

2025 Not-for-Profit Industry Breakfast Seminar

May 1, 2025

50 Kreischer Miller
1975-2025



Cyber Security Risk Update

May 1, 2025

Rob Wilkinson, Manager, Technology Solutions,
Kreischer Miller



Quick Intro

- **Rob Wilkinson**
- Manager, Technology Solutions Group
- 1 year with KM, 18 years in **Technology Advisory**
 - *NFP experience includes but is not limited to museums, food banks, youth mentoring programs, land conservancies, churches, charter schools, and higher education.*
- Certified Information Systems Security Professional, “CISSP”
- It has been 2 days since my last involvement with a cyber incident 🚑



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Agenda

- **1. Why Not-for-Profits are Vulnerable**
First-hand observations
- **2. Cyber Risk Today**
What current data shows
- **3. Self Assessment**
Is your organization ready?
- **4. Small Changes, Big Impact:**
Three actions you can take today



Why Not-for-Profits are Vulnerable

 **Limited Resources** +  **Valuable Data** =  **Soft Targets**

- Constrained budgets for cyber investments
- Understaffed or no IT department, no dedicated security personnel
- Legacy systems that remain unpatched
- Lack of cyber insurance
- Less resistance than a large corporate entity

- ❖ Donor information, including financial and personal data
- ❖ Client records, including health information
- ❖ Volunteer records, e.g. security clearances
- ❖ Financial records and transaction information
- ❖ Politically charged data

* Other Factors

- Mission-focused culture may prioritize program work over security
(Not a typical office environment)
- Volunteer workforce with varying levels of access and security awareness
- Compliance obligations, (e.g. PCI DSS for payments, HIPAA for health records)

Source Data

1. Worlds largest study of **real-world breaches** and cyber incidents
2. Based on **~22,000 actual cases** contributed by **law enforcement, forensics firms, and private companies** around the world
3. Tracks how breaches happen, who's behind them, what tactics were used
4. Covers organizations of all sizes & industries, **including not-for-profits**
5. 18 years running (released every April since 2007)

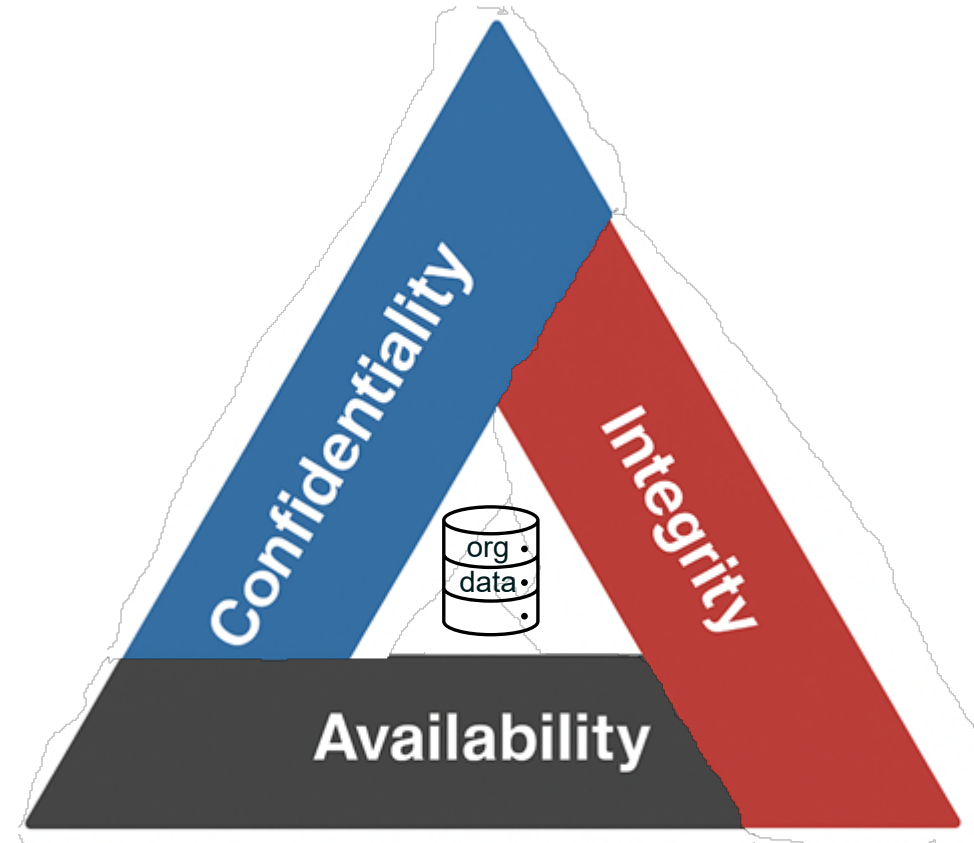
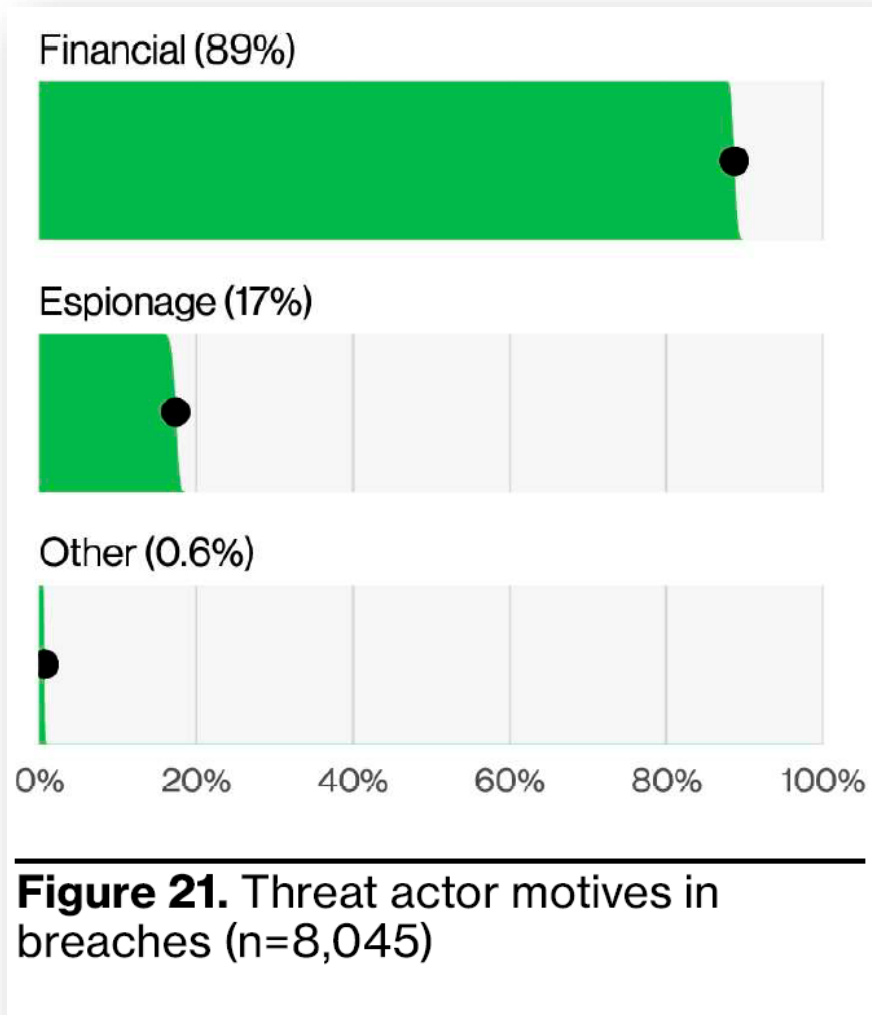
Widely considered a “state of the union” report for cyber security risk each year.



<https://verizon.com/dbir>

www.kmco.com

Motive and Method



What Data is Impacted?

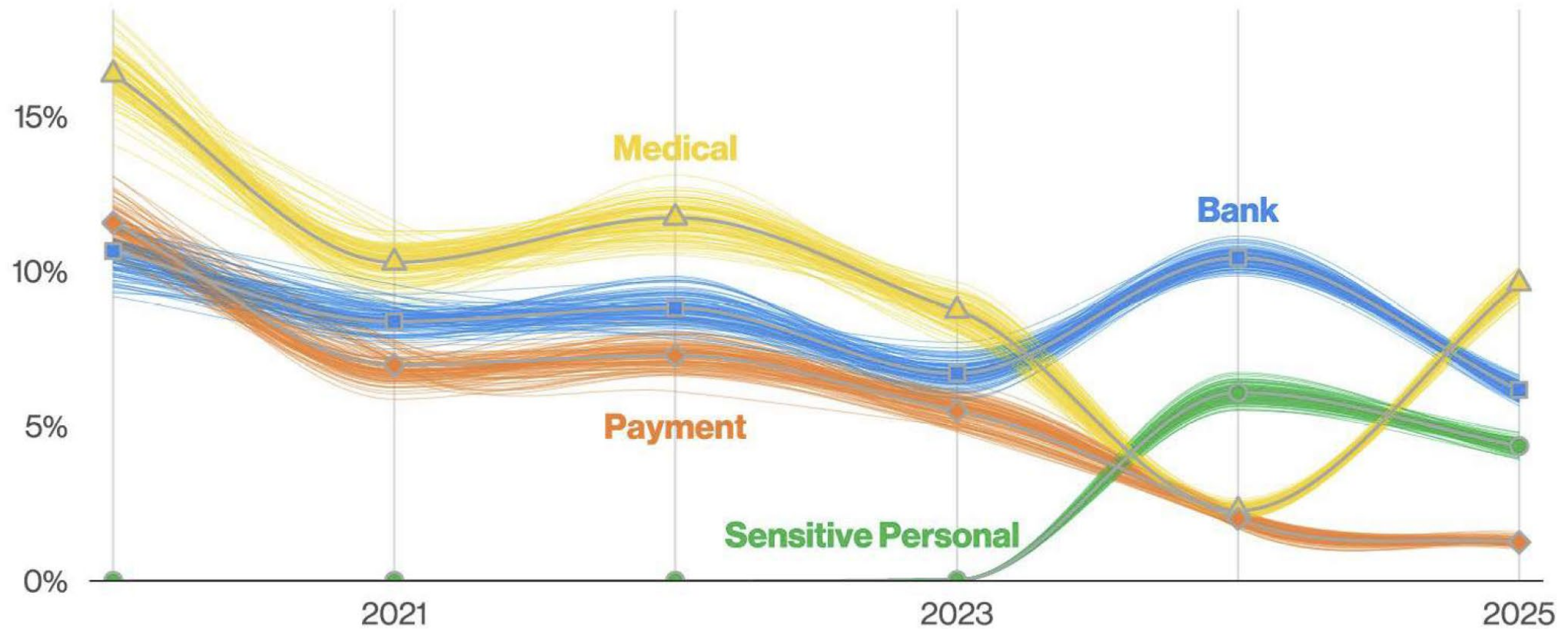


Figure 38. Select Data varieties over time in breaches

Third Party Risk

Up from 15%
last year

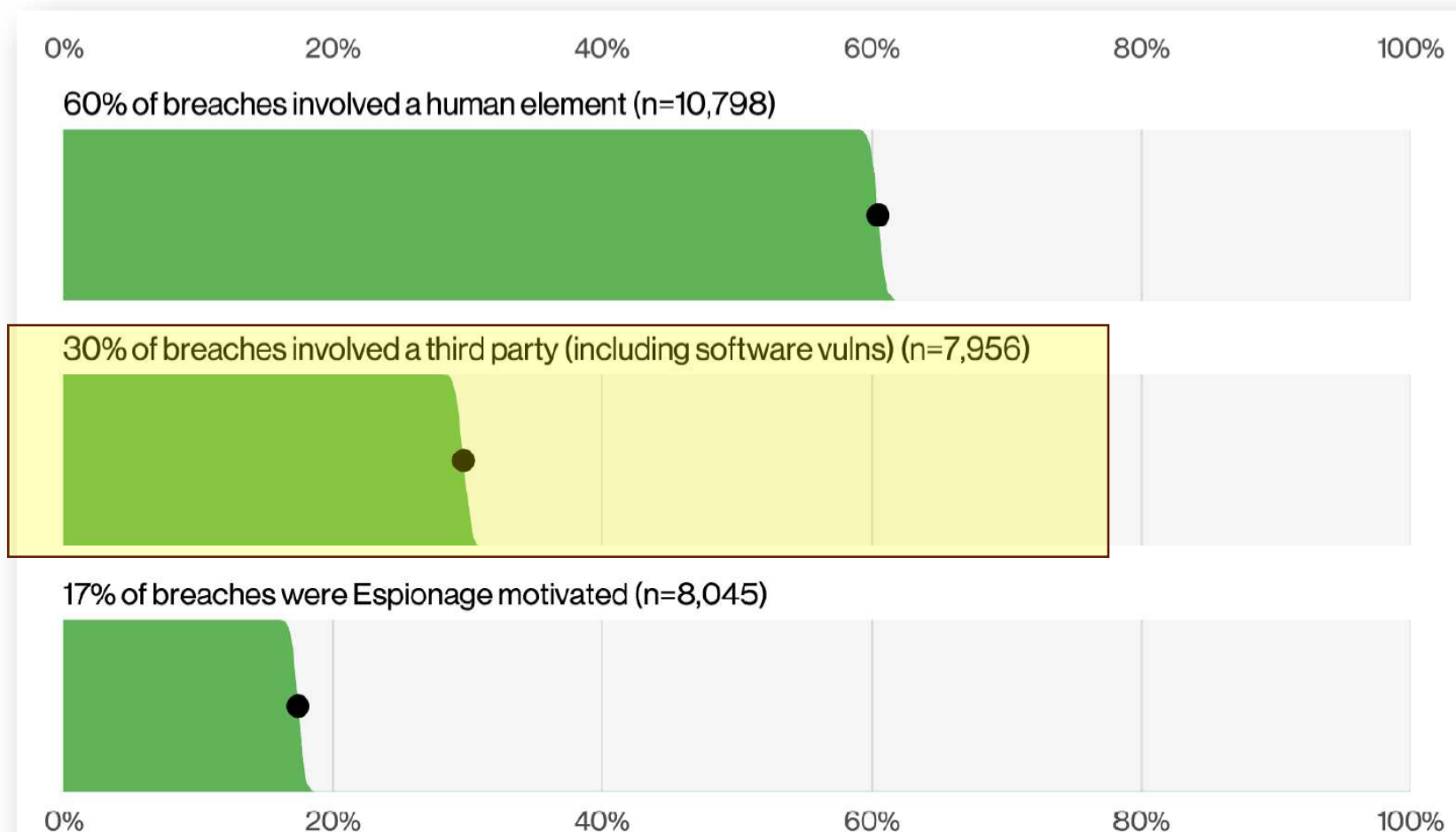


Figure 7. Select key enumerations in breaches

How Breaches Occurred

Starting with 4th Place

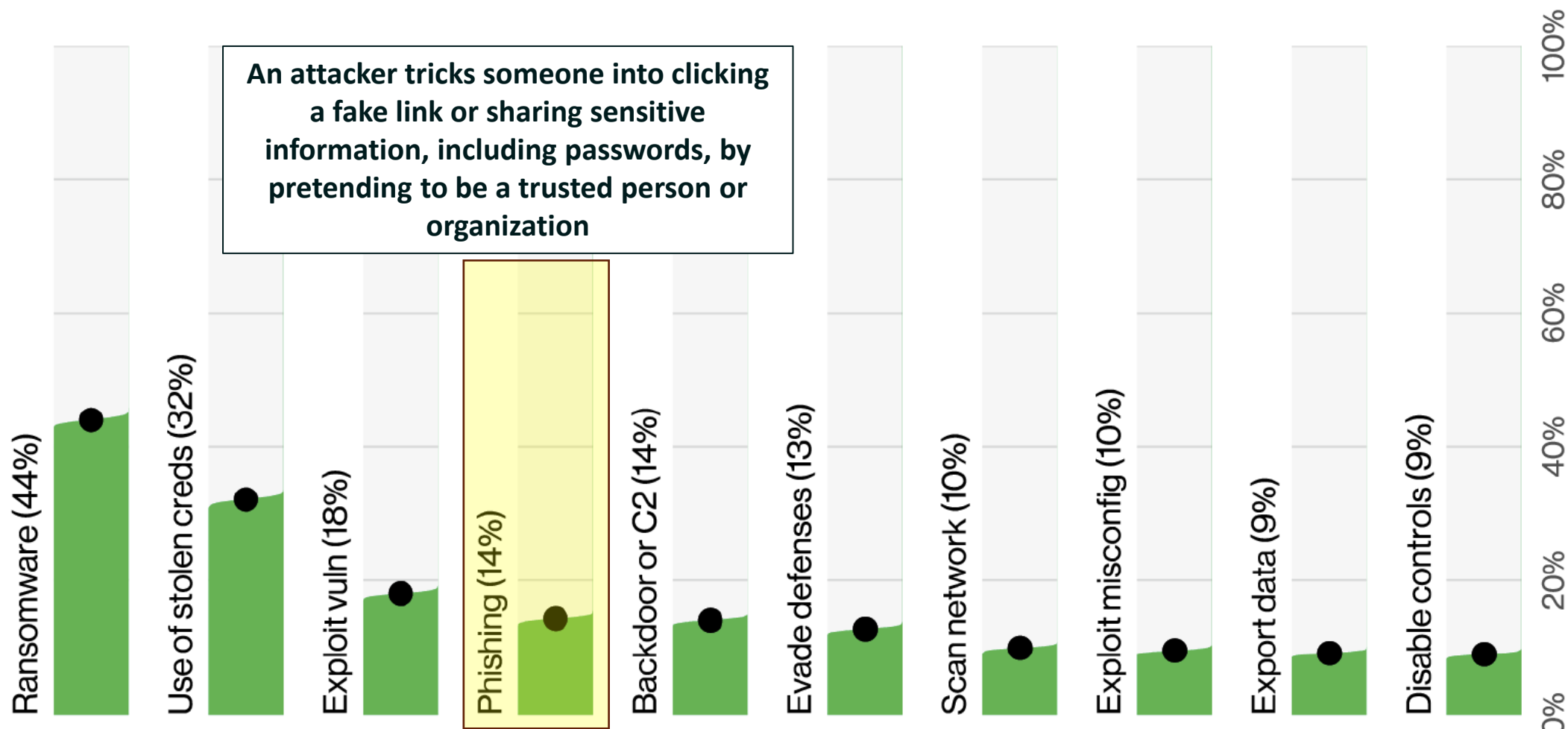


Figure 25. Top Action varieties in breaches (n=10,747)

