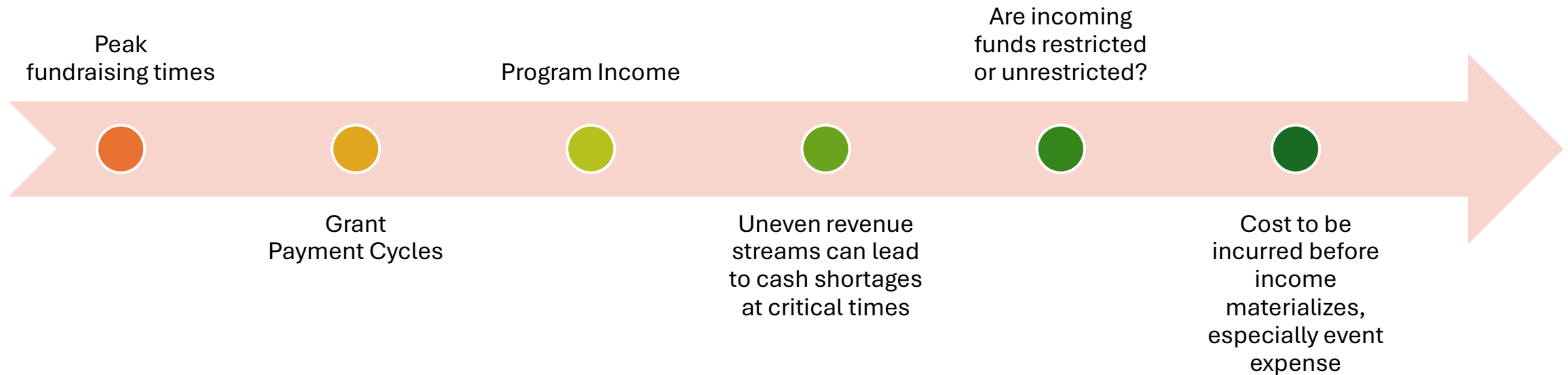


# Budgeting and Forecasting Matters More Now Than Ever

- Persistent economic uncertainty
- Federal funding volatility and delayed reimbursements
- Rising costs, even outpacing inflation
- Declining donor base(s) but increased reliance on major donors



# Cash Flow Management: NFP Considerations





# Cash Flow Management: Key Benefits

## Operational Planning

- Inform short-term cash management planning for leadership to make decisions about operations
- Spot cash shortfalls early to tap into reserves or other financial resources, such as a short-term credit line

## Financial Planning

- Plan for restricted and unrestricted spending
- Avoid stressful, last-minute fundraising efforts

## Enhanced Donor Trust

- Communicates fiscal responsibility to boards, donors and funders
- Increased transparency and accountability can lead to increased support from current and potential donors
- Builds a foundation for more long-term financial planning



BUDGETING AND FORECASTING STRATEGIES FOR 2026

# Foundations of Budgeting & Forecasting



BUDGETING AND FORECASTING  
STRATEGIES FOR 2026

# Budget vs. Forecast vs. Scenario Planning



BUDGET

Financial  
Roadmap



FORECAST

Most likely  
outcome based  
on trends



SCENARIO  
PLANNING

Risk Management  
and Flexibility



# Comparing Planning Tools

	<b>BUDGETING</b>	<b>FORECASTING</b>	<b>SCENARIO PLANNING</b>
<b>PURPOSE</b>	Allocate financial resources	Predict most likely outcome	Risk management
<b>FOCUS</b>	Financial planning	Short- to medium-term predictions	Strategic thinking and flexibility
<b>APPROACH</b>	Set targets, estimate revenue/expenses and monitor performance	Estimate future values using historical data and trends	Create contingency strategies
<b>TIMEFRAME</b>	Short-term / Fiscal year	Short- to medium-term	Exploratory / Long-term
<b>OUTCOME</b>	Financial roadmap	Single scenario	Multiple scenarios

# Key Components of a Budget

## Revenue

- What drives revenue in your organization?
- Grants, donations, tuition payments

## COGs

- Social enterprises or retail operations
- Fee-For-Service Programs
- Fundraising Events with Sales

## Headcount

- Hiring plans
- Planned Attrition
- Potential for Layoffs
- Annual raises and benefits increases

