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“Ask The Professionals”
CFO and Controller Panel Discussion

**“Inflation Impacts on Planning,
Budgets and Operating Reserves”**

October 20, 2022

Moderator: **A. Michael Gellman, CPA, CGMA, CFSO**

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How Inflation Affects Planning, Budgets and Operating Reserves

Inflation has always been present at some level

**When inflation is low, it lurks quietly in the corner of
our minds**

**But when inflation is revving, the ringing in our ears will
not go away**

**During periods of uncertainty and economic volatility,
inflation tends to draw “center-stage” attention**

How Inflation Affects Planning, Budgets and Operating Reserves

High periods of inflation often trigger regressive non-thinking reactions

Inflation needs to be treated as an economic reality to be confronted and a challenging obstacle to be solved

“Not as a call to action by itself”

Learn from planning and operational maneuvers both good and bad from the past two years and discuss tactics and strategies to use in the years ahead

CFO and Controller

Hear From Experienced Professional

**How They Meet Challenges of Their Positions
Related to Inflation, Budgets and Operating
Reserves and their Financial Leadership
Responsibilities**

Meet the Panelists

5



Michael C. Harris, Chief Operations Officer
➤ Gateway Homes, Inc.



Emily Reyer, Director Finance & Controller
➤ The Endocrine Society



Samuel B. Gaillard, CGMA, CFO
➤ Center for Workforce Inclusion

Four Inflation Topic Areas to be Discussed Today

- 1. Don't Wait for Inflation to Drive Change**
- 2. Balancing Anticipation and Inflation Awareness Levels**
- 3. Using Inflation to Drive Innovation and a Call to Action**
- 4. Inflation Impact on Operating Reserves**

Polling Question #1

Topic #1

Don't Wait for Inflation to Drive Change

Topic #1

Don't Wait for Inflation to Drive Change

Quick Starter Question:

- Describe how the quick advance of Inflation after many years of low inflation exposed early poor decision making:
 - What narrow reactive responses did you see?
 - Where response too late to make a current change?
 - Did early poor responses damage organizational reputation?

Topic #1

Don't Wait for Inflation to Drive Change

- **Comments from the Other Panelists**
- **Questions from Attendees**

Polling Question #2

Topic #2

Balancing Anticipation

and

Inflation Awareness Levels

Topic #2

Balancing Anticipation and Inflation Awareness Levels

Starter Question:

- ▶ **People (Board, management and staff) are aware of inflation, but they are continuing to use old tactics and strategies:**
 - ▶ **How do you bring Inflation into their consciousness and keep a positive attitude?**
 - ▶ **Has “Price Sensitivity” vs. Perceived Value been discussed and “Return on Value Proposition” been eroded?**

Topic #2

Balancing Anticipation and Inflation Awareness Levels

- **Comments from the Other Panelists**
- **Questions from Attendees**

Topic #3

Using Inflation

to

Drive Innovation and a Call to Action

Topic #3

Using Inflation to Drive Innovation and a Call to Action

Starter Question:

- ▶ How can we use Inflation to drive innovation and a “wake-up” call to action?
- ▶ What tactics and strategies have you seen?
- ▶ Do you agree that Inflation has eliminated “R&R” (rinse and repeat) for nonprofits?
- ▶ Can you share some out of the box tactics employed by your organization or other organizations that have been effective game changers and spurring change and innovation?

Topic #3

Using Inflation to Drive Innovation and a Call to Action

- **Comments from the Other Panelists**
- **Questions from Attendees**

Polling Question #3

Topic #4

Inflation Impact

on

Operating Reserves

Topic #4

Inflation Impact on Operating Reserves

Starter Question:

- **Operating reserves and Inflation have a unique relationship:**
 - **What have you observed related to inflation impact on operating reserves?**
 - **Do you see organizations dipping into operating reserves because of inflation?**
 - **Can inflation have a positive effect, influencing operating reserve policies, the drive to accumulate and maintain adequate operating reserves, and cause organizations to reassess budgets and planning for contributions to operating reserves?**

Topic #4

Inflation Impact on Operating Reserves

- **Comments from the Other Panelists**
- **Questions from Attendees**

Polling Question #4

Concluding Remarks from the Panelists

23



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Final Thoughts

24

- 1.** Inflation can be a call to action to spur change and innovation and stimulate “out-of-the-box” thinking
- 2.** Avoid inflation’s potential negative impact on operations and service capacity and return on value proposition
- 3.** Remember that innovative nonprofits are not succumbing to inflation
- 4.** Rather, they are responding with new thinking and moving away from old legacy programs and operating platforms



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