How Breaches Occurred

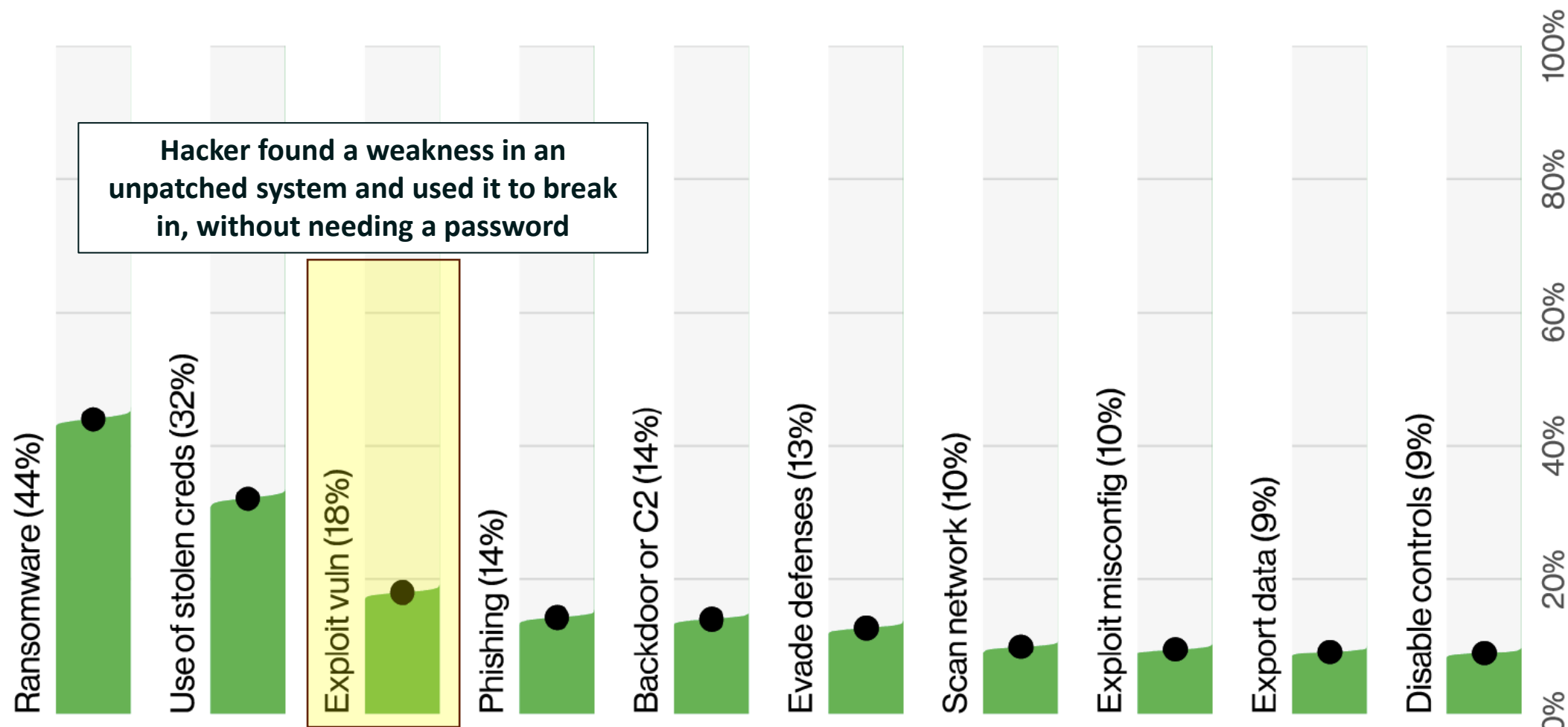


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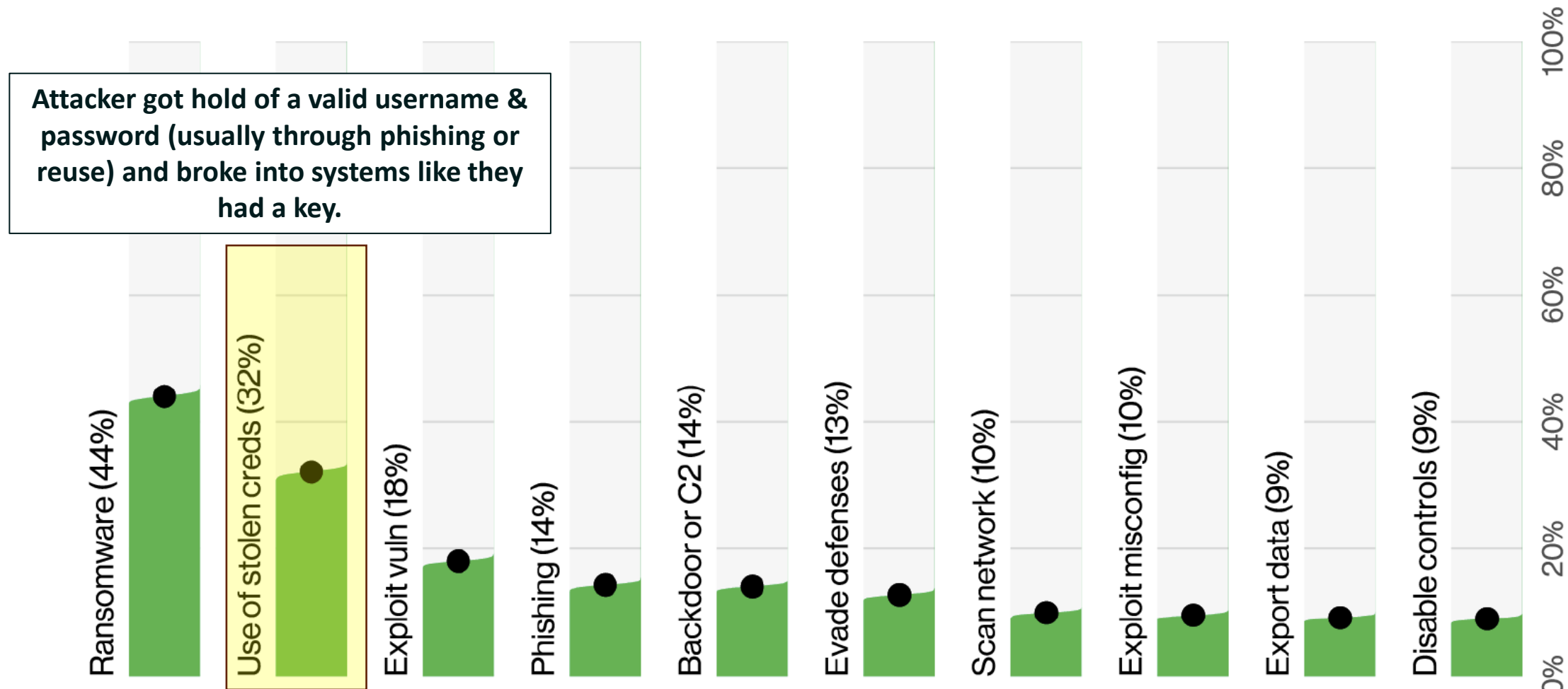


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How Breaches Occurred

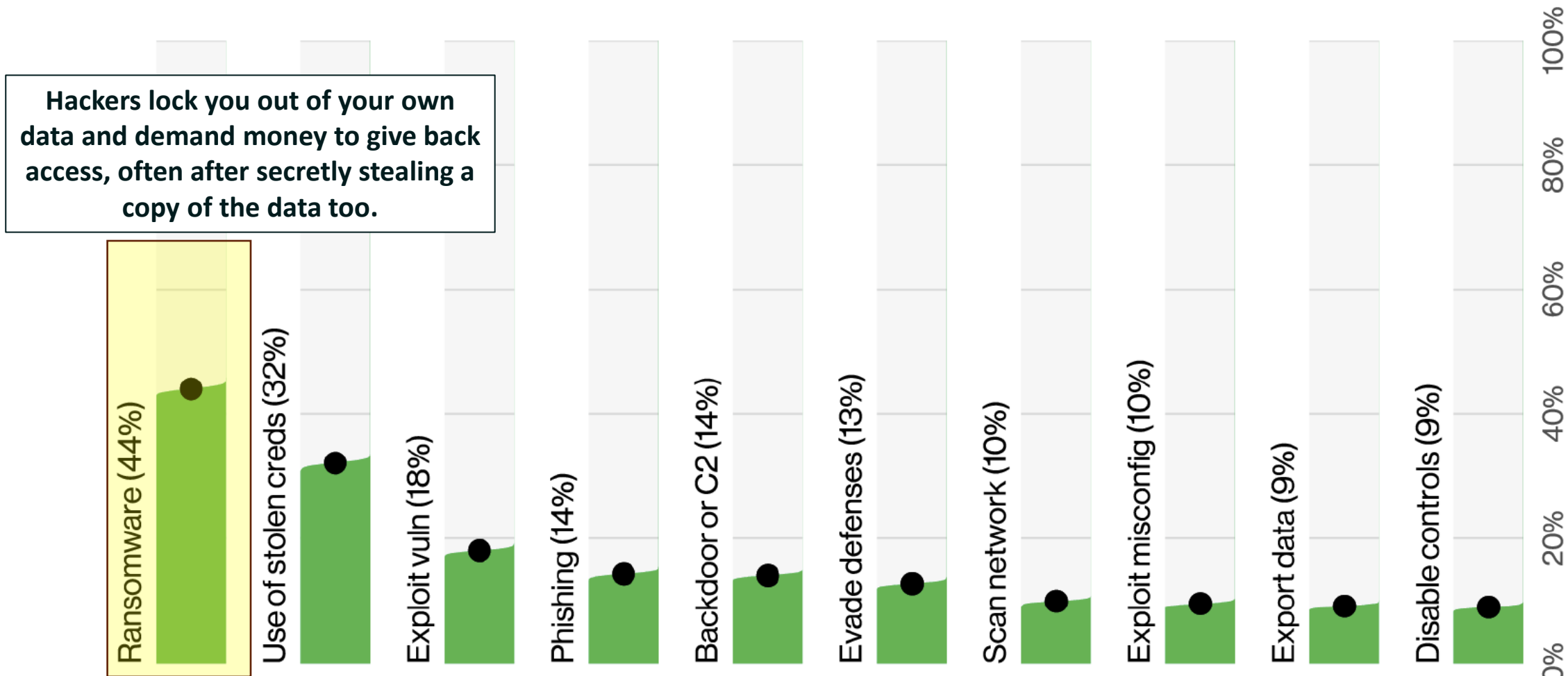
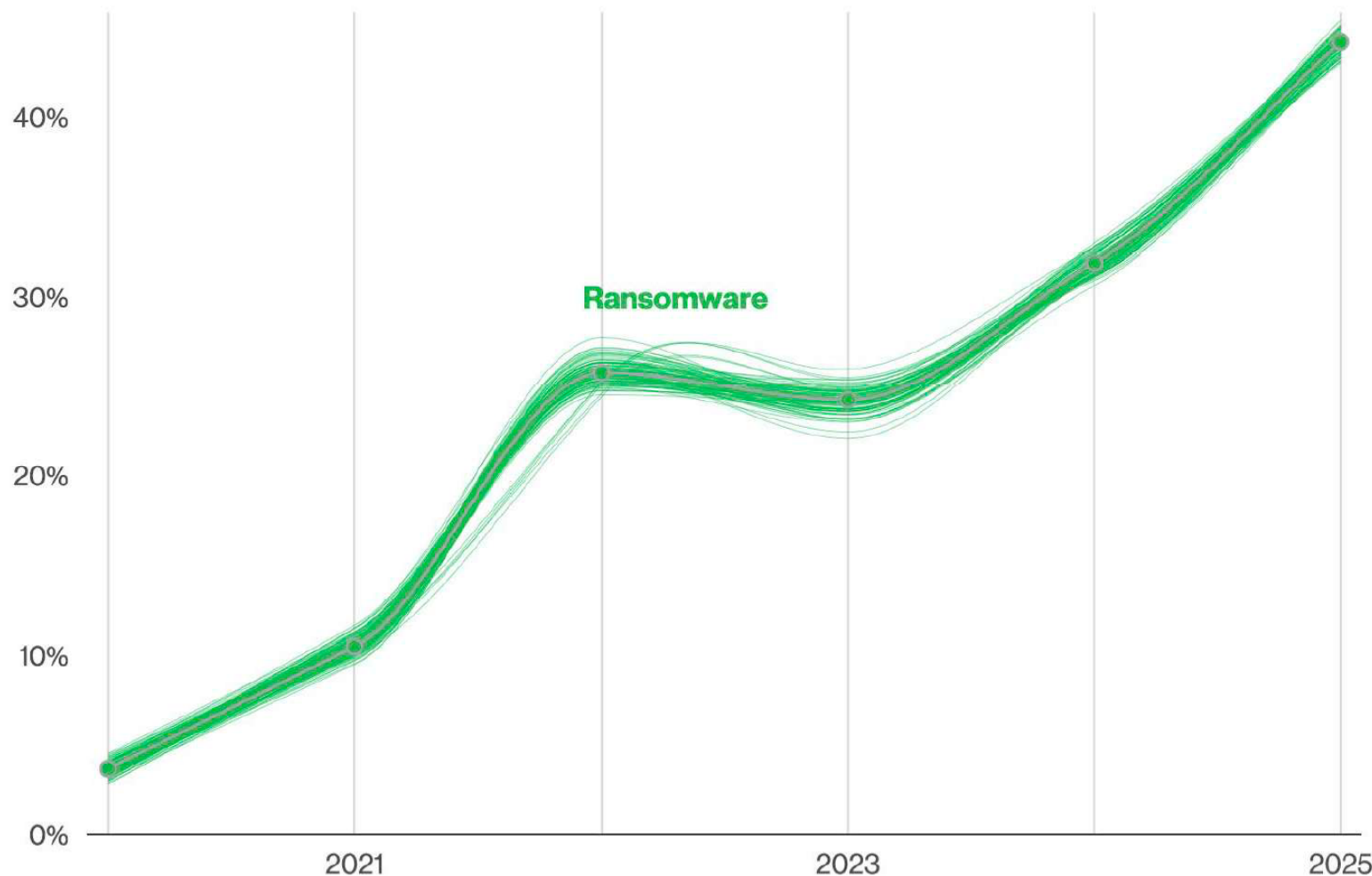


Figure 25. Top Action varieties in breaches (n=10,747)

Ransomware is Way Up 👎



The presence of Ransomware, with or without encryption, in our dataset also saw significant growth—a 37% increase from last year’s report. It was present in 44% of all the breaches we reviewed, up from 32%. In some good news, however, the median amount paid to ransomware groups has decreased to \$115,000 (from \$150,000 last year). 64% of the victim organizations did not pay the ransoms, which was up from 50% two years ago. This could be partially responsible for the declining ransom amounts.

Ransomware is also disproportionately affecting small organizations. In larger organizations, Ransomware is a component of 39% of breaches, while SMBs experienced Ransomware-related breaches to the tune of 88% overall.

Figure 6. Ransomware action over time in breaches (n for 2025 dataset=10,747)

Ransomware Prevention

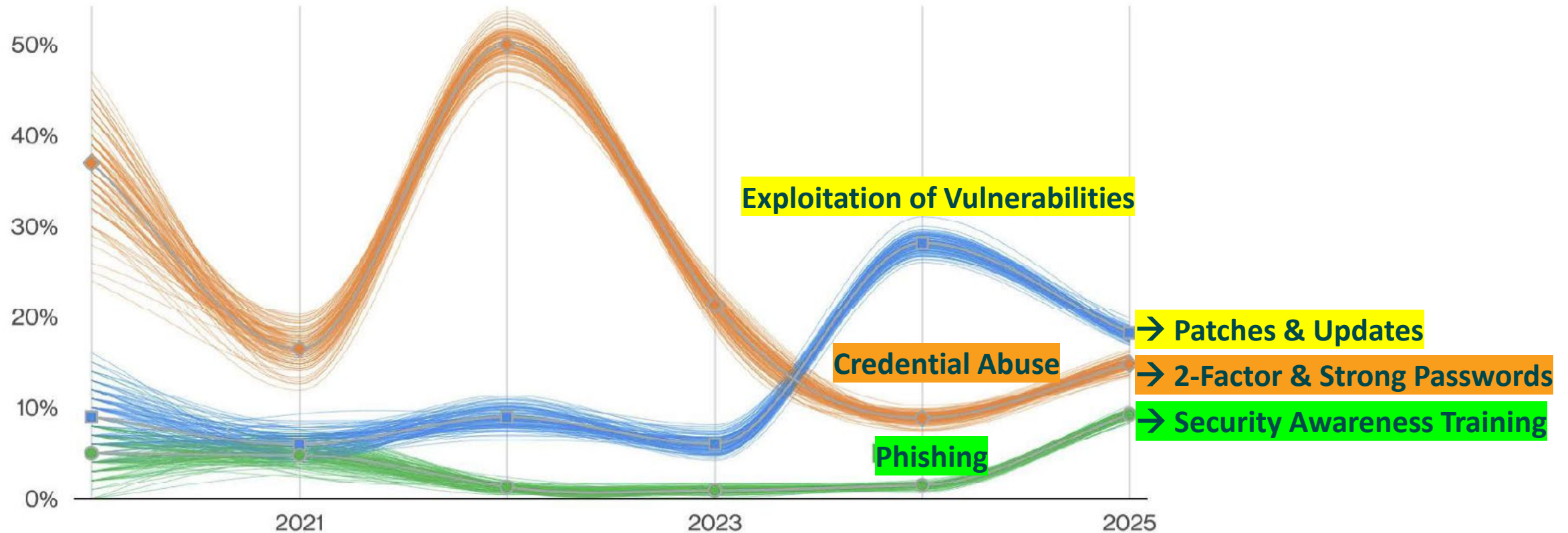
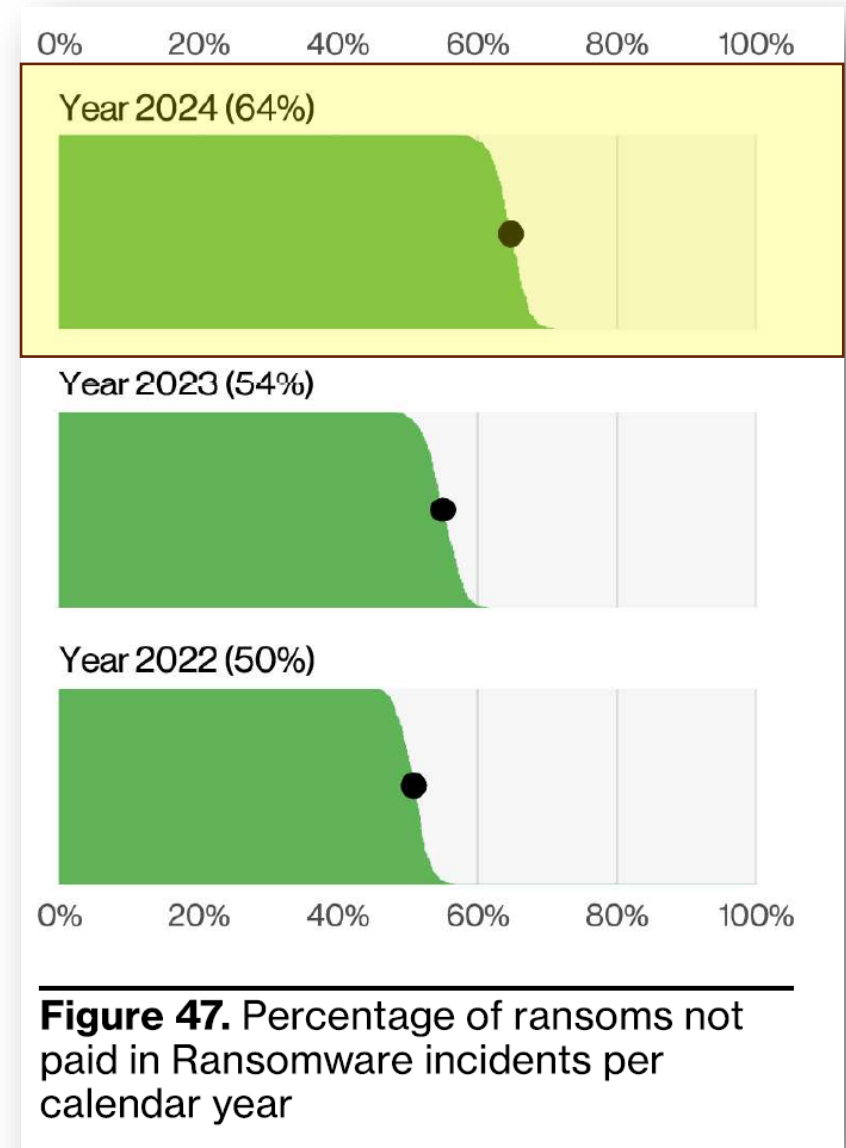


Figure 45. Known initial access vectors over time in Ransomware action breaches (n in 2025 dataset=4,630)

Not Paying

- Payment offers no guarantee of data recovery.
- Impossible to “trust” attacker.
- Paying may incentivize return attacks.
- Paying a ransom to a cybercriminal group that is linked to terrorism or on a U.S. sanctions list is a **federal crime**.
(Insurance will run an OFAC check)
- **64% of organizations do not pay.**
 - *There may be other, more significant costs.*



Pathway to Breaches

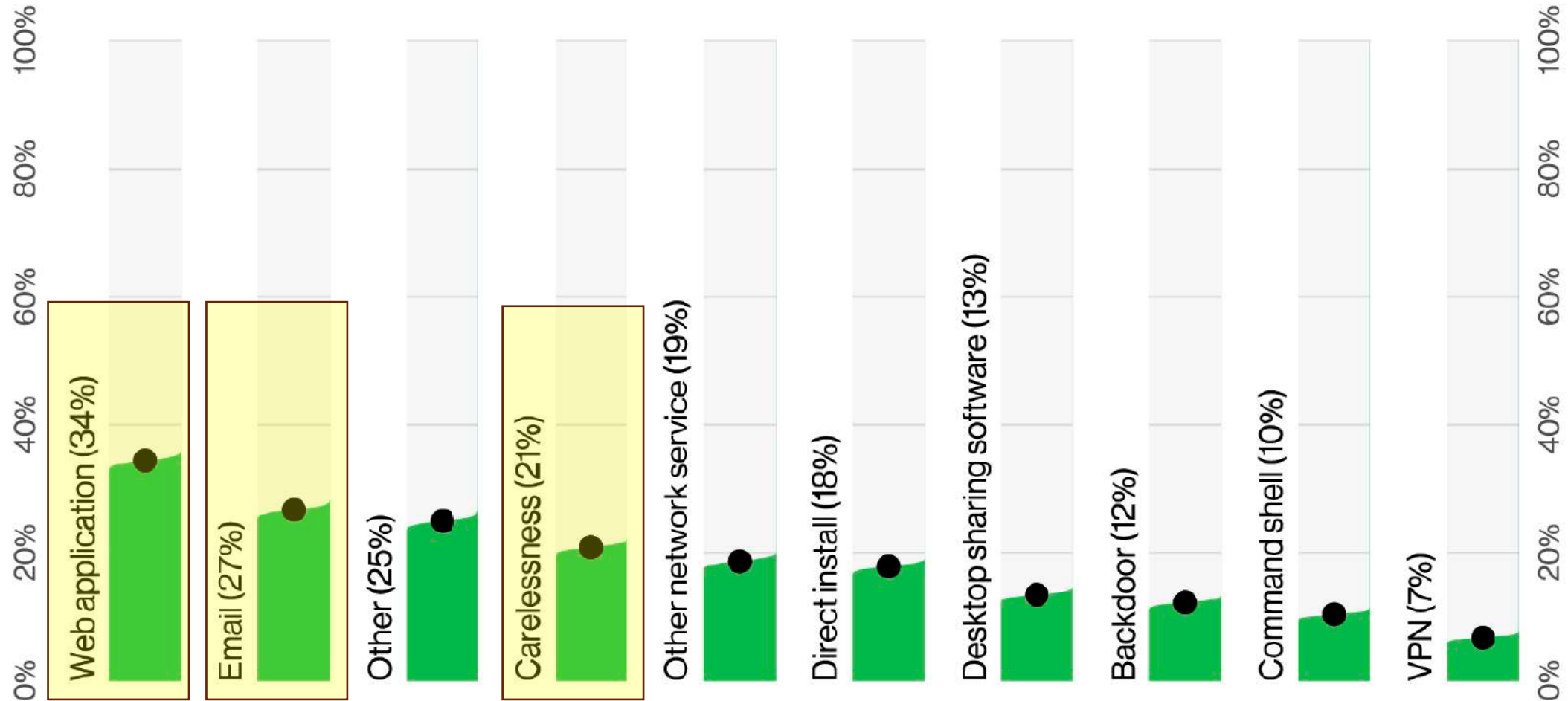


Figure 28. Top Action vectors in breaches (n=7,372)