## Overhead

- Consultants and Professional Services
- Travel
- Dues & Subscriptions
- Technology

## Balance Sheet

- Debt
- Investments
- Capital Expenditures

SCENARIO PLANNING

# Use Cases

## PROGRAM SERVICE DEMAND

Prepare for changes in demand for services, such as increased need during economic downturns or decreased demand due to demographic shifts



## FUNDING STABILITY

Explore funding scenarios, such as changes in grant availability, government funding opportunities, or donor behavior

## COMMUNICATION STRATEGIES

Plans to keep stakeholders informed and engaged through various scenarios, such as updates on the latest program initiatives or changes



## CAPACITY BUILDING

Anticipate changes in staffing or operations under various scenarios to identify gaps that need to be addressed



BUDGETING AND FORECASTING STRATEGIES FOR 2026

# Common Challenges in Nonprofit & Education



# Erratic Funding

Even the best budgets and forecasts have an element of the unknown: delayed grant disbursements, government shutdowns, state and federal budget cuts.

Some funding mixes create more risk than others: organizations heavily dependent on grant-funding or corporate support may have more erratic cash flows than organizations supported by tuition payments, monthly giving programs, etc.



# Barriers to Effective Cash Flow Forecasting

Small back-office staff already overworked and wearing many hats, who may struggle to prioritize cash flow forecasting against program delivery, grant reporting deadlines, and fundraising.

Lack of a budget, or a poorly developed budget, gives little insight into anticipated revenue and expenses.

Poor data management, inconsistent recording keeping, housing data in multiple systems or spreadsheets.

Lack of communication and coordination between departments.



# Economic Pressures

- Inflation
- Rising program costs
- Increased demand for services during downturns
- Federal funding uncertainty
- Donor fatigue and major donor volatility



BUDGETING AND FORECASTING STRATEGIES FOR 2026

# Building Flexible (Financial) Models

# Types of Budget & Forecast Models

- **Three Statement Model**

- Three Financial Statements
  - Statement of Activities
  - Statement of Financial Position
  - Statement of Cash Flows
- Project forward-looking financial performance
- Used to view an organization's financial performance holistically
- Use this model for long-term decision-making and financial analysis

- **13-Week Cash Flow Model**

- Weekly cash forecast
- Used to optimize short-term cash flow by predicting weekly cash inflows and outflows over one quarter
- Used to assess an organization's short-term financial health
- Used to manage short-term liquidity and identify potential cash shortfalls



# Building a Cash Flow Forecast

## Cash Inflows:

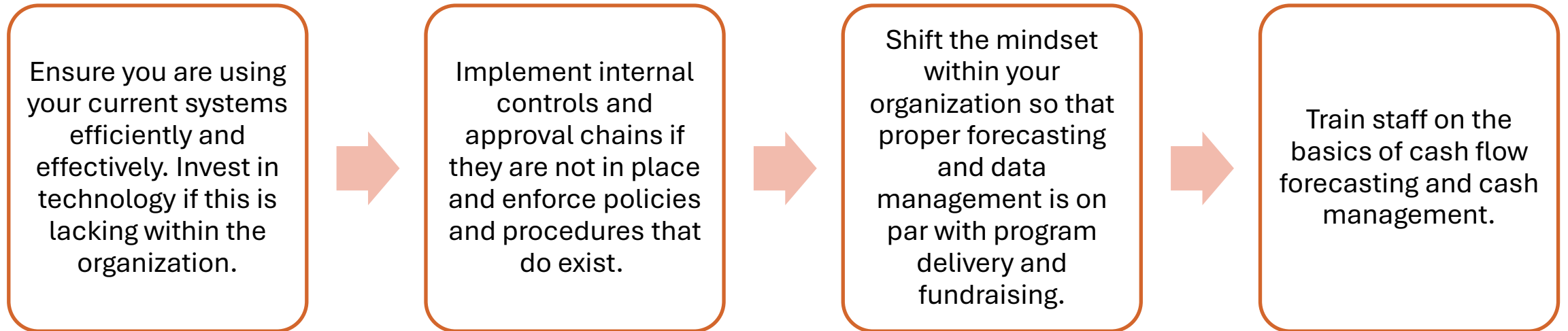
- Timing of grant disbursements
- Big fundraising milestones
- Recurring/monthly donations
- Timing of program revenue
- Restricted vs Unrestricted funds
- Transfers from reserves

## Cash Outflows:

- Timing of payables
- Prepaid expenses
- Recurring expenses
- Personnel costs
- Debt repayments
- Capital expenditures



# Overcoming Cash Flow Management Barriers



THREE STATEMENT MODEL

## Key Considerations

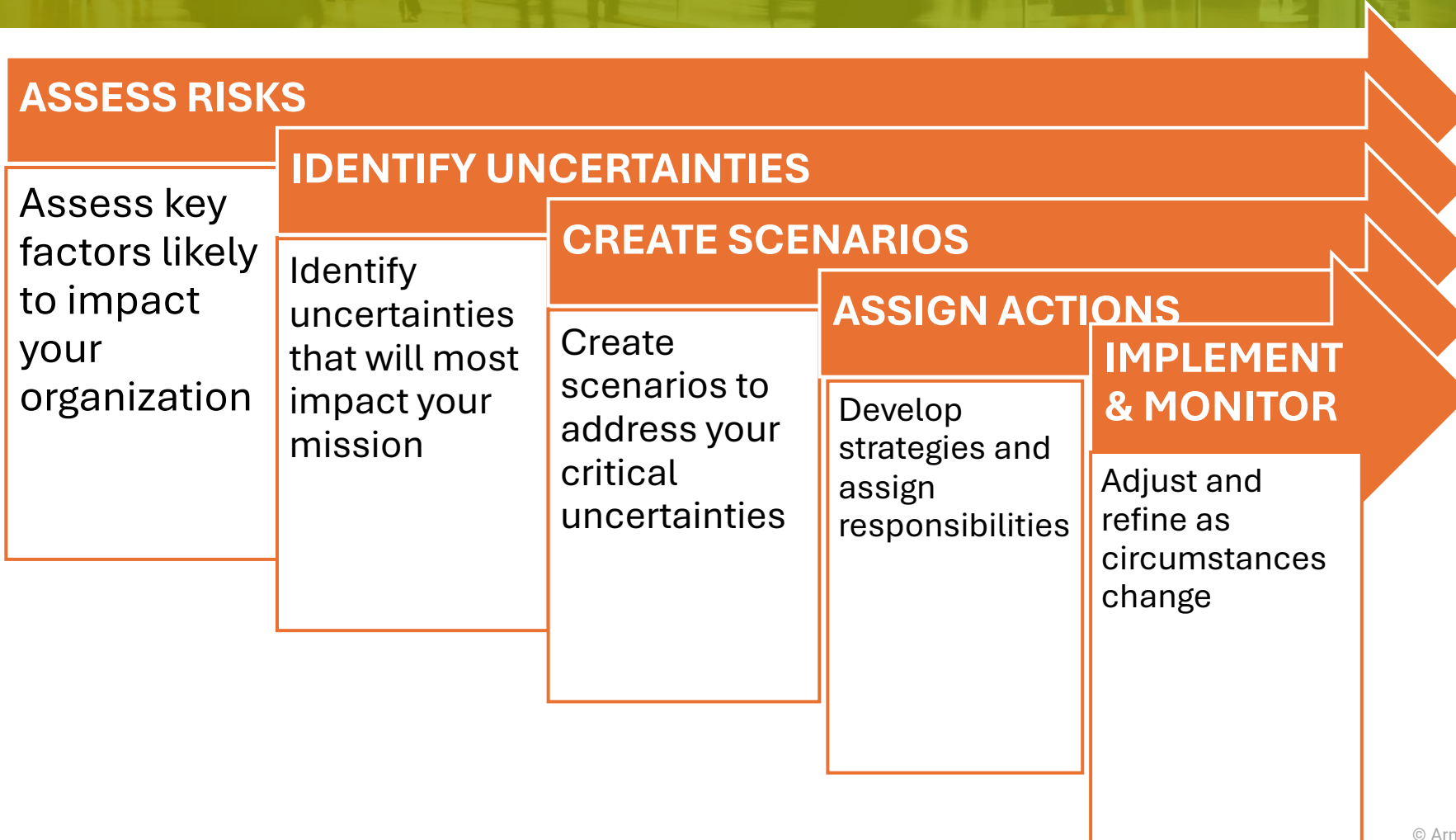
**Who is the intended audience?**

**What are my assumptions and inputs?**

**What scenarios should the organization plan for?**

**How can I use this to facilitate effective communication with stakeholders?**

# Scenario Planning Process





BUDGETING AND FORECASTING STRATEGIES FOR 2026

# Scenario Planning for Resilience



## SCENARIO PLANNING

# Top Strategies for Addressing Uncertainties

### 1. Spend Less

- Cut programs or staff

### 2. Spend Differently

- Invest in marketing, or fundraising staff, instead of pursuing new programs

### 3. Raise Differently

- Source foundations or major donors instead of federal grants