Pathway to Breaches

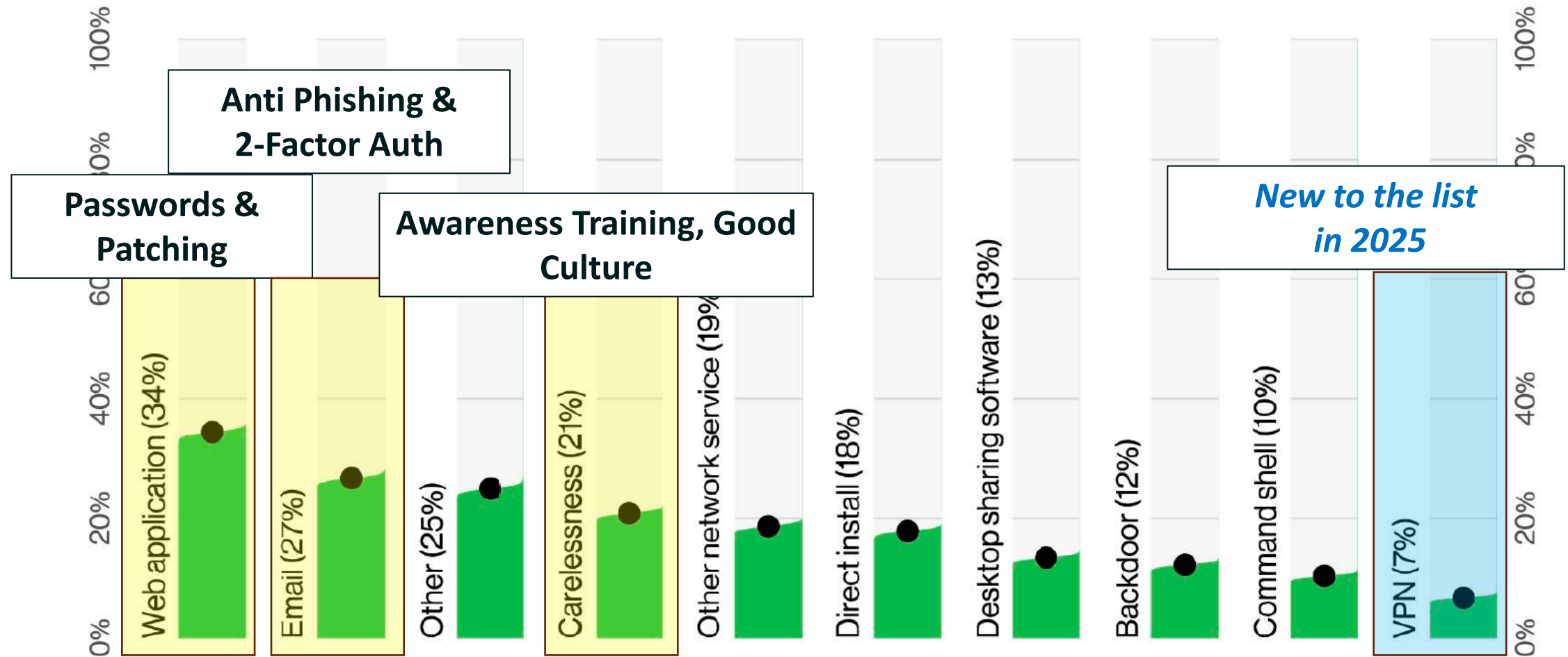


Figure 28. Top Action vectors in breaches (n=7,372)

Zoom in on Web Applications

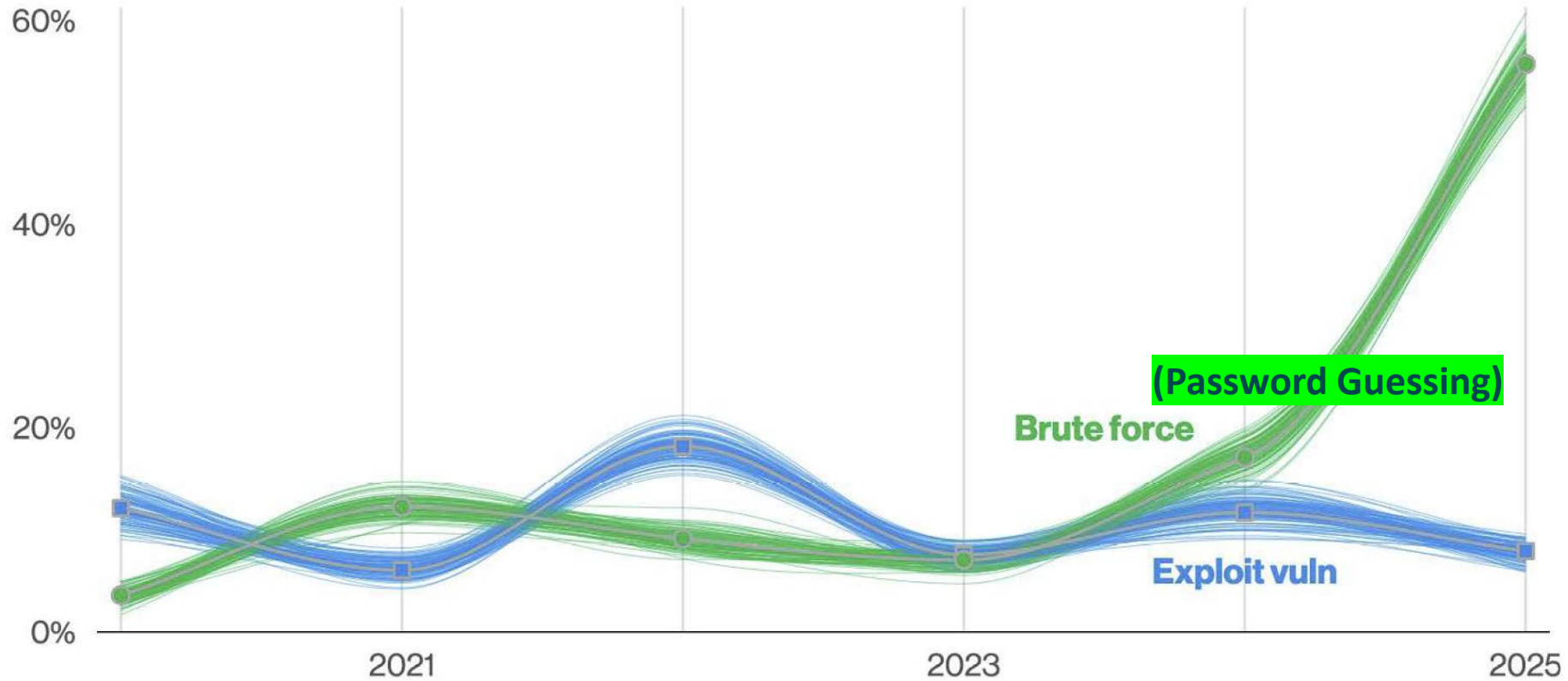


Figure 57. Brute force and Exploit vuln actions over time in BWAA breaches (n for 2025 dataset=1,021)

Password Strength

- 164 years is good, but 94 quadrillion years is better.
- Multifactor authentication is essential.
- **Never re-use passwords** (at least on websites that matter)
- *How long does it take to breach a website using a previously compromised password—regardless of its complexity...?*

Time it takes a hacker to brute force your password in 2025

Hardware: 12 x RTX 5090 | Password hash: bcrypt (10)

Number of Characters	Numbers Only	Lowercase Letters	Upper and Lowercase Letters	Numbers, Upper and Lowercase Letters	Numbers, Upper and Lowercase Letters, Symbols
4	Instantly	Instantly	Instantly	Instantly	Instantly
5	Instantly	Instantly	57 minutes	2 hours	4 hours
6	Instantly	46 minutes	2 days	6 days	2 weeks
7	Instantly	20 hours	4 months	1 year	2 years
8	Instantly	3 weeks	15 years	62 years	164 years
9	2 hours	2 years	791 years	3k years	11k years
10	1 day	40 years	41k years	238k years	803k years
11	1 weeks	1k years	2m years	14m years	56m years
12	3 months	27k years	111m years	917m years	3bn years
13	3 years	705k years	5bn years	56bn years	275bn years
14	28 years	18m years	300bn years	3tn years	19tn years
15	284 years	477m years	15tn years	218tn years	1qd years
16	2k years	12bn years	812tn years	13qd years	94qd years
17	28k years	322bn years	42qd years	840qd years	6qn years
18	284k years	8tn years	2qn years	52qn years	463qn years



Password Strength

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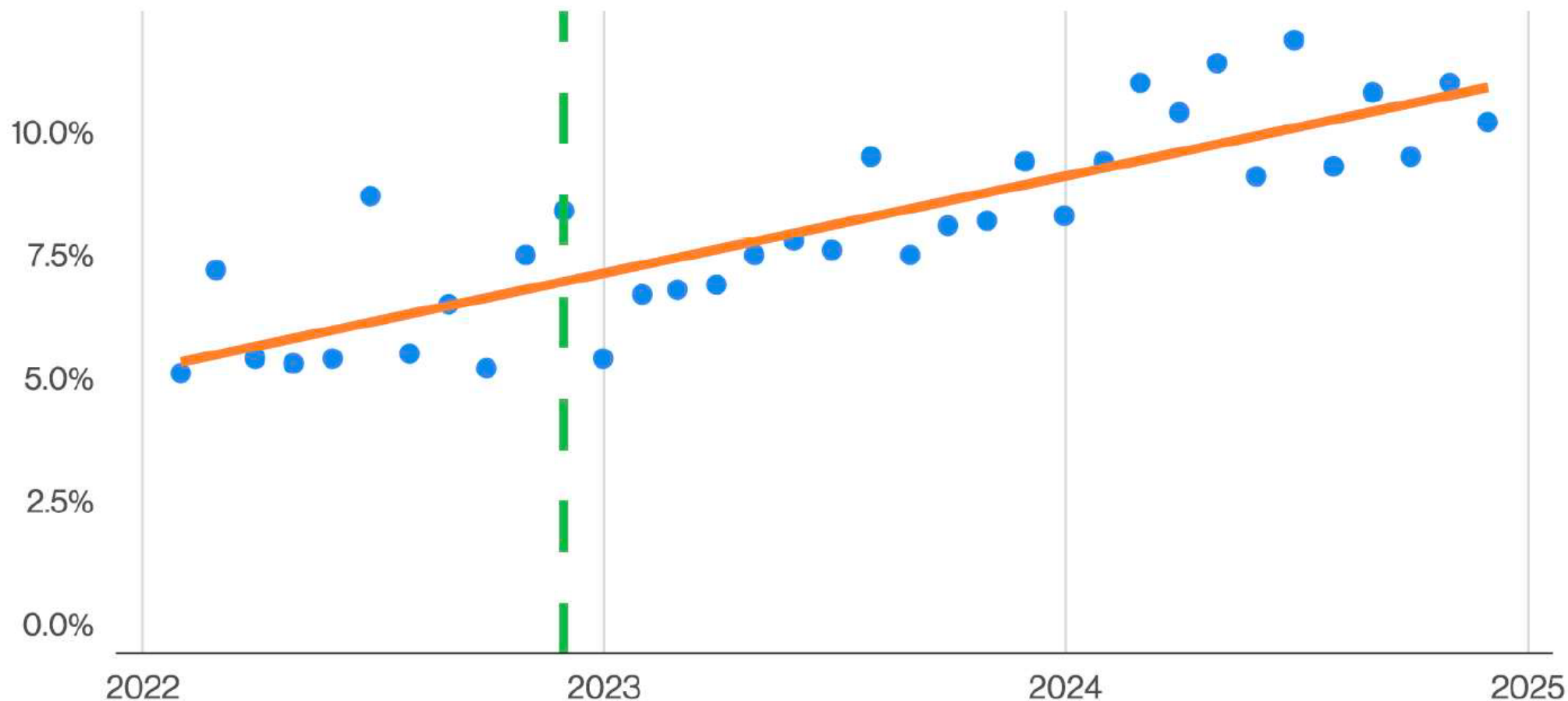
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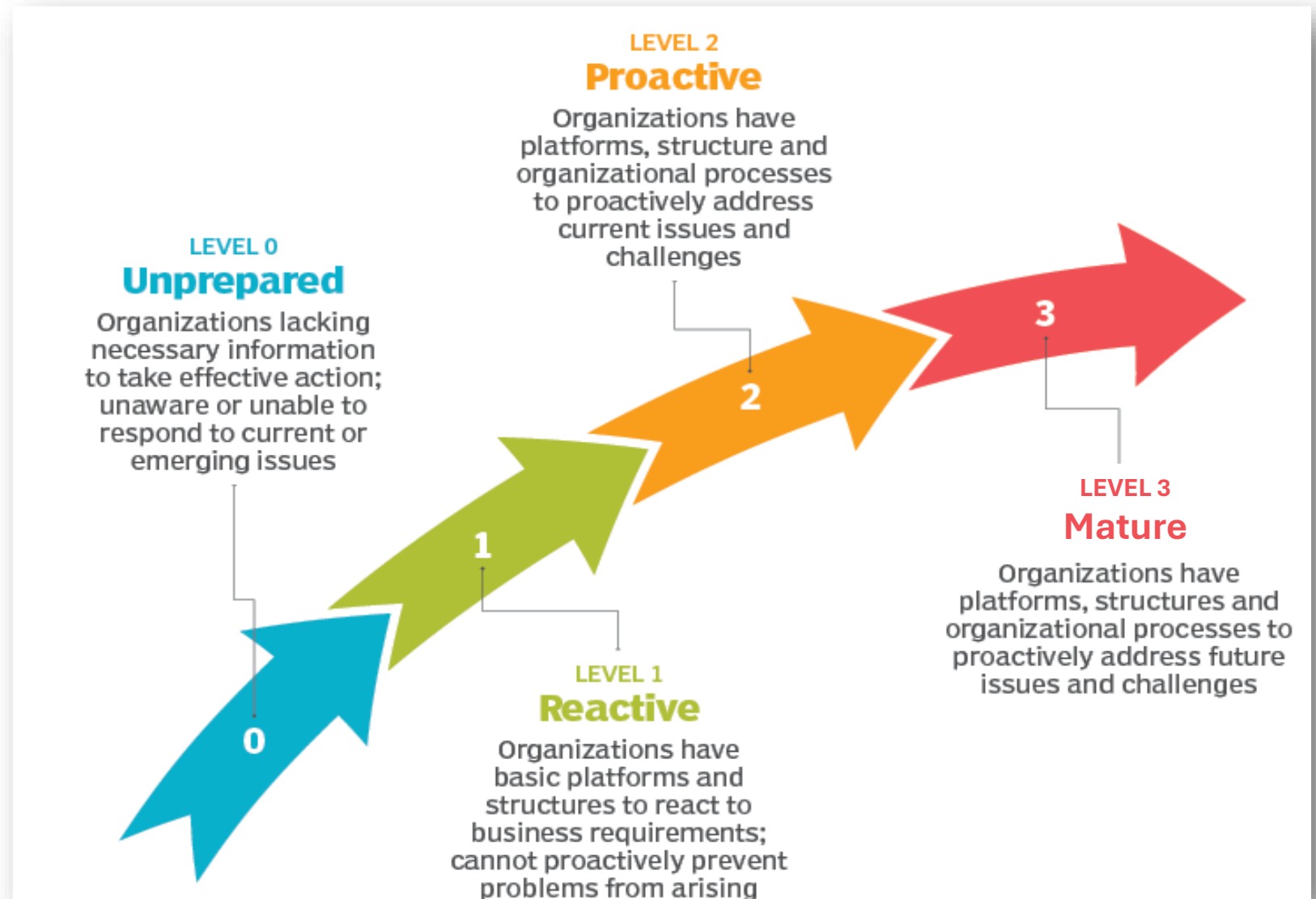


GenAI for Better Phish



Incident Readiness

- *Where would you rate your organization on this continuum?*
- *Which direction are you heading?*
- *KM Technology Advisory services can perform Risk Assessments and develop Roadmaps to manage risk.*



Cybersecurity Self Assessment

Count “No” and “I don’t know”

Credentials

- ☐ Is 2-factor authentication enforced on **all** critical web applications, without exception?
- ☐ Are **all** passwords 12+ characters?

Phishing

- ☐ Do we have adequate anti-spam & anti-phishing filters?
- ☐ Are users sent simulated phishing emails, with an overall organizational click-rate below 5%?
- ☐ Are antivirus & web filtering tools installed *consistently* across all the servers and workstations?

Vulnerabilities

- ☐ Is 100% of IT Infrastructure updated frequently, and fearlessly? (or are we held back by legacy or fragile systems?)
- ☐ Have we had an independent Risk Assessment or Pen Test performed to identify weaknesses? Were findings remediated?
- ☐ **Are our 3rd party vendors** (e.g. MSPs, Cloud Services) entrusted with our data, **doing all the above?**



Make an Impact Today

■ 1. Turn on Multifactor Authentication Everywhere it Matters

Think: email accounts, file storage, web-based business apps.
It's free, it works, *it is not always on by default.*

■ 2. Identify a clear Incident Response Contact

Unusual email? Suspicious activity?

Make sure *everyone* knows who to alert about suspected incidents, *without hesitation.*

■ 3. Start a Conversation using the Self Assessment

Check in with your technology leaders today.

Ask: Where are our strengths? Where are we exposed to risk?

What's the next step?

Thank You for Attending!



Rob Wilkinson, CISSP

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Rob is a Manager in Kreischer Miller's Technology Solutions group, where he focuses on providing CIO and board advisory services to clients. These services include IT Management assessments, cyber risk assessments, strategic roadmap development, and executive training. Rob is a technology leader based in Philadelphia with 18 years of consulting experience in the US and United Kingdom. He has worked closely with global organizations to develop strategic IT initiatives, cyber security maturity, and financial/ERP applications. Rob's consulting focus ensures that clients select, build, and run technology that is aligned with their business objectives and appetite for risk.