### 4. Raise More



A blurred background image of a modern office interior. Several people in business attire are walking through a glass-walled hallway or lobby. The lighting is bright, suggesting a well-lit office environment.

BUDGETING AND FORECASTING STRATEGIES FOR 2026

# Questions to Ask...

- Which revenue streams are most vulnerable?
- What reserves or credit lines are available?
- What do you do if you don't have a line of credit?



BUDGETING AND FORECASTING STRATEGIES FOR 2026

# Best Practices for Effective Forecasting



# Best Practices for Effective Forecasting

## Streamline the process with automation and software tools

- System integrations
  - CRMs and accounting software
- Automate workflows
  - Banks, payroll systems, CRMs
- Standardize data entry
  - Clear processes, procedures, and standards for your CRM
  - Clear tracking of payables and receivables in the accounting system



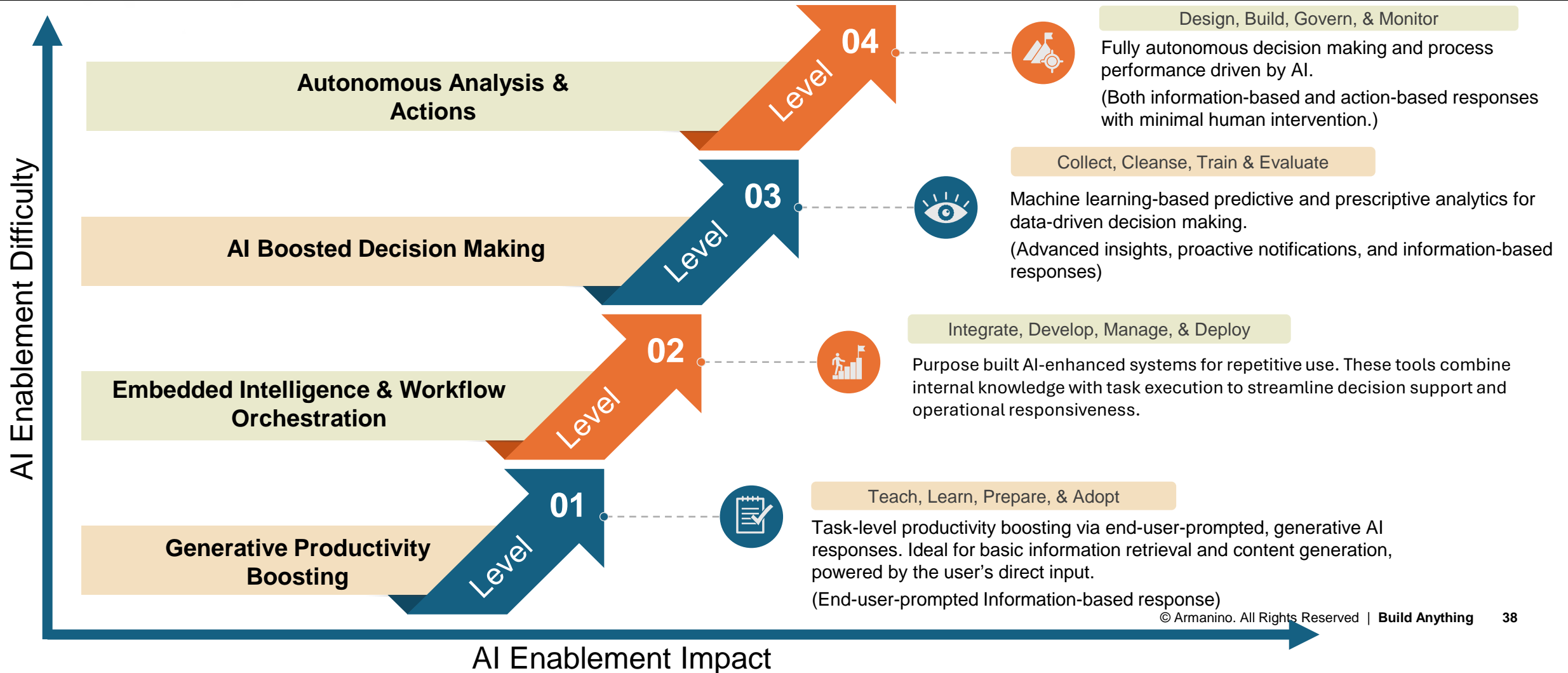
# Best Practices for Effective Forecasting

## Use AI to Inform your Forecast

- Armanino utilizes AI in cash flow forecasting
- AI can read and analyze data much faster and more accurately than a human, allowing the technology to integrate seamlessly into financial processes
- AI's capabilities lead to a very-detailed understanding of a company's financial landscape



# How to Maximize the Impact of Your AI Enablement Journey





# Best Practices for Effective Forecasting

## Cross-department collaboration for accurate data collection

- Define roles and responsibilities.
  - Who is responsible for what data?
  - When and how is data collected and input into the systems?
- Align on deadlines.
- Take advantage of technology and use cloud-based systems for real-time collaboration.
- Leadership should communicate the importance of effective forecasting, and everyone should understand how the data they manage is being used by others.



# Best Practices for Effective Forecasting

Explore how to use forecasts as a proactive planning tool for potential funding challenges

- Build a driver-based forecast to allow for scenario planning.
- Develop action plans to address each scenario.
- Determine how to address cash shortfalls and cash surpluses.



# Practical Application

## Economic Considerations

- Inflation
- Rising program costs
- Increased demand for services during downturns
- Federal funding uncertainty
- Donor fatigue and major donor volatility

## Strategies

- Stress-test expense assumptions
- Model delayed grant payments
- Diversify revenue streams
- Plan for capacity shifts



BEST PRACTICES

# Planning Ahead

## **APPLY FOR A LINE OF CREDIT**

Make sure it's there when you need it! Apply before you need it.

## **ESTABLISH BOARD-DESIGNATED RESERVES**

Assets may be earmarked for future programs, investment, contingencies, asset purchases or other uses.

## **BUDGET FOR A SURPLUS**

A surplus budget lays out a plan to spend less money than received and moves away from the break-even budgeting mindset.

No money = no mission



# Q&A

## CONTACT US

Stacie Cornwell

National Nonprofit Industry Leader

[Stacie.Cornwell@armanino.com](mailto:Stacie.Cornwell@armanino.com)

Kate Hultin

Director, Nonprofit Consulting

[Kate.Hultin@armanino.com](mailto:Kate.Hultin@armanino.com)

Gabbi McKanna

Manager, Nonprofit Consulting

[Gabriella.McKanna@armanino.com](mailto:Gabriella.McKanna@armanino.com)



NAVIGATING UNCERTAINTY

# Nonprofit Resources

- [Armanino's Regulatory Updates](#)
- [Armanino Nonprofit Resource Center](#)
- [2025 Trends Shaping Nonprofits and How You Can Prepare for Them | Armanino](#)
- [National Council of Nonprofits Chart of Executive Orders Impacting Nonprofits](#)
- [Optimizing Nonprofit's Cash Position With Cash Flow Forecasting | Armanino](#)
- [Nonprofit Fundraising Checklist: Essential Best Practices to Drive Donations Year-Round | Armanino](#)
- [Manage Donor-Restricted Endowments During a Crisis | Armanino](#)

PROSPEAK

February 18, 2025

## How Nonprofits Can Protect Financial Stability Amid Federal Funding Changes



# Armanino Operates in an Alternative Practice Structure:

“Armanino” is the brand name under which Armanino LLP and Armanino Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with law, regulations, and professional standards. Armanino LLP and Armanino CPA LLP are licensed independent CPA firms that provide attest services, and Armanino Advisory LLC and its subsidiary entities provide tax, advisory, and business consulting services. Armanino Advisory LLC and its subsidiary entities are not licensed CPA firms.



# BUILD ANYTHING

AI TOOLS AND GUIDANCE FOR BUSINESS