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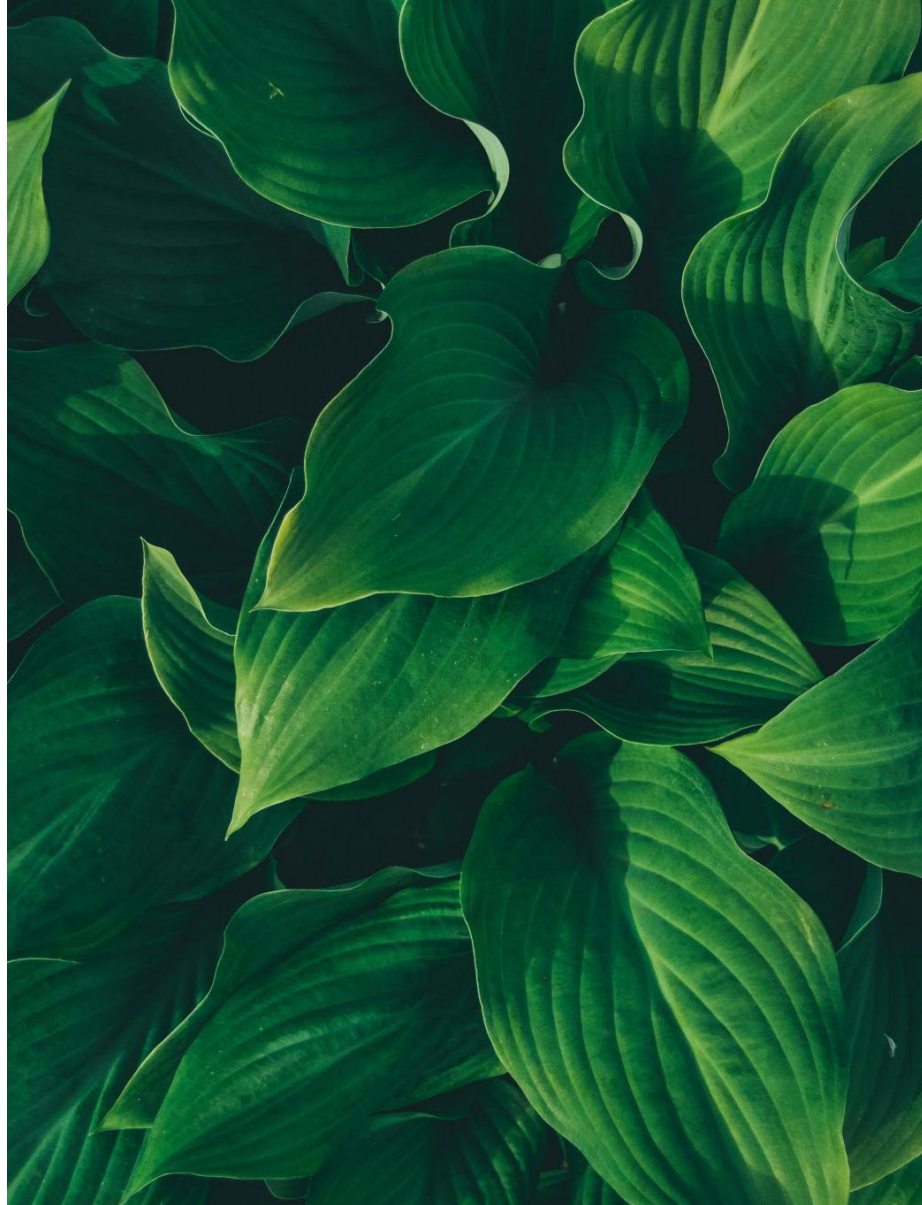
The Full Financial Picture

Capital Markets,
Philanthropic Trends &
Budgeting Best Practices

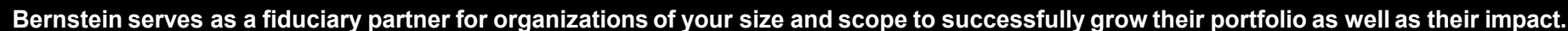
Evan Linhardt | Principal Investment Advisor;
Foundation and Institutional Advisory Council

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Bernstein Investment Management & Research



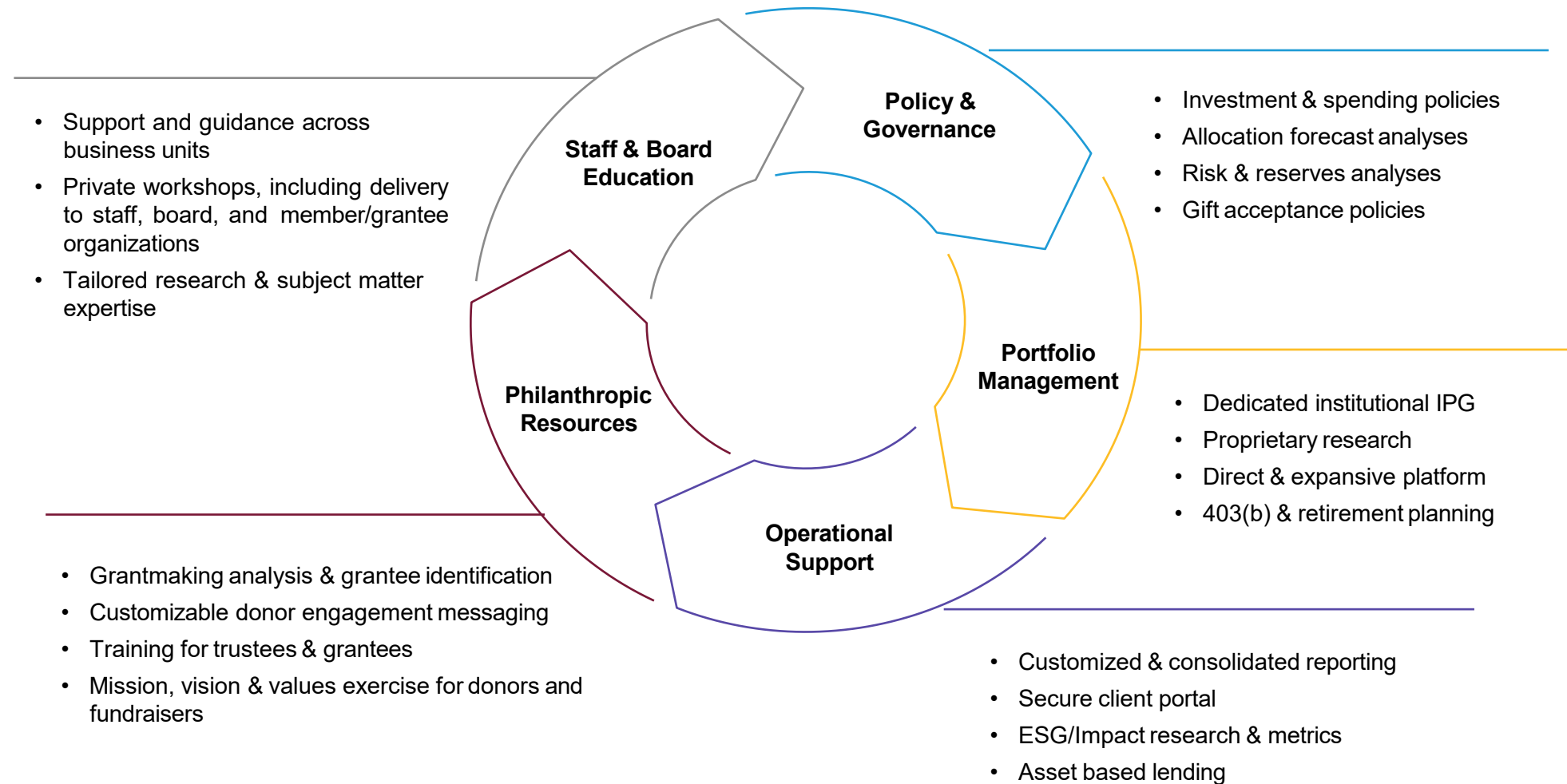
AUM (USD Millions)*



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Holistic Approach

Comprehensive Suite of Services to Strengthen your Investment Strategies



Bernstein Foundation and Institutional Advisory

2024 Sample Research and Educational Topics for Fiduciaries

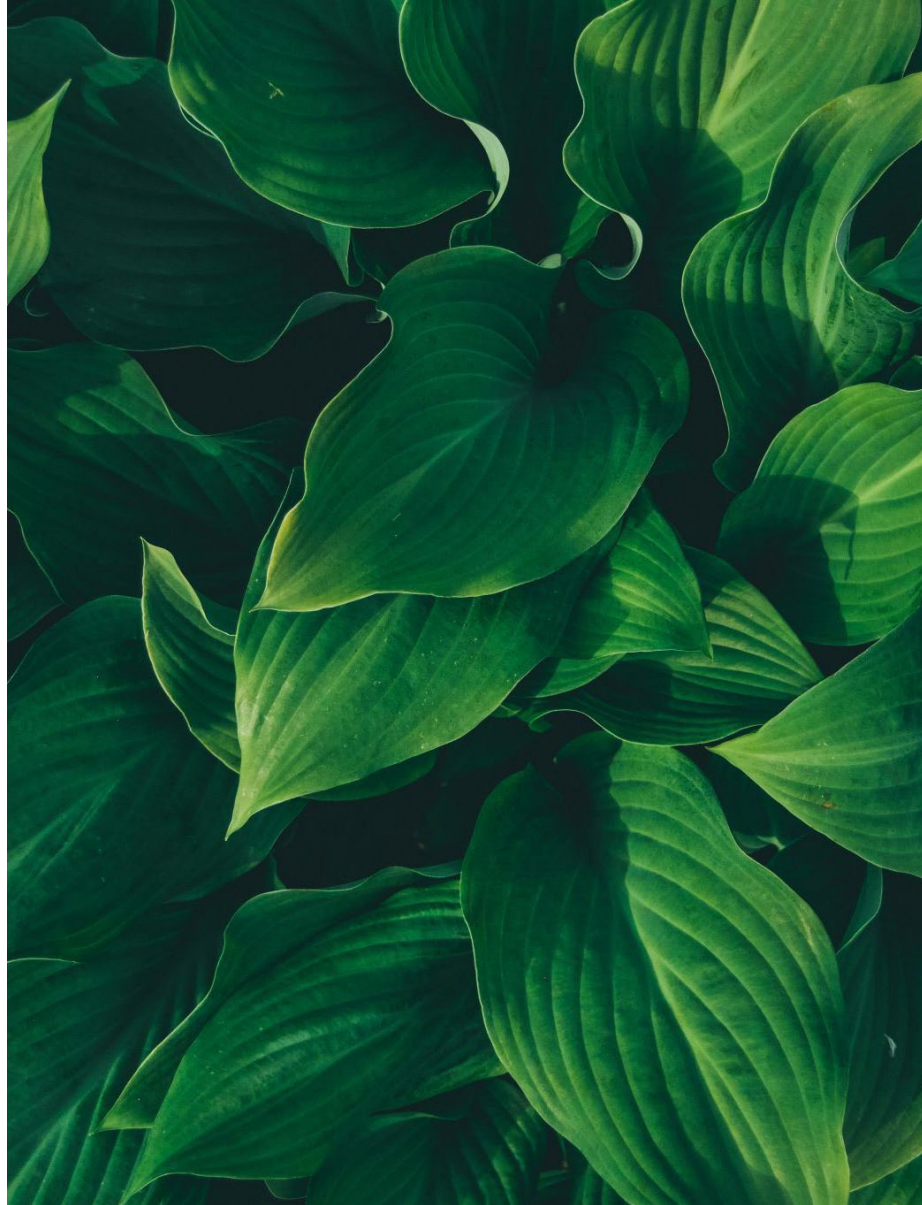
 Finance and Investments	 Policy and Governance	 Development & Donor Engagement
<ul style="list-style-type: none">• Investing Basics for Fiduciaries• Reserves Analysis• Economic & Capital Markets Updates• ESG & Responsible Investing• Alternatives Investing• Nonprofit & Foundation Financial Statements	<ul style="list-style-type: none">• Fiduciary Duty & Investment Committee Best Practices• Investment & Spending Policy Drafting & Review• Grantmaking Historical Analysis & Guidelines Development• Mission, Vision & Values Statements• Compensation & Retirement Benefits Support	<ul style="list-style-type: none">• Philanthropic Trends & Opportunities• Fundraising Campaign Analyses & Best Practices• Planned Giving and Endowment Strategies• Effective Ambassadorship/Culture of Philanthropy for Leaders• AI/Technology Integration

The above are included as part of your partnership with Bernstein.

Delivery of topics is customizable and intended to serve as an extension of your team, helping amplify your work and mission.

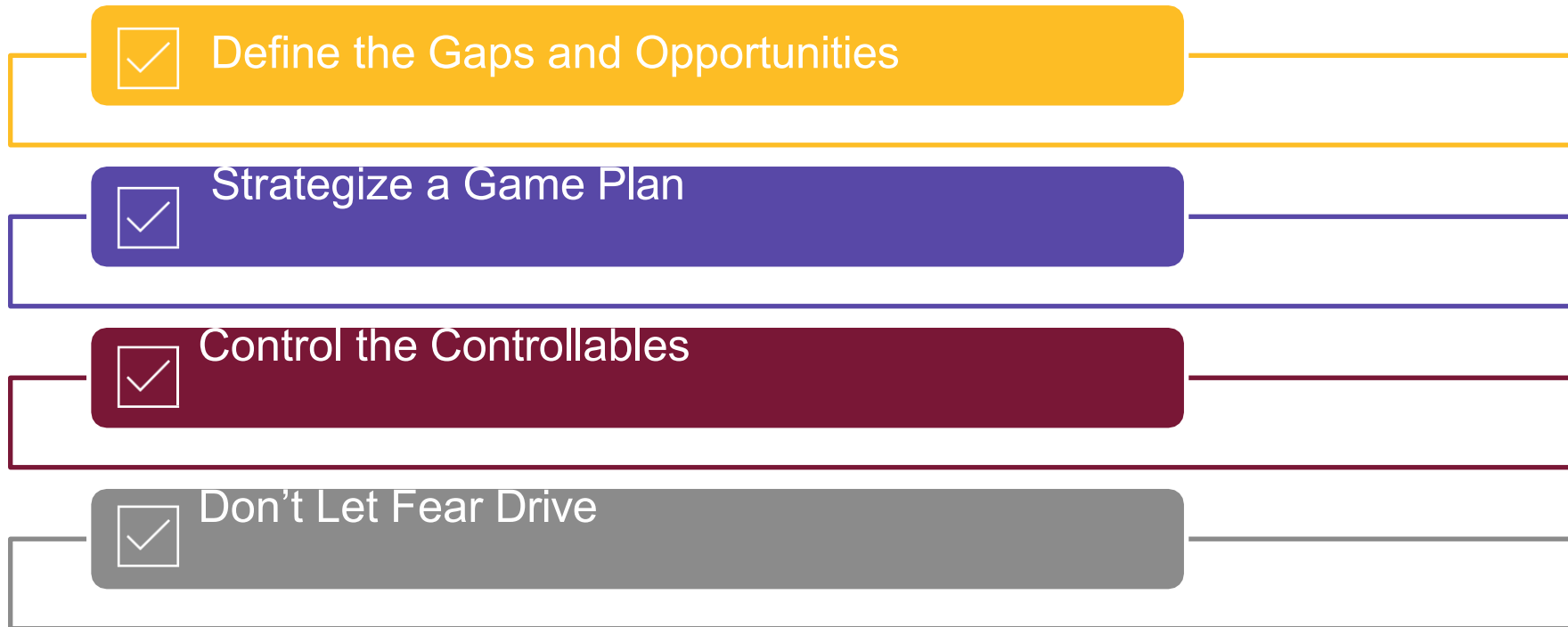
2025 Q1:

Setting the Stage



Stabilizing Your Organization Now for Future Success

With all the uncertainty, what's next?



Questions We're Hearing from Clients

“

What do tariffs mean for the economy and markets?

Is the stock market still overvalued?

Does global equity diversification still make sense?

Is now the right time to get invested/stay invested?

How much more will the Fed cut rates in 2025?

What risk does the deficit impose?

Where are the opportunities?

”

“

Are there certain policies that may jeopardize our mission?

Should we adjust our cash position?

Will federal funding cuts affect us?

Should the DNA of our board shift?

Where can we find trustworthy information?

How can we balance rising costs, tariffs, etc.

How do we fill the gaps and move forward from here?

”

Tracking Sector Updates

FAQs	Resources
How can I keep track of the various policy threats against our sector?	National Council on Nonprofits
What is actual plan for the federal budget?	House Budget Resolution
Who is advocating for us?	Community Impact Coalition
What is being done about the potential changes affecting our sector through the TCJA?	Charitable Giving Coalition
Are philanthropic entities discussing the gaps and planning to respond?	United Philanthropy Forum
What other funding strategies are donors using?	Philanthropy's Meaningful Middle (Bernstein)

Bernstein Resources



Navigating Post-Election Uncertainty: Strategies for Nonprofit Financial Resilience



[Click for Webinar](#)



Nov 13, 2024

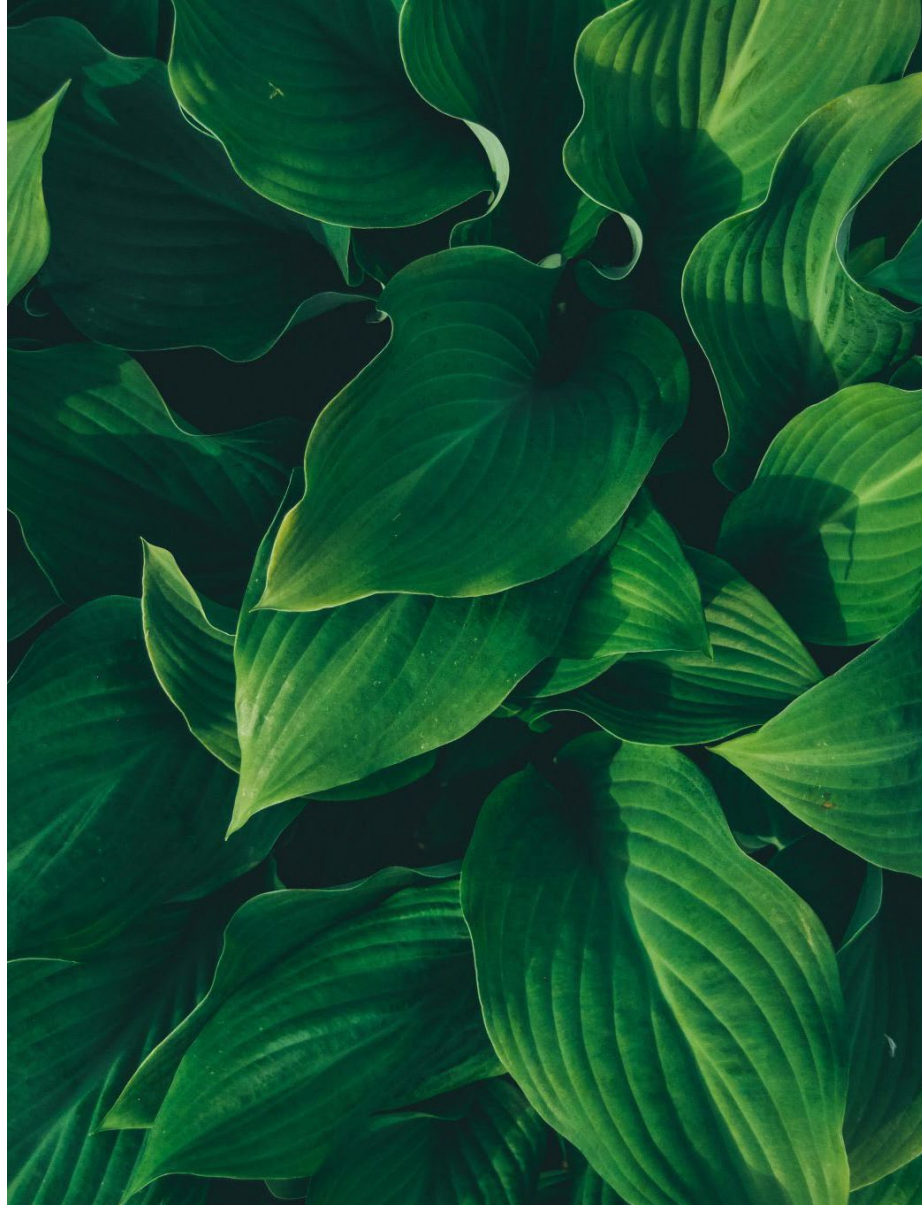
Trade, Tariffs, and Taxes: The Economic Impact of the US Election

How might a second Trump presidency shape the US economy? Our Chief US Economist Eric Winograd shares insights on trade, fiscal policy, and potential market reactions.

[Click to Read Blog](#)

Identifying the Gaps:

Budgeting Best Practices



The Responsibility of Fiduciary Duty

Three Pillars of Fiduciary Duty



Duty of Care

Various actions by which nonprofit board members integrate themselves into the affairs of the organization—such as awareness of its activities in the community and participation in decisions regarding its welfare and operations

We will hire professional partners



Duty of Loyalty

Spirit through which nonprofit board members conduct the duty of care—at all times choosing the best interest of the organization above their own self-interest or that of another person or entity

We're not going to hire our partners based on nepotism

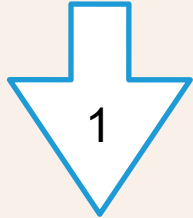


Duty of Obedience

Requires board members to comply with federal, state, and local laws, as well as adhere to the organization's guidelines

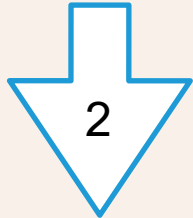
Our partners will not engage in illegal activity

Three Key Components of Nonprofit Financial Oversight



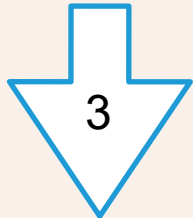
Financial Management

Board members can adopt financial policies to ensure prudent financial management and review financial statements at each meeting.



Revenue Sources and Diversification

Integrate trends, philanthropic insights, and donor feedback into future operational planning and decision-making processes.



Investment Management and Risk

Fiduciaries should exercise reasonable care in decision-making and avoid placing the organization under unnecessary risk.

****In some cases, failure to fulfill fiduciary duties *could* result in personal liability for negligence.**

Key Documents

Document	Where to find it	Why you need it
IRS Form 990	Publicly available (nonprofit website OR GuideStar.org)	Answer questions like “How much income did the filer receive and from what sources?” “Who are the filer’s board members?”
Audited Financial Statements	Request from the organization	Assess organization financial security based on cash situation. Auditor footnotes can help reader interpret balance sheet , income statement, and cash flow statement.
Annual Report	Nonprofit website	Includes overview of organization finances: breakdown of revenues and expenses, sources of income, any changes over the past year.
Annual Budget	Request from the organization	Guide built to help a nonprofit plan. Benchmark to assess current financial health.
Investment Policy Statement	Request from the organization where appropriate	Guidelines around liquidity and asset allocation governing nonprofit investment accounts. Sometimes include ESG priorities that align with mission.

[Researching a Nonprofit: Financial Resources](#)

Audited Financial Statements: What's Included?


Financial Statement	What to look for	What it Tells You
Balance Sheet	Sufficient operating cash, high receivable balance, payables balance, total debt, positive unrestricted fund balance, trends, liquidity, reserves	Snapshot of liquidity, assets, liabilities, reserves. Shows where a nonprofit stands financially at a point in time. Aka Statement of Financial Position.
Income Statement	Investigate any variances >10%, consider timing of revenue and expenses, compare to prior year, year-to-date net income/(loss)	View of budget vs. actual. Shows operating results over specific time period. Aka Statement of Activities OR Profit & Loss (P&L) Statement.
Statement of Cash Flows	Where do you have extra cash? Where are you using too much cash?	View of cash flows from operating, investing and financing activities. Reports change in cash and cash equivalents during the accounting period.
Statement of Functional Expenses	What percentage of expenses are going toward programs vs. management and fundraising? Does that make sense for the organization's model or is it out of balance?	Reports expenses by function (programs, management and general, fundraising) and type of expense (salaries, rent).

- [BoardSource: Welcome to Your Key Financial Statements](#); [Balance Sheet Cheat Sheet](#); [Using Ratio Analysis to Manage Nonprofit Orgs](#)

What should a budget tell you? Identify and Clarify Monthly Cashflow

Sample Budget Template #1 to help with 'Real Cost Budgeting'

Income and Expenses Across Business Units



Monthly Cash Flow Projection

[Your Organization name]

[Date]

© Nonprofit Finance Fund

Numbers in []	Month 1		Month 2		Month 3		Month 4		Month 5		Month 6		Month 7
	Proj.	Actual	Proj.	Actual	Proj.	Actual	Proj.	Actual	Proj.	Actual	Proj.	Actual	Proj.
Beginning Total Cash													
Unrestricted Operating Cash on Hand (Beginning of month)													
Operating Cash													
Unrestricted Operating Cash Receipts													
Earned Income 1													
Earned Income 2													
Earned Income 3													
Unrest. Contributions 1													
Unrest. Contributions 2													
Unrest. Contributions 3													
Restricted Cash Releases													
Total Op. Cash Receipts													
Operating Cash Spent													
Personnel													
Professional Fees													
Occupancy													
Interest on debt													
Other 1													
Other 2													
Other 3													
Other 4													
Other 5													
Total Op. Cash Spent													
Net Cash from Operations													
Non-Operating Cash													
Non-Operating Cash In													
Draw on LOC/ Long Term Debt Receipt													
Capital Campaign Contributions													

Shows where a nonprofit stands financially at a point in time.

- Sufficient operating cash and liquidity
- High receivable balance
- Payables balance
- Total debt
- Positive unrestricted fund balance
- Trends

Source: Nonprofit Finance Fund; Video: [How to use the Cash Flow Projection Tool](#)

What's next?

Sample Budget Template #2 to help with Scenario Comparisons

Scenario Planning with 'Best, Base, and Worst Case' Modeling

					BUDGET SCENARIO TOOL		
ORGANIZATION NAME							
Budget SCENARIO Year: 2020							
OPERATING BUDGET							
EARNED REVENUE							
Example: Program fees							
Earned income							
Earned income							
Earned income							
Total earned income							
CONTRIBUTED REVENUE							
Example: Foundation revenue							
Contributed revenue							
Contributed revenue							
Contributed revenue							
Contributed revenue							
Contributed revenue							
Total contributed revenue							

Source: Nonprofit Finance Fund

Reserves Analysis Tool: Support for Scenario Planning

Revenue Risk
More Uncertainty or Potential for
Disruption = More Reserves



Spending Risk
Fixed Commitments or Potential
for Spike = More Reserves



Timing Differences
Variability, Seasonality, or Timing
Mismatch = More Reserves



Borrowing Risk
Access to Margin or Loan from
Affiliate Org. or Donor = Less Reserves



- Less Reserves Required
- Some Reserves Required
- More Reserves Required

BERNSTEIN Foundation and Institutional Advisory

Cash: Too Much of a Good Thing?
A Guide to Sizing and Investing Reserves

Is your organization holding cash reserves that exceed your needs? Are you grappling with how much to reserve? Maintaining a prudent cash cushion is critical, but it comes at a cost. Idle funds lose purchasing power and can drag on portfolio performance. Not surprisingly, associations often struggle with sizing and investing funds somewhere between operating cash and long-horizon endowment investment pools. In response, Bernstein has built a program designed to answer key questions:

- How much **true** cash do we really need?
- Should we reserve more or less than other organizations?
- How should we invest both short- and intermediate-term reserves?

Could Your Organization Come Up Short?
Right-sizing cash may sound simple, but it's more complex than it seems. Most organizations tend to rely on general rules of thumb when they really need a custom analysis that weighs the specifics of their situation. Bernstein's detailed framework will help you through the conversation, helping pinpoint your organization's sensitivity to shortfall risk.

Reserves should be sized based on the organization's risk of shortfall:

- **Revenue Risk:** Uncertainty or potential disruption in revenues.
- **Spending Risk:** Fixed commitments or potential for spike in expenses.
- **Timing Differences:** Seasonality or mismatch in timing of receipts and disbursements.
- **Ability to Borrow:** Access to line of credit, margin, or loan from donor or affiliate.

In today's environment, let Bernstein help you explore the options. Contact your Bernstein Advisory Analyst.

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Cash Reserves Analysis Questionnaire

Sizing Short-Term Reserves

Current Reserve Policy Questions:

- How much does the organization currently have reserved to cover operating expenses in the event of an unanticipated shortfall in revenues?
- What is the maximum percentage you've needed to withdraw from short-term reserves historically?
- What are your projected annual revenues?
- What are your projected annual expenses?

Revenue Sourcing Table:

- In the table below, please break out your typical (or projected) annual revenues by source/category and how certain you are to receive them.

Source	Revenue as % of Total	Probability Will be Received
Annual Fund Donations		
Major Gifts		
Foundation Grants		
Government Contracts		
Fees for Services		
Ticket Sales, Tuition, etc.		
Endowment/Portfolio Distributions		
Other		
Total		

Cash Reserves Analysis Questionnaire

Hypothetical client profiles presented. Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized. Source: Bernstein analysis

Bridging the Gaps:

Charitable Trends & Opportunities



How is giving trending?

Increasingly Complex Future of Philanthropy

Giving was down by **2.1% in 2023**, inflation adjusted. It has not surpassed the all-time **high set in 2021**.

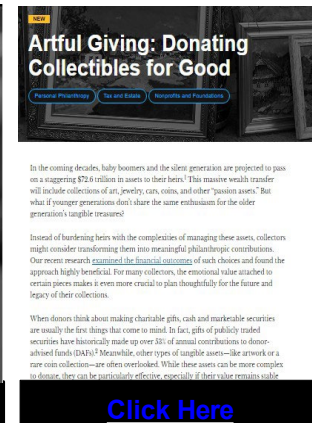
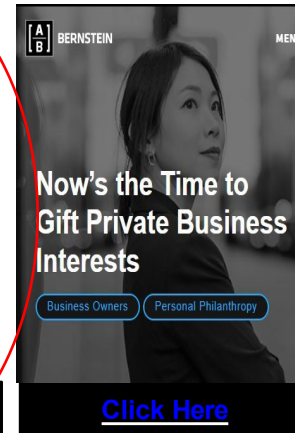
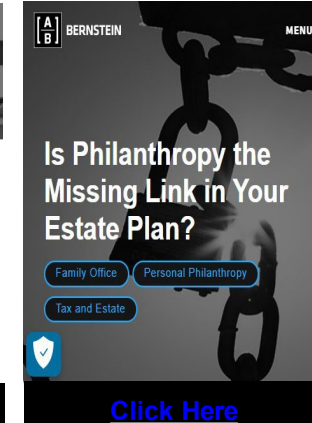
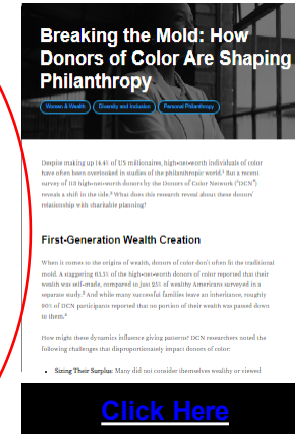
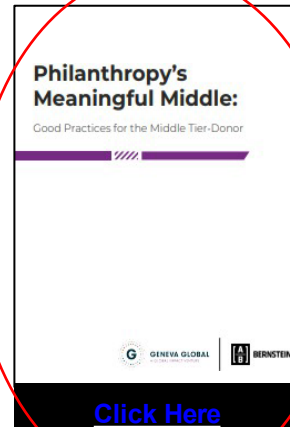
\$124 Trillion intergenerational wealth transfer is underway. \$18 Trillion expected to pass directly to charitable organizations.

68% of global UHNW families work with philanthropic advisors or have family offices to manage giving.

Majority of HNW/UHNW wealth is **non-cash assets**.

The Indiana University Lilly Family School of Philanthropy, Giving USA 2024: The Annual Report on Philanthropy for the Year 2023, June 2024; Giving USA Foundation, www.givingusa.org
Cerulli, Cerulli Anticipates \$124 Trillion in Wealth Will Transfer Through 2048, December 2024; Campden Wealth / RBC, The North America Family Office Report, 2024

Resources Are Available



U.S. Charitable Giving by the Numbers

\$557.16 billion total charitable



67%

\$374.40 billion

Giving by Individuals

19%

\$105.53 billion

Giving by Foundations



7%

\$42.68 billion

Giving by Bequest

7%

\$36.55 billion

Giving by Corporations

- Sources: Giving USA Annual Philanthropy Report 2024; National Council on Nonprofits; IRS

As Wealth Transfers, Look Beyond Cash

Sample strategies used by HNW donors, but not one size fits all



DONOR ADVISED FUNDS

- Payout rate was 24% in 2023
- Contributions to DAFs dropped significantly, -21.7%. The most precipitous one-year drop on record. Drop follows recent/sharpest one-year *increase* (2020-2021).
- Contributions seem to be returning to historical growth patterns.

Next Step:

Add a DAF button to your website, making it easy for donors to find you



CRYPTO-PHILANTHROPY

- \$2B in crypto has been donated to nonprofits since 2018.
- 56% of [Forbes Top 100 Charities](#) now accept cryptocurrency donations.
- Reach out to FIA@Bernstein.com for more information on our partnership with Giving Block.

Next Step:

Crypto is back in conversation but it's not for every donor nor grantee. Listen to our podcast episode with Giving Block on [Demystifying Crypto Donations](#)



PASSION ASSETS

- Families often pass down real estate, fine jewelry, automobiles, and other collectibles
- Becoming a strong additional revenue source for nonprofits

Next Step:

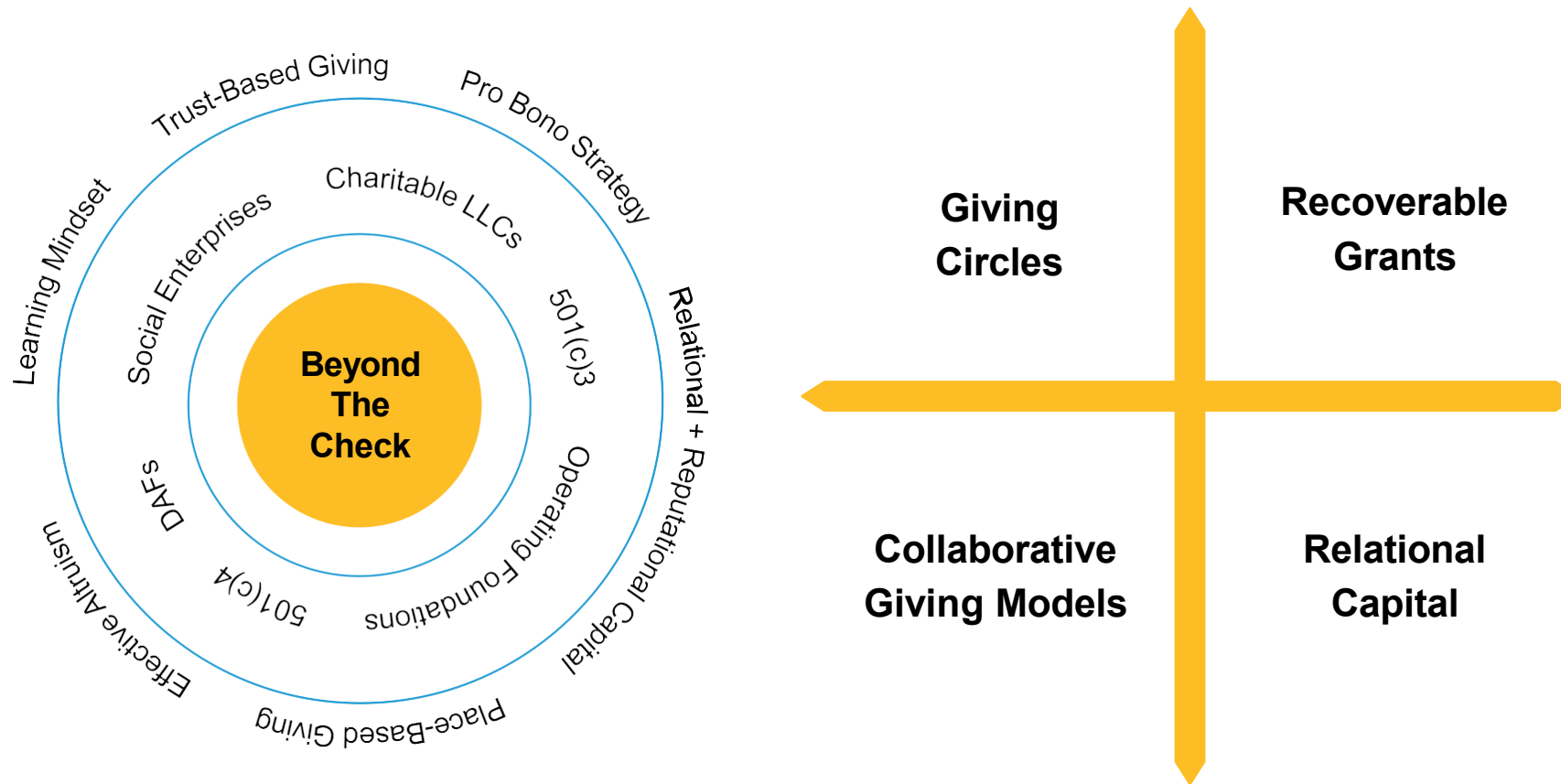
The Fine Art Group's advice: Start the conversation with jewelry, which is often sitting in a safety deposit box

Review your gift acceptance policy to consider all the above, strategically. For a template, reach out to FIA@Bernstein.com

Religion Unplugged. "Crypto Is Coming: Are Nonprofits Ready For It?" Religion Unplugged, 22 March 2024, [Link](#); Forbes. "The Largest U.S. Charities For 2021." Forbes, 10 December 2024, [Link](#); The Giving Block. "2024 Annual Report on Crypto Philanthropy." The Giving Block, 2024, [Link](#); Bernstein. "Demystifying Crypto Donations." Inspired Investing, 2022, [Link](#); National Philanthropic Trust. "Donor-Advised Fund Report." National Philanthropic Trust, 2024, [Link](#); Bernstein. "Artful Giving: Donating Collectibles for Good." Bernstein Insights, 2024, [Link](#).

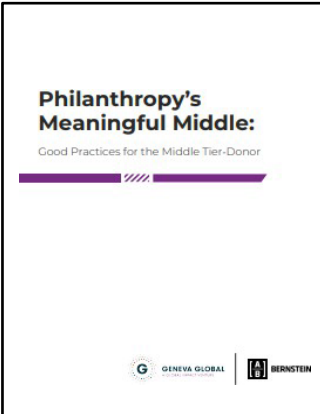
Looking For New Donor Pools? Further Diversify Engagement Strategies

Development teams and boards are seeking education to open the door for new and beneficial giving models



Source: [Philanthropy's Meaningful Middle: Best Practices for Middle Tier Donors](#), Bernstein Private Wealth Management; [What is a Giving Circle?](#) Philanthropy Together

Thought Leadership Directly Related to Current Needs



Philanthropy's Meaningful Middle:
Good Practices for the Middle Tier-Donor

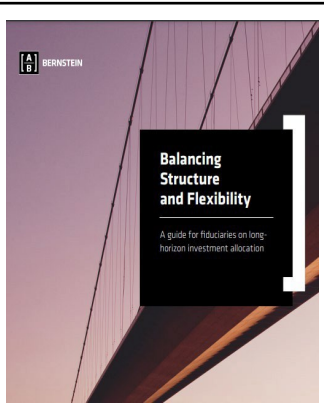
[Click Here](#)



Wealth Beyond Measure
Explore what ultra-wealthy families tell us matters most.

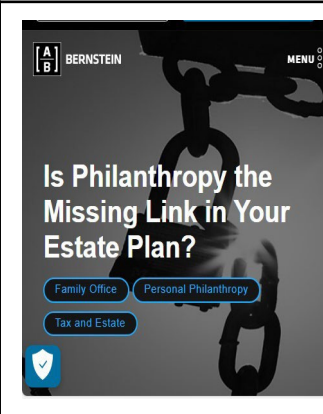
Insights from UHNW families

[Click Here](#)



Balancing Structure and Flexibility
A guide for fiduciaries on long-horizon investment allocation.

[Click Here](#)



Is Philanthropy the Missing Link in Your Estate Plan?

Family Office | Personal Philanthropy | Tax and Estate

[Click Here](#)



Breaking the Mold: How Donors of Color Are Shaping Philanthropy

First-Generation Wealth Creation

[Click Here](#)



Mission-Driven but Financially Strained: Addressing Nonprofit Employee Wellness

Nonprofit workers champion community causes, but often neglect their own financial health. Uncover the financial challenges they face and explore solutions to secure their future.

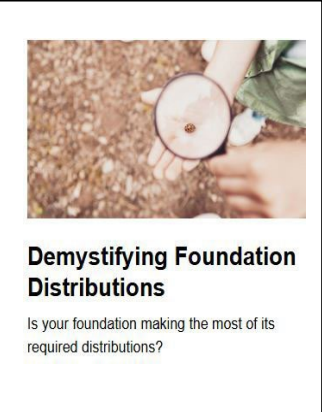
[Click Here](#)



Recoverable Grants: The Gifts That Keep on Giving

Want to ramp up your giving? Consider deploying more today and recycling for future grantmaking with "recoverable grants."

[Click Here](#)



Demystifying Foundation Distributions

Is your foundation making the most of its required distributions?

[Click Here](#)



Why Nonprofits Need Financial Wellness Programs

Are workforce shortages holding your organization back? By enhancing your retirement plan to include a robust financial wellness program, nonprofits can compete for top talent without breaking the bank.

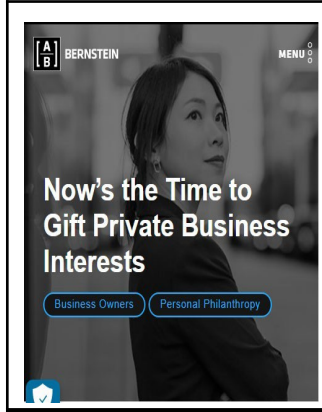
[Click Here](#)



How Much Should a Nonprofit Have in Reserves?

While interest rates remain high, they may have peaked—creating a dilemma for nonprofit fiduciaries. It could be time to rethink your organization's reserves.

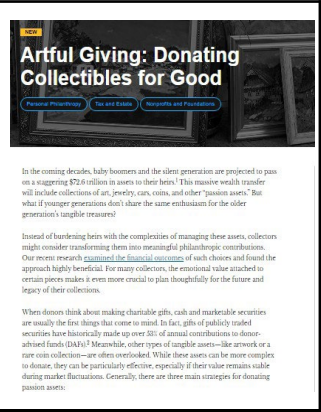
[Click Here](#)



Now's the Time to Gift Private Business Interests

Business Owners | Personal Philanthropy

[Click Here](#)



Artful Giving: Donating Collectibles for Good

Personal Philanthropy | Tax and Estate | Nonprofits and Foundations

[Click Here](#)

Summary & Next Steps



Consider using the **sample worksheets** to better understand and model different potential financial outcomes.



Utilize our **Reserves Analysis Questionnaire** to go deeper; the questionnaire can be extremely helpful to get the staff and board members on the same page.



Following the above exercises, clarify which **gaps you can fill through reduced spending and increased funding** discussions.

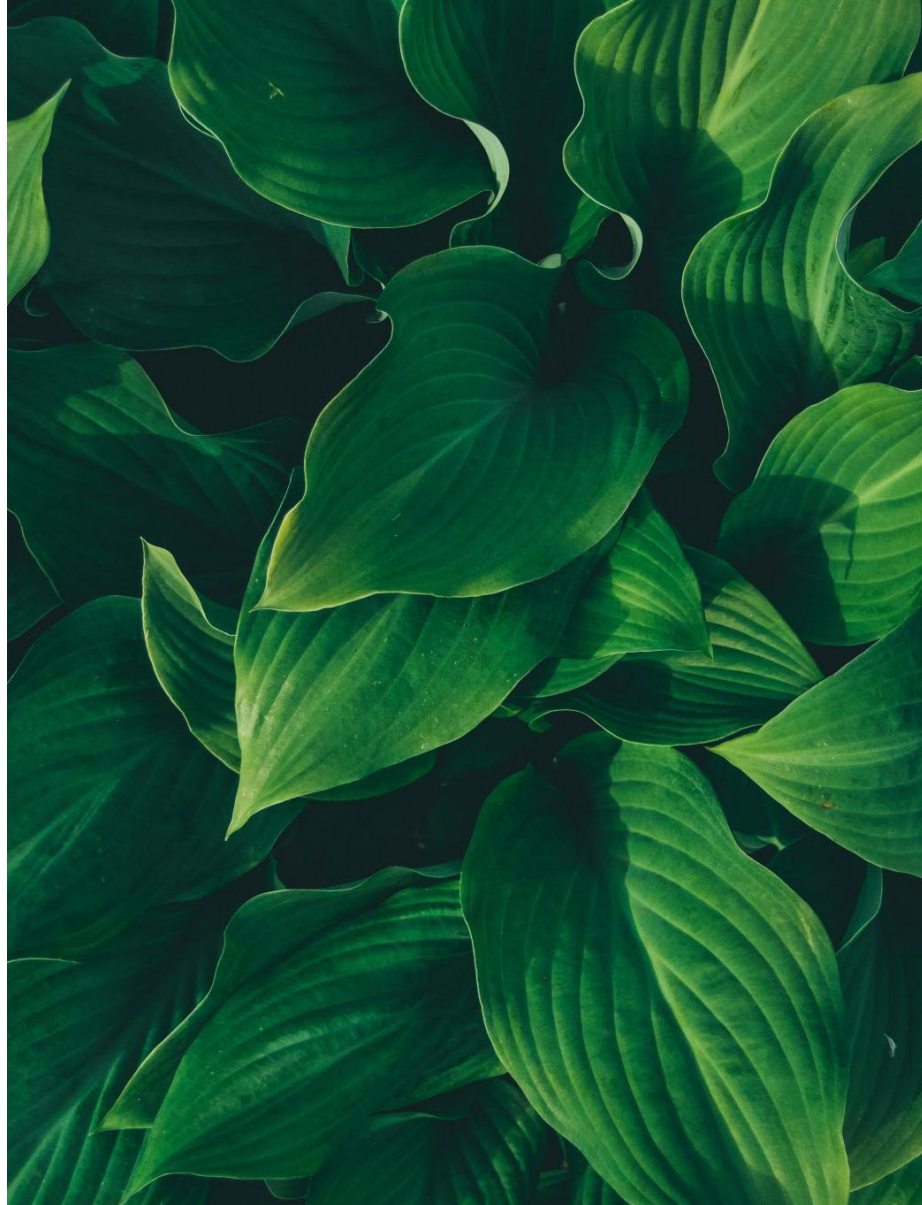


Integrate your findings into an updated **case for support**.

What's Working for You?



Additional Information and Resources



Recap and Available Resources

Example AI Integration for Nonprofit Organizations



Automate Financial Reporting

Integrate AI plug-ins through your accounting software like Sage or Quickbooks to shave hours from manual reporting practices.



Adopt AI Tools for Donor Outreach

Leverage AI-driven CRMs like DonorPerfect or Bloomerang to automate donor outreach and predict giving trends.



Streamline Grantmaking Operations

In preparation for board review of grant submissions, use AI to optimize grant application review including automated sorting and prioritization aligned with pre-determined grant mating priorities.



Expand Program Reach with AI

Offer interactive, tech-enabled donor experiences, like virtual reality tours of your programs.

Source: DonorPerfect; Bloomerang; Sage; Quickbooks

Blended Giving

- **Combine the enjoyment of a current gift with the satisfaction of a lasting charitable legacy.**

Planned Giving and Noncash Strategies | Outstanding ROI

Recent economic, demographic, and philanthropic trends point to continuing importance of planned giving to nonprofits

Worth the Investment

8% of Americans include a charitable bequest in their will or estate plan BUT **1/3 say would consider doing so** if asked

\$124 trillion in wealth will transfer in US from elder generations to beneficiaries by 2048, including \$18 trillion to charity. "If we don't ask, other nonprofits will..."

69% of donors change their wills but only **25% change the gift beneficiaries** in their wills

Worth the Wait

Average planned gift is **\$46,000+** - on average, **200–300 times the size** of a donor's largest annual fund gift

Average time from when gift is made to **maturity is 7–10 years**

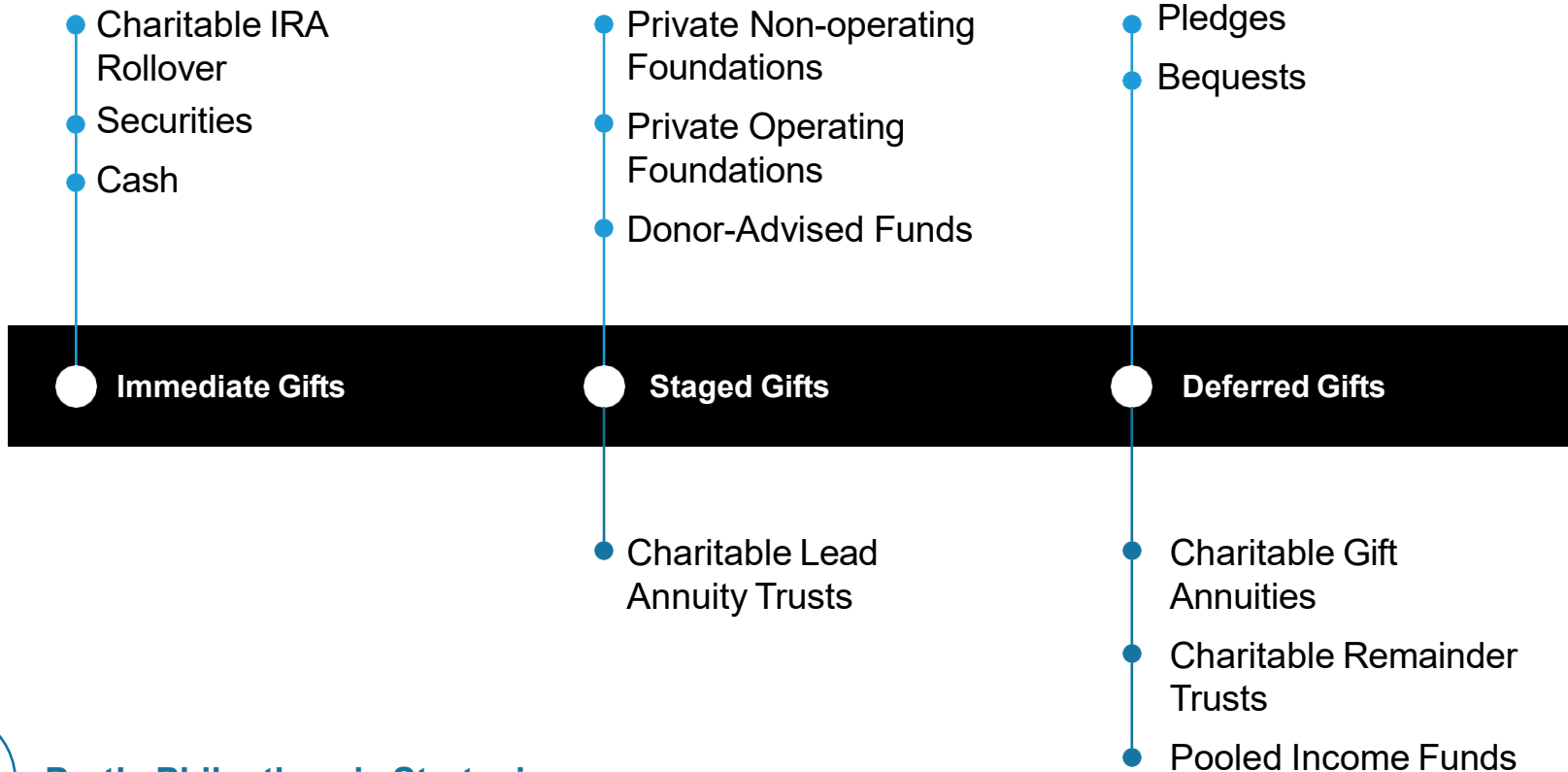
44 is the average age of donors when they first executed a will or living trust was. Start early!

Sources: Planned Giving Myths, Facts, Stats, Ruminations and More, PlannedGiving.com; GivingUSA's Leaving a Legacy: A New Look at Planned Giving Donors; Cerulli Anticipates \$124 Trillion in Wealth Will Transfer Through 2048. December 5, 2024; Are Your Donors Waiting To Be Asked About Their Legacies? The Council on Nonprofits; National Committee on Planned Giving; The Benefits of Planned Giving for Nonprofits and Donors, FreeWill; Legacy Giving and What You Need to Know, NMBL Strategies; Who Are Your Planned Giving Donor?, Sharpe Group

Fundraising Diversification



Purely Philanthropic Strategies



Partly Philanthropic Strategies

Short On Time? AI Is Becoming A More Cooperative Member Of The Team

Example AI Integration for Nonprofit Organizations



Automate Financial Reporting

Integrate AI plug-ins through your accounting software like Sage or Quickbooks to shave hours from manual reporting practices.



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Expand Program Reach with AI

Offer interactive, tech-enabled donor experiences, like virtual reality tours of your programs.

Source: DonorPerfect; Bloomerang; Sage; Quickbooks

Where We've Been and Where We're Going

- **Global Growth:** Growth is likely to slow modestly, but greater divergence may occur between the US and the globe.
- **Monetary Policy:** Easing has begun, and policymakers are likely to continue to proceed gradually.
- **Bond Yields:** Cyclical factors indicate rates are likely to move lower, but low constituency for fiscal restraint may provide pressure in the other direction.
- **Inflation:** Inflation has been easing; However, we are assuming tariffs halt the improvement and send prices higher. It remains to be seen whether the increase is one time or the start of a trend.

	Pre-Pandemic	Post-Pandemic	
	Five Years Ago (2019)	2024**	Forecast 2025
US GDP*	2.3%	2.4%	1.6%
Global GDP*	2.8%	2.6%	2.4%
Policy Rate	1.50%–1.75%	4.25%–4.50%	3.50%–3.75%
10Y Treasury Rate	1.92%	4.58%	3.75%
US Inflation	1.5%	3.1%	3.3%
S&P 500	3,231	5,882	6,400
S&P 500 Earnings	\$164	\$239	\$264
S&P 500 P/E**	18x	22x	22x

As of December 31, 2024. **Historical analysis is not necessarily indicative of future results. There is no guarantee that any estimates or forecasts will be realized.**

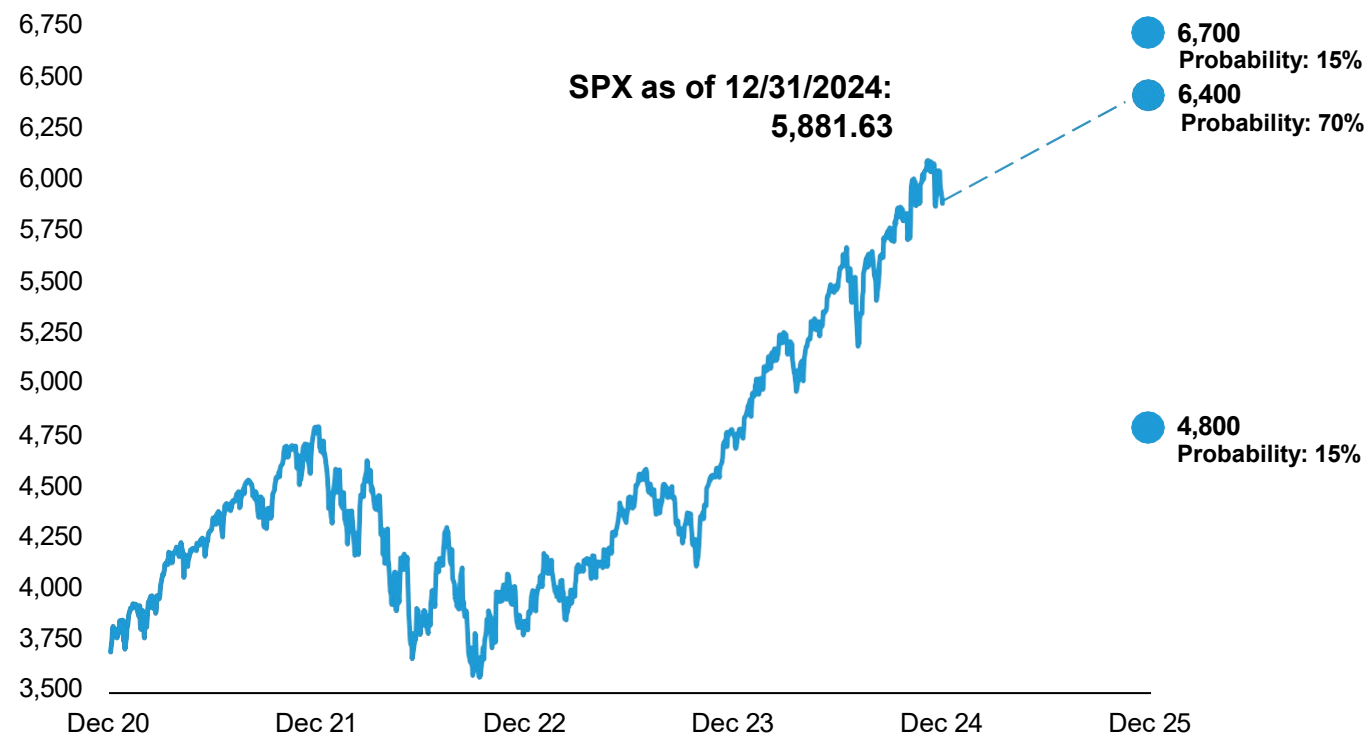
*US GDP forecasts presented as 4Q/4Q; global is YoY. **Forward P/E for the next 12 months as of year-end. **Actuals as of December 31, 2024 except for US GDP, Global GDP, and US Inflation which remain forecasts.

Source: Bloomberg, Bureau of Economic Analysis, Congressional Budget Office, Federal Reserve, FRED, S&P, and Bernstein analysis

Our 2025 S&P 500 Base, Bull, and Bear Case Assumptions

Forecasting earnings growth while holding our nose on valuations

Scenario Analysis: S&P 500, YE 2025—not incl. dividends



Bull: Would necessitate no economic slowdown, earnings growth of ~13% through 2026, corporate tax cuts, and only targeted tariffs. Inflation falls toward target, Fed cuts through 2025. P/E ~21x

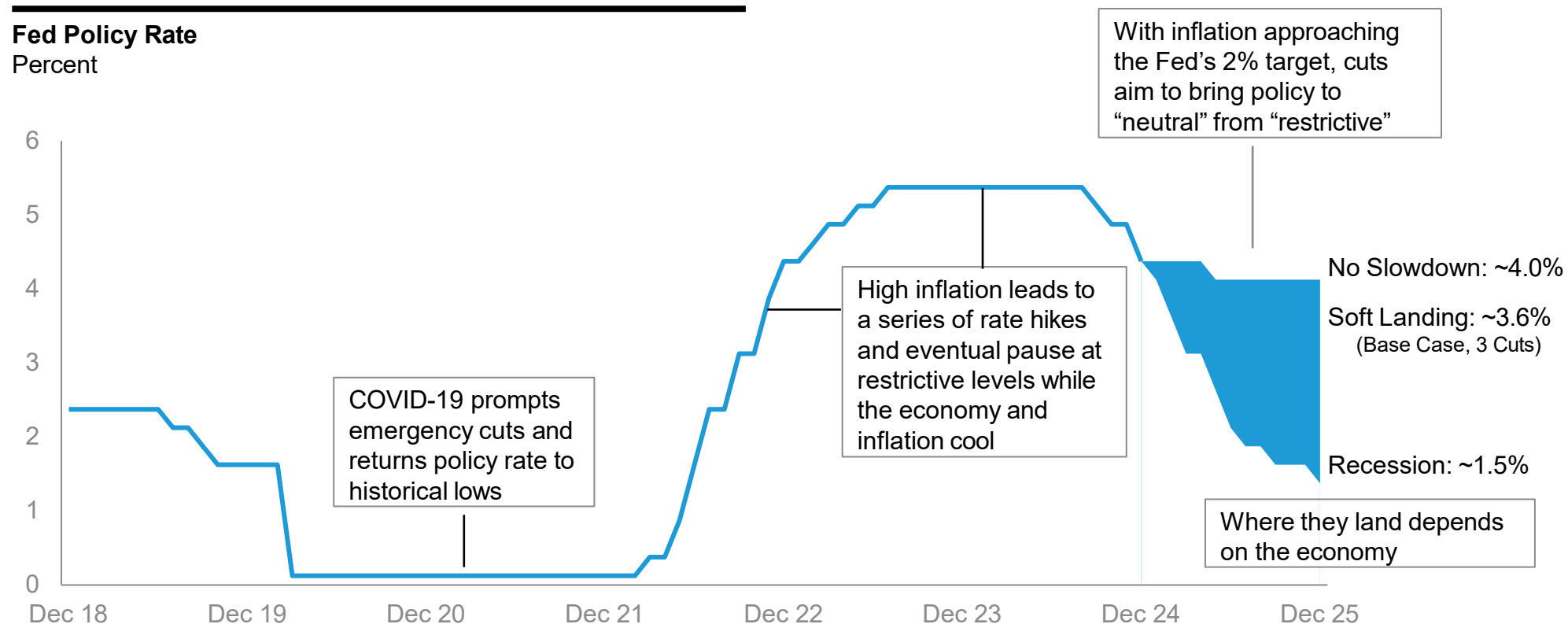
Base: Assumes no or only very modest economic slowdown, ~9% earnings growth, some but not all of Trump's pro-growth policies. Inflation deceleration moderates. Fed pauses in 2025. P/E ~22x

Bear: Would necessitate inflation reacceleration with market fear of Fed overtightening or an exogenous shock. <5% EPS growth through 2026 P/E ~18x

As of December 31, 2024. **Past performance and historical analysis do not guarantee future results. There is no guarantee that any estimates or forecasts will be realized.**
Source: Bloomberg, S&P, and Bernstein analysis

The Fed: Where to from Here?

Our base case assumes fed funds approaches 3.625% by year-end 2025

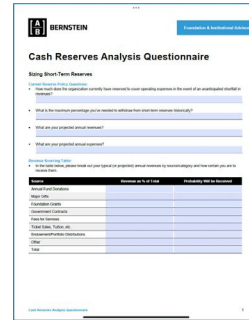


As of December 31, 2024. **Current analysis and forecasts do not guarantee future results.**
Source: Bloomberg, US Federal Reserve, and Bernstein analysis

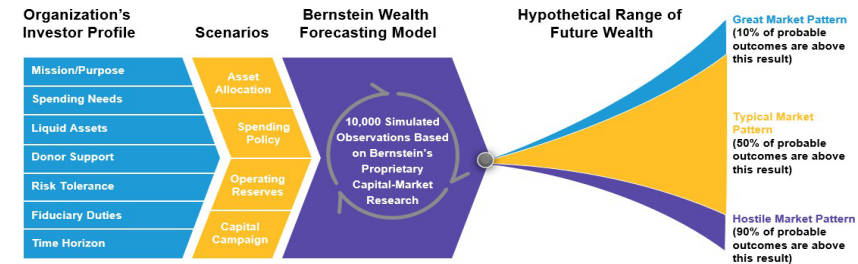
How Does it all Fit Together | Bernstein's Asset Allocation Approach

Partnering with our Social Sector Clients

1. Size Your Asset Pools: Short, Intermediate, Long Horizon



2. Forecast/Analyze Implications: Across allocations/risk profiles, spending levels, inflows, time horizons

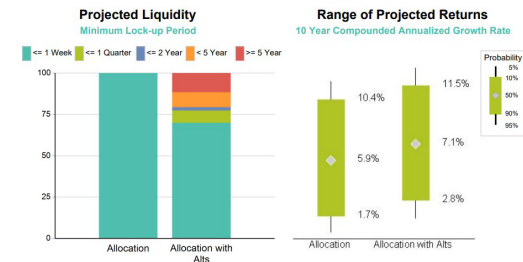


3. Optimize Allocation: Alternatives incorporation, mission alignment, indexing vs security selection, income generation, and more

Alternatives Summary

Projected Outcomes based on Asset Allocation Models (10-year period)

	Median Return	Long-Term Volatility	Prob. of 20% Loss	Tail Risk	Average Income
Allocation	5.9%	11.8%	21%	-21%	2.8%
Allocation with Alts	7.1%	9.3%	14%	-22%	3.1%

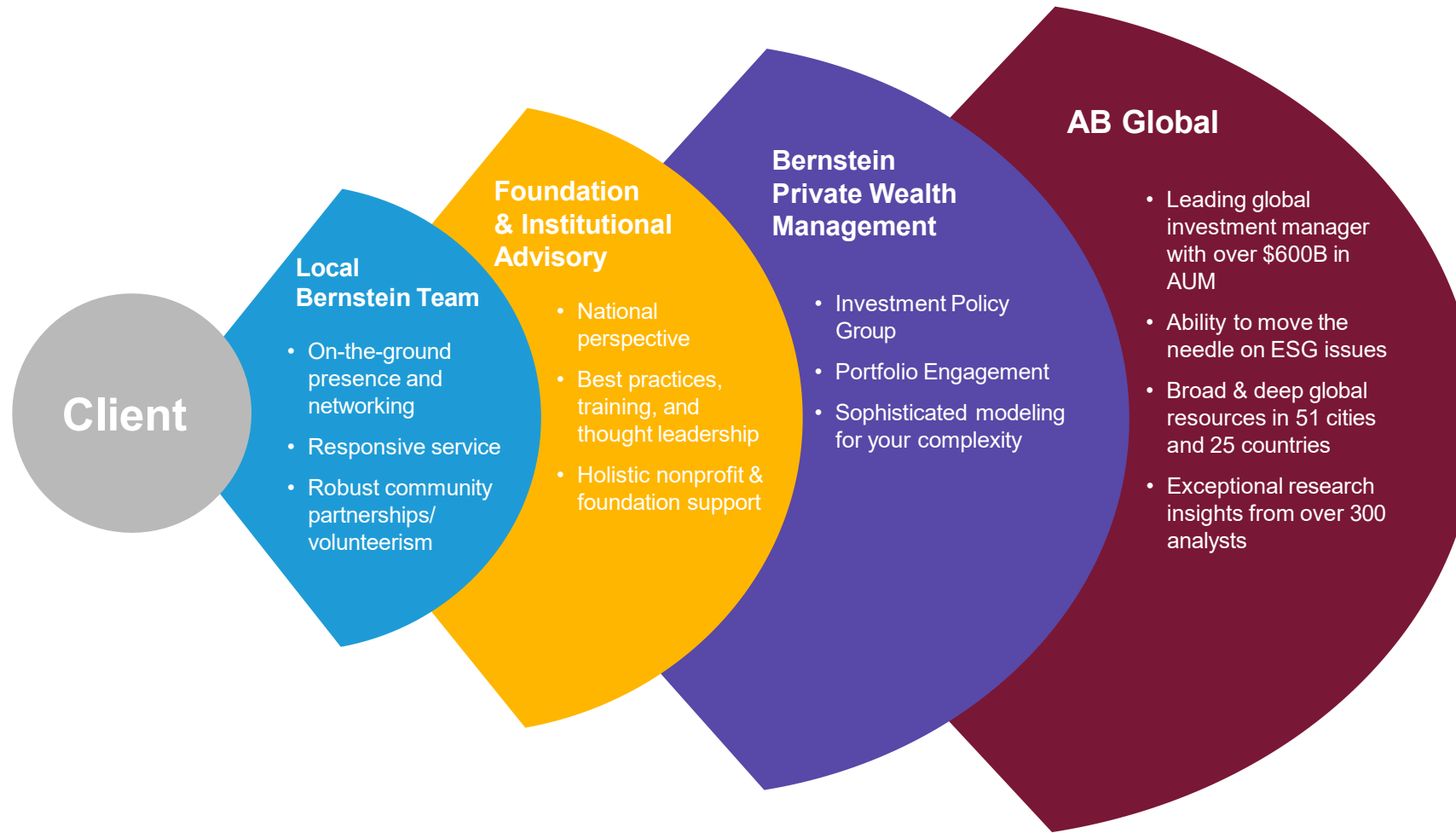


4. Codify with IPS: We review, update, or create anew a document that outlines and guides our fiduciary partnership.

- Acts as a guide for decision-makers today and in the future
- Provides institutional memory re: the *what and why* of decisions made on behalf of the organization
- Defines roles/responsibilities and clarifies expectations
- Should be reviewed/re-ratified annually to ensure guidelines and expectations continue to align with projections for the organization and the capital markets

Our Distinctive Approach Starts with Your Needs

An intentional design combining local, national, and global resources



AI Resources To Help You Get Started

Strategies to Implement AI

If you are looking for help to develop a plan for a responsible implementation of AI technology in your organization, here is The Artificial Intelligence (AI) Suitability [Toolkit for Nonprofits](#), by NETHOPE, as well as the [USAID's artificial intelligence action plan](#), which shows how AI is impacting our sector and how organizations are preparing to use AI responsibly.

For more about Policy templates and implementation policies, [here is](#) Microsoft's AI Governance Framework for Nonprofits. Another good policy is provided by Emerson Collective by [clicking here](#).

Learn how to use AI in a Practical Way

If you want to go deeper and learn how to use AI technology in a practical way, check out the [Guide to Usefulness of Existing AI Solutions in Nonprofit Organizations](#), created by NetHope, as well as [Google Workspace's productivity guide](#) to using AI in nonprofits.

If you are looking for a prompt library, Whole Whale has created a [writing prompt formula for nonprofits](#); Google also offers a [nonprofit prompt library](#).

For more general information about prompting, we recommend [A Beginner's Guide to AI Prompting](#), by Victoria Sivaeva, and [The Prompt Collection](#), by Dave Birss.

[The Guide to Usefulness of AI for Nonprofit Organizations](#)

The Board's Role in Financial Oversight



Manage Financial Stewardship and Ongoing Activities

- Might function under Finance Committee umbrella
- May include non-board members to supplement skill sets and knowledge base
- Basic financial knowledge and skills to understand, analyze, and ask questions about financial information



Document Decision-making Processes

- What decisions did we make?
- Why? How?
- Processes are a pathway to outcomes



Expected to Exercise Reasonable Care

- Annual operating budget
- Annual audit and Form 990
- Current Investment Policy Statement (IPS)
- Current Spending Policy (Best Practice: included as component of IPS)

Development and Donor Engagement Support Examples

Working with Donors

- Calculated total philanthropic capacity and determined preferable giving vehicle for major donor. Served as nonprofit's fiduciary partner. Resulted in multi-million-dollar gift (larger than anticipated).
- Co-hosted donor engagement event for organization's growing donor base. Increased visibility while differentiating its fundraising approach through donor education focused on planned giving strategies.
- Established mission, vision, and values statements for philanthropic family. Employed giving analysis and investment strategies to refine, and ultimately grow, impact with existing and new grantees.

Working with Nonprofit and Foundation Staff

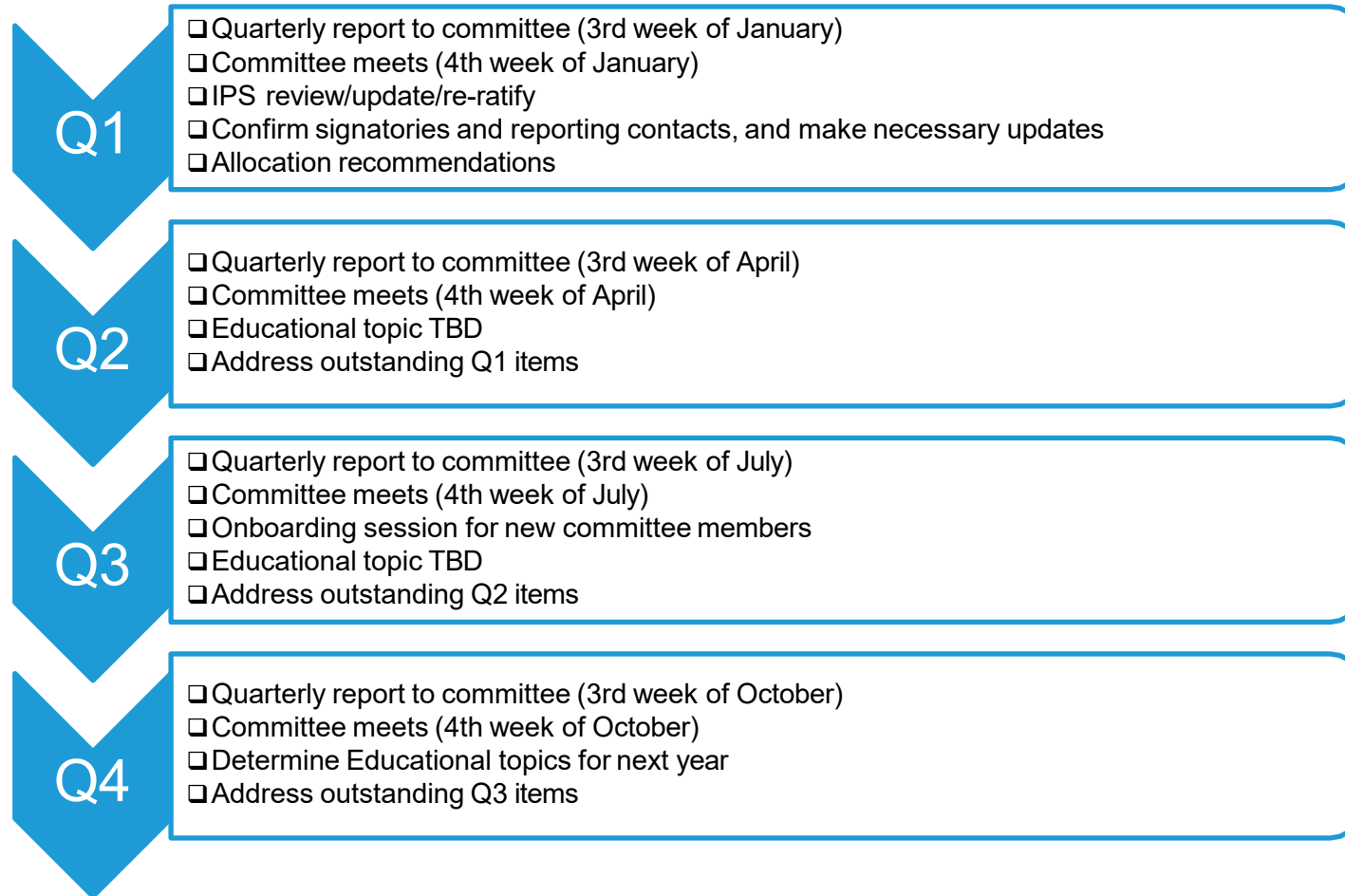
- Guided staff/board in rollout of new grantmaking policy and approach, including guidance on financial processes and operational framework.
- Partnered with foundation investment committee and staff to update and finalize Investment Policy Statement (IPS) aligned with their mission and programs.
- Conducted simplified fundraising campaign and revenue analysis to maximize donor engagement as part of new strategic plan.
- Worked with local chapter of national institution to resurrect planned giving legacy giving society. Implemented operational best practices for donor outreach and engagement.

Working with Boards

- Counseled board leadership through gift of appreciated stock as underlying company went to IPO (and gift appreciated from \$0).
- Co-created board engagement curriculum, cadenced throughout the calendar year. Series focused on fiduciary duty, governance and development best practices within new-member onboarding efforts.
- Facilitated customized session with disengaged board leaders, reigniting fundraising focus and resulting in potential new donors, board diversification, and updated board member agreement and policies.

Unlike many firms in the industry, our development support services are included in our total fee and come at NO additional charge.

Sample Annual Calendar for Investment Fiduciaries



Broader Engagement: Volunteering, Board Recruitment, Donor Engagement

AB's Approach to Responsibility



We Pursue Responsibility Throughout Our Firm—from How We Work and Act to the Solutions We Deliver to Clients

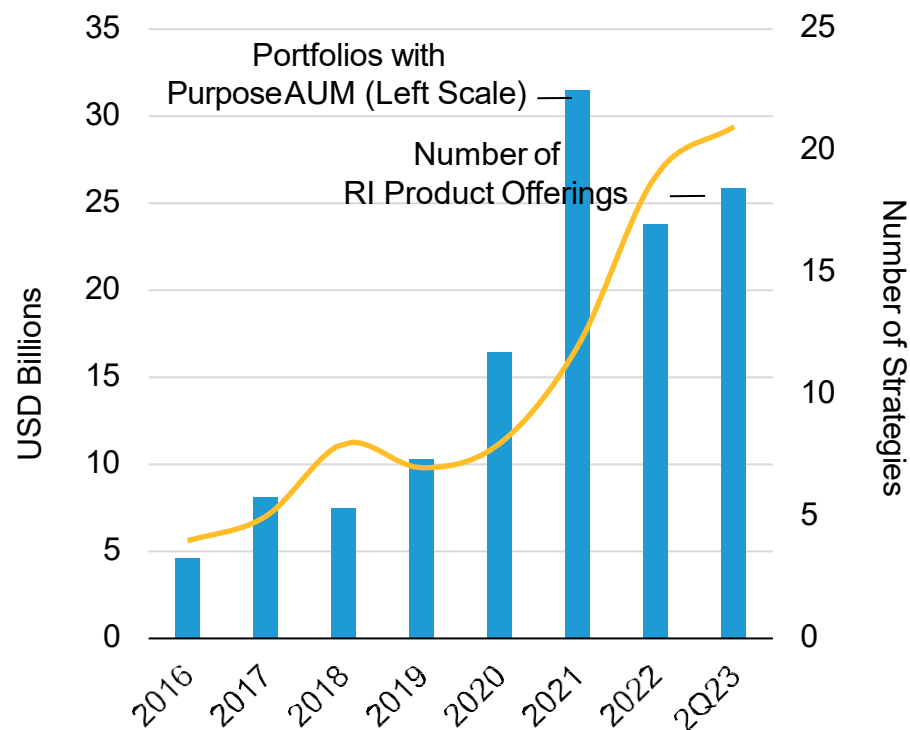
*We integrate material ESG factors into most of AB's actively managed strategies. AB engages companies where it believes the engagement is in the best financial interest of its clients.

AB's Portfolios with Purpose Platform

AB's ESG-focused strategies are diverse and have grown rapidly

Platform Growth

Portfolios with purpose AUM 2016–2023



Sustainable

Invest in issuers that seek to address environmental or social factors, whether through their products, services or practices.



Impact

Seek to make a positive and measurable social or environmental impact with our fixed income strategies.



Responsible+

Additional responsibility/ESG focus:

- ESG Leaders
- Change Catalysts
- Climate Conscious

Not all products may be registered for distribution in all jurisdictions. For more information about product availability, please contact us.

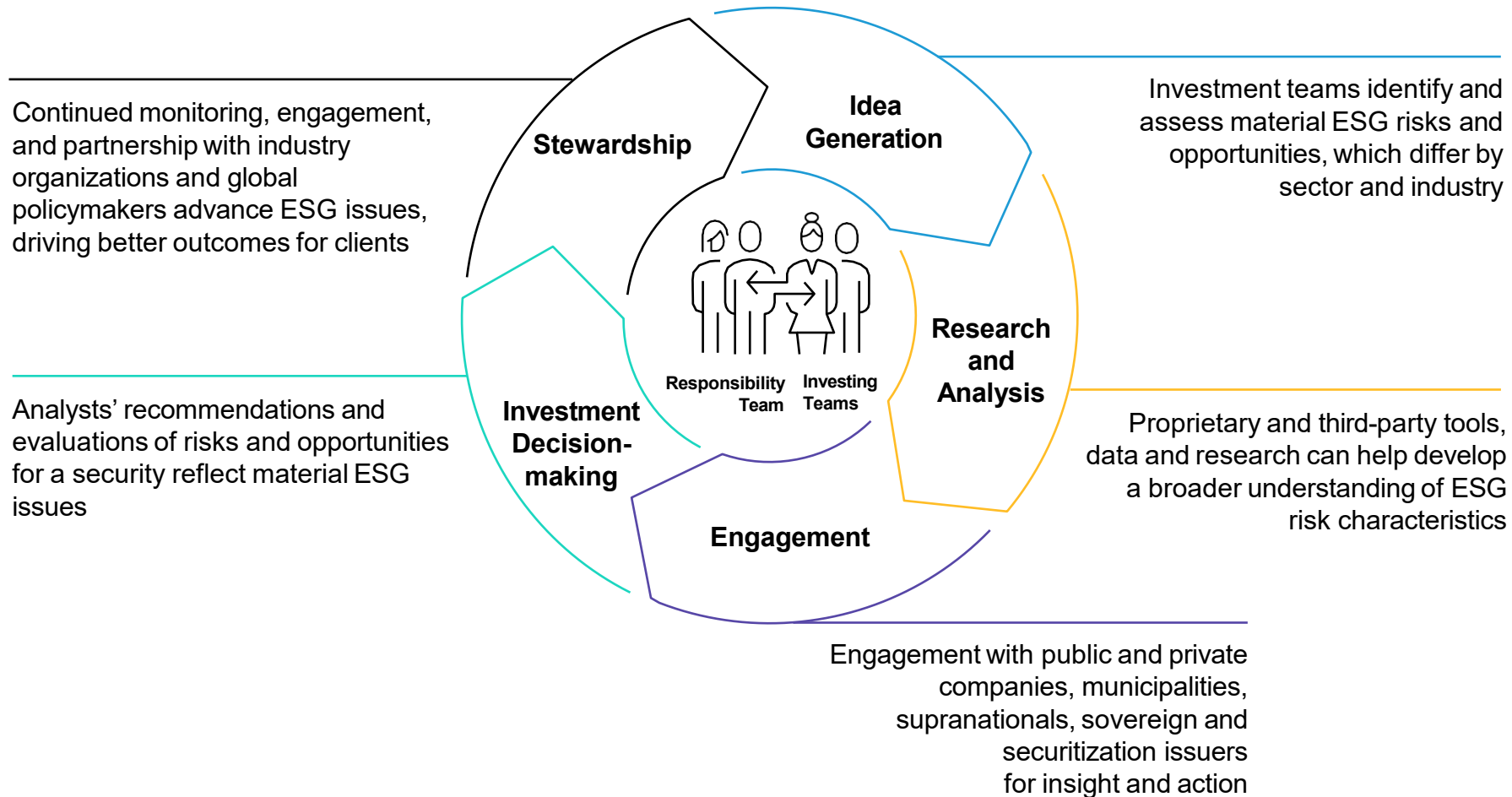
RI: responsible investing; UN SDGs: United Nations Sustainable Development Goals

AUM as of June 30, 2023

Source: AB

ESG Integration Throughout the Investment Process

We integrate material ESG factors at each applicable step of the investment process for most of our actively managed strategies.



AB engages companies where it believes the engagement is in the best financial interest of its clients.

Session Description:

The Full Financial Picture: Capital Markets, Philanthropic Trends & Budgeting Best Practices

Date: March 20, 2025

Location: Regional Foundation

Timeframe: 60 minutes

Agenda: (60 Minutes)

- Bernstein Intro & State of the Sector: 15 Mins
- Bridging the Gap 'Real Cost' Budgeting: 20 Mins
- Introduction to Bernstein's *Reserves Analysis Tool*: 10 Mins
- We want to hear what's working for you? Q&A: 10 Mins
- Closing: 5 Mins

Presentation Description:

As policies shift under the new administration, the social sector is facing a new set of challenges *and* opportunities. While deregulation and potential economic growth could support increased giving and reduced operational burdens, cuts to federal funding, increased demand for services, and changes to immigration and tax policies may place added strain on the sector. Preparing for these shifts through diversified funding strategies and operational adjustments will help nonprofits navigate this evolving landscape.

These shifts present ideal timing to assess nonprofit financial practices. While program and development teams are working to meet the needs of community and fundraising goals, finance and operation leaders can focus on streamlining budgeting practices, assess spending policies, and maximize investments to help stabilize and grow the mission.

This session will identify key considerations including:

- State of the sector: capital markets update for fiduciaries and current philanthropic trends.
- Holistic budgeting: briefly review priority nonprofit financial statements and learn best practices for 'best, base, and worst case' budgeting scenarios, resulting in a comprehensive and donor-friendly narrative around real cost budgeting.
- Introduction to Bernstein's *Reserves Analysis Tool* which helps leaders assess their 'buckets' of short-term cash, immediate-term reserves, and long-term investments using our comprehensive and proprietary tool.



BERNSTEIN

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Risks and Uncertainties in Your Financial Statements in Today's Economic Environment

May 1, 2025

Denise McKnight, Director, Audit & Accounting,
Kreischer Miller



Agenda

1. Understand the accounting and financial reporting ramifications with the uncertainty of federal funding.
2. Review example financial statement footnote disclosures on key areas affected by uncertainty of federal funding.
3. Understand the impact of tariffs and the global economy to the not-for-profit industry.
4. Review financial statement areas most affected by the current economic climate.



LOSS OR POTENTIAL LOSS OF FUNDING



Accounting Effect – Contribution Revenue

Stoppages in federal funding may have an impact on grant and contribution accounting.

- Federally funded grants may be rescinded, reduced or delayed.
- Credibility of contract receivables
 - Delay in payments
 - Changes in amounts expected to be collected

Accounting Effect – Exchange Revenue

Exchange revenue falls under the requirements of FASB ASC 606.

- Variable consideration – adjustments to recorded revenues.
- Allowance for credit losses – adjustments to credit loss expenses.
- Contract modifications – “a contract modification is a change in the scope or price (or both) of a contract that is **approved** by the parties to the contract.

Financial Statement Effect – Footnote Disclosures

- **Going Concern**
- Liquidity
- Subsequent Events
- Concentrations
- Risks and Uncertainties
- Litigation

Financial Statement Effect – Going Concern

- Annual assessment
 - Is substantial doubt raised?
 - Does substantial doubt exist?
 - Does management have plans to alleviate the substantial doubt?

Substantial doubt is defined in FASB ASC 205-40-50-2 as the entity's ability to meet its obligations as they become due. The criteria for making this determination is whether it is "probable," (as noted in FASB ASC 205-40-50-2), that the entity will be unable to meet its obligations within 12 months from the date of financial statement issuance.

Financial Statement Effect – Footnote Disclosures

- Going Concern
- **Liquidity**
- Subsequent Events
- Concentrations
- Risks and Uncertainties
- Litigation

Footnote Disclosure Example – Liquidity

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 632,000
Investments	858,000
Accounts receivable, net of allowance for credit losses of	15,000
Promises to give, net due in one year	100,000
Prepaid expenses and other assets	<u>5,000</u>
	<u>\$ 1,610,000</u>

Our goal is to maintain financial assets at a level equal to 90-180 days of our operating expenses (approximately \$750,000-\$1,500,000). As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds. We also maintain a \$300,000 line of credit available to meet seasonal cash flow needs (Note 6).

Footnote Disclosure Example – Liquidity (cont.)

Subsequent to the balance sheet date, the Federal Government instituted a pause on the funding of Federal grant and loan funds. While these funds have been properly reflected as available for general use as of the reporting date, their collectability is subject to significant uncertainty related to **[describe uncertainty in terms of circumstances, timing of collections, potential asserted adjustments, disputes, etc.]** due to this funding freeze or other federal actions.

Financial Statement Effect – Footnote Disclosures

- Going Concern
- Liquidity
- **Subsequent Events**
- Concentrations
- Risks and Uncertainties
- Litigation

Footnote Disclosure Example – Subsequent Events

Subsequent Events Disclosure (Type II – Non-recognized)

On January 27, 2025 the OMB of the United States Federal Government instituted a pause (freeze) on the disbursement of federal grant and loan funds, which became effective on January 28, 2025.

Footnote Disclosure Example – Subsequent Events (cont.)

[If impact cannot be reasonably estimated]

The extent to which the funding freeze impacts our operations, financial results, and cash flows, both current and future, will depend on future developments, which are highly uncertain and cannot be predicted with any measure of certainty or probability.

As a result, the entity is unable to estimate what impact, if any, the funding freeze has on the December 31, 2024 financial statements or our future operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Footnote Disclosure Example – Subsequent Events (cont.)

[If impact can be reasonably estimated]

The extent of the potential impact to our future operations, financial results, and cash flows is highly uncertain and will depend on future developments. However, in review of our grant receivables as of the balance sheet date, \$XX is derived from programs and departments that the U.S. Federal Government has indicated may be terminated and is therefore at risk of non-collection. In addition, we have current grants in process for these same programs and departments that approximate \$XX in unrecognized future revenue and are at risk of cancellation. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Financial Statement Effect – Footnote Disclosures

- Going Concern
- Liquidity
- Subsequent Events
- **Concentrations**
- Risks and Uncertainties
- Litigation

Footnote Disclosure Example – Concentrations

Concentration of Revenue – Disclosure

For the year ended December 31, 2024, approximately XX% of total grant revenue was obtained from grants that were funded, either directly or indirectly, by the United States Federal Government

Financial Statement Effect – Footnote Disclosures

- Going Concern
- Liquidity
- Subsequent Events
- Concentrations
- **Risks and Uncertainties**
- Litigation

Footnote Disclosure Example – Risks and Uncertainties

XYZ Council (the Council) is a private non-profit 501(c)(3) entity incorporated under the laws of the State of Georgia. The Council is a county-based community action agency established to help alleviate poverty in central Georgia by providing sound intervention strategies and selected direct services. The Council plans and administers services that are needed to improve the community it serves. The Council receives the majority of its funding from the federal government in the form of multi-year grants.

Financial Statement Effect – Footnote Disclosures

- Going Concern
- Liquidity
- Subsequent Events
- Concentrations
- Risks and Uncertainties
- **Litigation**

TARRIFS AND THE GLOBAL ECONOMY



Tariffs and the Global Economy

- What you could buy before now costs more. Who could this effect:
 - Not-for-profits that rely on imported medical supplies, construction materials, or technology equipment
 - Healthcare providers may see price increases on pharmaceuticals and diagnostic tools
 - Food assistance programs could see price increases in bulk food purchases.
- Reduction or elimination of access to in-kind goods or services
- Ripple effect to individual donor contributions

Tariffs and the Global Economy

- Effects on assets held a fair value, including:
 - Investments
 - Charitable gift annuities
 - Beneficial interest in perpetual trust
 - Interest rate swaps
 - Spending rate of endowment funds
 - Underwater endowments

Tariffs and the Global Economy – Financial Statement Effect

- Expense reporting – Statement of Functional Expenses
- Investment income reporting – Statement of Activities
- Underwater endowments
- Footnote disclosures

Financial Statement Effect – Expense Reporting

- Increased costs – proper categorization
- Reduction in force
- Credit losses/Bad debts – add disclosure if one-time and material
- Create processes to capture all those non-cash costs
- Be transparent and tell your story

Financial Statement Effect – Investment Income Reporting

- Flexibility in how investment income can be presented:
 - All dividend and interest income and gains in operating revenue, on one or more lines
 - Dividend and interest income in operating revenue; all gains and losses in nonoperating revenue
 - Income and realized gains in operating revenue; unrealized appreciation in nonoperating revenue
- Footnote disclosure required to describe policy

Financial Statement Effect – Underwater Endowment

- An underwater endowment fund occurs when the current fair value of an endowment is less than its historical dollar value (donor gifts and donor-required capitalizations).
- Organizations with underwater endowments must disclose specific information in their financial statements, including the fair value, original gift amount, and the amount by which the fund is underwater.

Financial Statement Effect – Underwater Endowment

Footnote examples:

The Organization considers a fund to be underwater if the fair value of the funds is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has no underwater endowment funds as of June 30, 20XX and 20XY.

Financial Statement Effect – Underwater Endowment

Footnote examples:

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA (or PA Act 141) to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 20PY, funds with original gift values of \$250,000, fair values of \$207,323, and deficiencies of \$42,677 were reported in net assets with donor restrictions. These amounts were fully recovered during 20CY due to favorable market fluctuations.

Financial Statement Effect – Footnote Disclosures

- Subsequent Events
- Concentrations of Credit Risk (market fluctuations)
- Risks and Uncertainties
- Going Concern & Liquidity
 - Spending Rate

Thank you



Contact the Presenter



Denise McKnight, CPA

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Denise has extensive experience working with not-for-profit organizations, including those in the social services, arts, and religious sector as well as membership organizations. She educates not-for-profit organizations on the auditing and reporting requirements under Government Auditing Standards (Yellow Book), Uniform Guidance (single audits), and the City of Philadelphia Subrecipient Audit Guide.

In addition, Denise has a wide range of experience providing accounting, audit, and business advisory services to closely held businesses in the manufacturing, distribution, healthcare, professional services, and precious metals industries. She has helped businesses with a variety of technical accounting, reporting, and advisory topics including business combinations, entity structure and consolidations, internal control evaluations, and the adoption of accounting standards, such as revenue recognition (ASC 606) and lease accounting (ASC 842).

Managing Banking Relationships

May 1, 2025

Mark Coykendall, Manager, Audit & Accounting,
Kreischer Miller

Thomas Turnbach, Vice President, Senior Corporate
Banker, First Commonwealth Bank



Agenda

1. Why is it important to have a good relationship with your banker?
2. Overview of ways to facilitate the relationship with your banker.
3. Understanding your covenants.
4. Game plan to establish and maintain a strong relationship with your bank.



Introduction

Mark Coykendall, CPA

- Audit Manager, Not-for-Profit Group Team Member
- Kreischer Miller
- Specializes in audits, reviews, and compilation engagements for a variety industry groups, including not-for profit organizations, manufacturing and construction companies.

Introduction

Thomas Turnbach

- Senior Corporate Banker
- Responsible for supporting existing client relationships and attracting new Trusted Advisors and clients to support their banking needs to contribute to their continued success. The Relationship Banking approach provides clients with solutions to their Borrowing, Deposit, Treasury Management, Investment/Wealth and Insurance needs from our experienced team.

Why is it Important?

Who are your key advisors?

- Accountants
- Lawyers
- Insurance agents
- AND.....BANKERS!

How can they help your business?

- Help assess financial readiness to meet your goals of your business
- Assist in developing other professional relationships
- Facilitate introductions to vendors/potential customers
- Serve as an advocate for your business



Overview of Key Steps

- COMMUNICATE! COMMUNICATE! COMMUNICATE!
- Meet regularly
- Keep promises/meet deadlines
- Avoid surprises – Don't always talk about the good of your business
- Request their input
- Treat them as a partner



Covenants

Know your covenants:

- Familiarize yourself with all the covenants in your loan agreement, including both affirmative (what you must do) and negative (what you cannot do) stipulations.

Proactive Communication:

- Stay in communication with your lender, especially if you anticipate a potential covenant breach.

Strengthen your relationship with the lender:

- Communication and compliance can foster a stronger lending relationship.



Detail Plan to Manage your Banking Relationship



Steps for Success

Steps	Action Plan
Designate a Relationship Manager	Establish a primary point of contact at the bank who understands Not-For Profit (NFP) financial needs. Regularly meet to review accounts, services, and organizational changes.
Maintain Transparency and Communication	Proactively inform the bank about major developments, such as grant funding, new programs, or changes in leadership. Share financial reports and annual budgets to build trust and demonstrate fiscal responsibility.
Optimize Account Structure	Evaluate whether current account types (checking, savings, money market) meet operational and reserve needs. Separate accounts for restricted and unrestricted funds to ensure compliance and simplify audits.

Steps for Success

Steps	Action Plan
Review Fees and Service Terms Annually	Ensure the NFP is receiving not-for-profit-appropriate pricing (e.g., reduced fees, interest-bearing accounts). Compare offerings with other banks to ensure competitiveness.
Leverage Online Banking and Treasury Tools	Utilize services like ACH payments, wire transfers, and fraud protection tools (e.g., positive pay). Streamline cash flow and improve oversight with online dashboards and real-time reporting.
Ensure Compliance and Internal Controls	Work with the bank to implement dual authorization for transfers and payments. Keep signatories updated and ensure the board approves all banking authority changes.

Steps for Success

Steps	Action Plan
Explore Financing and Credit Options	<p>Understand available lines of credit or short-term financing, even if not immediately needed.</p> <p>Establishing credit now can facilitate future access when urgent funding gaps arise.</p>

Contact the Presenters



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Thomas Turnbach

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Succession Planning Best Practices: The Parallels Between Private Company and Not-for-Profit Transitions

May 1, 2025

Steve Staugaitis, Director, Audit & Accounting,
Kreischer Miller

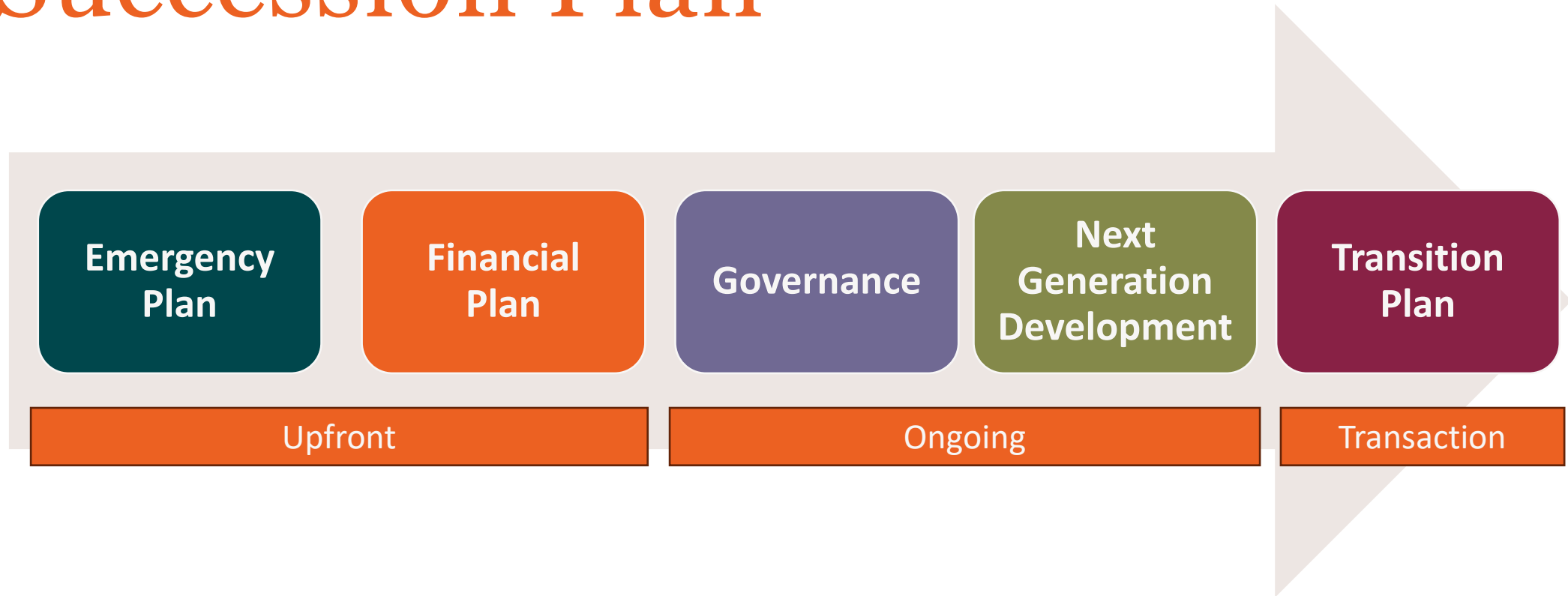


Agenda

1. Elements of a Succession Plan
2. Best Practices
3. Not-for-Profit Considerations
4. Questions



Key Elements of a Succession Plan



Succession Planning Best Practices



Not Waiting Too Long To Get Started



Not Relying on Only One Plan



Engaging the Stakeholders



Evaluating Cultural Alignment and Readiness

Not-for-Profit Considerations



Engage the Board



Utilize a Committee



Hire an Independent Recruiter



Consider Internal and External Candidates

Questions?



Contact the Presenter



Steven E. Staugaitis, CPA, CVA

DIRECTOR, AUDIT & ACCOUNTING, SMALL BUSINESS ADVISORY SERVICES
GROUP LEADER, FAMILY-OWNED BUSINESSES GROUP LEADER,
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Steve is the Director-In-Charge of Kreischer Miller's Small Business Advisory practice, which provides integrated accounting, tax, and advisory services exclusively to small and mid-size privately-held companies, many of which are family-owned. He also serves as the leader of the firm's Family Business practice. Steve has a wide range of experience providing accounting, tax, and business advisory services, which enables him to serve as a key advisor to his clients. As part of his role as an advisor, Steve helps companies analyze and understand their financial position, assists with evaluating acquisition opportunities, evaluates and structures transition plans, completes business valuations, and provides insight into company buy-sell agreements.

Current Trends in the Not-for-Profit Labor Market

May 1, 2025

Adam Berman, Director-in-Charge,
Retained Executive Search, Kreischer Miller



Introduction

Before we dive in, I want to take a moment to express my gratitude for the work that each of you do. Not-for-profit leaders like you are the heart of our communities, you drive change, support those in need, and make an impact that ripples far beyond what most people ever see.

Your impact is not only on the people and the constituencies you serve, but to the broader economy and community in which we all live. Your work fuels hope, creates jobs and makes our region, our nation and our world stronger and more resilient.

Thank you

About Adam

- 27 years in the Talent/HR & Operations Space working for global publicly traded organizations and innovative private startups.
- Multiple successful business transactions and integrations while leading operations for professional services firms.
- Adam's in-house efforts resulted in profitable growth, headcount growth, as well as national first-time recognition as a Top Workplace for two separate organizations.
- 13 years of higher education experience in Student Affairs.
- Served as a Board Member of the Philadelphia Society of People and Strategy, serving as its President for two years through a rebranding and governance restructuring process.
- Advisory Board Member of Artemis Factor, a women founded and owned boutique life sciences management consulting firm.
- Advisory Board Member (25 years) of the Fighting Children's Cancer Foundation, where he facilitated their first strategic planning process.
- Dad of 3 girls, Husband to 1 wife and idolized by 2 rescued Great Danes.



Agenda

1. Introduction
2. Impact of the Trump Administration's Policies
3. Talent Acquisition and Retention Strategies
4. Compensation and Benefit Trends
5. Outlook on the Labor Market for Not-for-Profits
6. Conclusion
7. Q&A



Impact of the Trump Admin

- Federal Funding Challenges:
 - Funding Freezes: In January 2025, the Trump administration issued a directive to halt many federal grants and loans, causing financial uncertainty for many not-for-profits.
 - Although a federal judge temporarily blocked this freeze, the situation led to significant disruptions.
- Policy Shifts:
 - Executive orders have targeted diversity, equity, and inclusion (DEI) initiatives, reproductive healthcare access, and immigration policies, altering the compliance and operational landscape for not-for-profits.



Impact of the Trump Admin (cont.)

- Regulatory Environment is Shifting:
 - Increased Scrutiny: The administration's actions are leading to heightened oversight and perceived/threatened regulatory changes affecting your operations, including hiring and investing.
 - Legal Challenges: Many not-for-profits are fighting back, and some have initiated legal action in response to these changes, aiming to protect funding and program continuity/survival.

Talent Acquisition & Retention Strategies

Current Challenges:

- Staffing Shortages and Burnout:
 - A significant percentage of not-for-profit leaders are concerned about staff burnout, with nearly half finding it difficult to fill staff vacancies.
<https://johnsoncenter.org/blog/the-nonprofit-workforce-is-in-crisis>
- Competitive Labor Market:
 - Not-for-profits face challenges in offering competitive salaries compared to the for-profit sector. This exacerbates difficulties in attracting and retaining talent.
 - Current trends may actually help the NFP sector.



Talent Acquisition & Retention Strategies (cont.)

Effective Strategies:

- Enhanced & expanding recruitment practices:
 - Organizations are shifting towards skills-based hiring and hiring for potential.
 - Experiential interviews over traditional cover letters and hiring processes.
 - More creative ways to assess candidate capabilities and potential.
- Employee well-being Initiatives:
 - Implementing programs to address burnout, such as flexible work arrangements, professional development opportunities, and mental health support is becoming increasingly common.
 - Not just having, but PROMOTING benefit usage, such as an EAP Program:
 - At Kreischer Miller, we have seen more regular use of our EAP Program, including counseling (mental health, career, legal and financial) and webinar participation.

Compensation & Benefit Trends

Salary Adjustments:

- Projected Increases
 - Several premier organizations like PayScale, World at Work, and Mercer project salary budget increases.
 - Most of their recent data has budgeted increases between 3.4% and 3.8% for 2025.
 - These increases may not be sufficient to retain top talent amid rising living costs.



Compensation & Benefit Trends (cont.)

Innovative Benefits

- Non-Traditional Offerings:
 - Not-for-profits are exploring new/creative benefits to attract & retain employees
 - Student loan assistance
 - Enhanced retirement plans
 - Wellness programs (physical and emotional)
- Flexible Work Policies:
 - Adopting remote or hybrid work models
 - Accommodates diverse employee needs
 - Expands the talent pool

Labor Market Outlook

Economic Projections

- Unemployment Rates:
 - The unemployment rate is projected to be around 4.2% in 2025.
- A strong labor market can lead to increased disposable income, potentially boosting charitable donations.
 - It typically also results in higher inflation and operational costs due to wage pressures and competition for skilled workers.

Future Workforce Strategies

- Skills-Based Hiring:
 - There is a growing emphasis on assessing candidates' skills and competencies over traditional education credentials, allowing not-for-profits to tap into a broader talent pool.
- Technology Integration:
 - Leveraging advancements in technology and AI will help streamline operations and reduce the burden on human resources.



Labor Market Outlook (cont.)

- Talent Shortages Will Persist – Demographics are Changing
 - My prediction is higher for Leadership and Direct Service Roles. As the broader labor market remains tight, not-for-profits will continue to face challenges attracting and retaining skilled professionals. With increased competition from for-profits and public sector employers offering higher compensation, not-for-profits may see prolonged vacancies in executive, development, and frontline roles—especially in healthcare, education, science, environmental and human services.
- Compensation Pressure Will Drive Structural Changes
 - Rising wage expectations, especially among younger workers, will push not-for-profits to rethink compensation strategies. We'll likely see more organizations conducting salary benchmarking, improving transparency, and exploring creative benefits packages (like flexible schedules, wellness perks, or student loan assistance) to stay competitive—without straining already tight budgets.

Labor Market Outlook (cont.)

- Is the Pendulum Swinging Back?
 - I believe that some, but not all of the leverage workers gained during the pandemic is slipping
 - Return-to-office mandates
 - Reduced unemployment support
 - Growing layoffs
 - Upheaval in traditionally “Stable/Safe” roles in Government

Questions? Your thoughts?



Contact the Presenter



Adam Berman

DIRECTOR-IN-CHARGE, RETAINED EXECUTIVE SEARCH,
KREISCHER MILLER

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Adam is the Director-in-Charge of Kreischer Miller's Retained Executive Search practice. The group has been consistently recognized as a leading retained search firm in the Delaware Valley with a focus on privately held businesses and has been on the Philadelphia Business Journal's list of Retained Executive Search Firms for over 15 years. Adam helps clients identify, attract, qualify, hire and retain industry leading executives. He adds value through strategic talent planning including succession planning, compensation, integration and employee engagement.



About Kreischer Miller

Kreischer Miller is an advisory, audit and accounting, and tax firm serving the Greater Philadelphia and Lehigh Valley areas. We take an advisory approach in everything we do, working diligently to understand what your business needs to move ahead and providing the tools and guidance to help you get there.

Learn more at www.kmco.com