# Sustaining Your Nonprofit Into the Future:  
A Curriculum for Home and Community Based Service Providers

## Part III:  
Financial Stability: Balancing Revenue Against the Cost of Providing Services

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Chapter 1: Introduction

The Financial Stability module provides an overview of how an agency providing older adult services can:

- Determine the true cost of providing its services and
- Secure adequate diversified funding and other resources to cover those costs.

Financial Stability means you have the resources (financial and non-financial) to cover your program and other organizational expenses. To determine your stability, you will need to:

- Use a formula to determine the true unit cost of your services.
- Determine the true dollar value of your services to your community and charge accordingly.
- Establish a strong data tracking and financial recordkeeping system and assign a qualified individual to oversee the data.
- Constantly be on the lookout for potential new revenue sources.
- Diversify – diversify – diversify. The more diverse your funding sources, the more protected you are when one or more sources are no longer available.

This course will help you develop a Financial Stability Plan that maximizes your resources and minimizes your outlay.

Financial stability is the linchpin of your sustainability circle. Without adequate financial resources and careful budgeting, you cannot remain a viable organization. You could be well engaged in your community and strategically positioned to succeed, but without financial stability, you will not be able to keep your doors open.

Financial stability is an ongoing process. Just because you are solvent this year does not mean you stop planning, innovating and budgeting. Look to the future and build on your strengths.

Financial stability means placing a dollar value on every service. How much does it cost you – both financially and in terms of human resources – to provide each of your services? Without knowing “true costs” (both direct and indirect expenses) you will not know what to charge for your services.

Objectives:
After completing this course, you will be able to:

- Determine the true unit cost of providing your services in terms of direct and indirect expenses.
• Identify a variety of financial and non-financial resources that can be used for long-term sustainability.
• Develop a sound recordkeeping and data tracking system to organize program and financial data.

The next section will walk you through the steps of determining your true unit cost so you can develop a realistic working budget.
Chapter 2: Determining Your Costs

You can’t begin to ask for reimbursement for your services until you know exactly how much it costs you to provide each service. Whether you’re starting a new service, modifying a sliding fee scale, expanding your direct pay audience or negotiating a partnership, you must know your costs. These cost categories are the building blocks of your budget.

Step 1: Complete a budget projection to estimate all of your annual expenses.

Annual expenses include direct expenses and indirect expenses.

Direct expenses are expenses that can be clearly linked to a specific program or service. These include:

- The cost of paying staff to run the program or provide the service (including wages, taxes, insurance); and
- Other program expenses, which will vary with each service and with each organization.

The key is that the expense can be directly linked to the service you are providing.

Indirect expenses are the costs that cannot be directly linked to a specific program or service, but support the overall operation of the organization. These are generally categorized as overhead. It is important to include indirect expenses when you are determining the cost of providing services. If you provide one service, all indirect expenses will be included in the cost of that one service. If you provide two or more services, you will need to divide up, or allocate, the indirect expenses among those several services. Examples of indirect costs include:

- Business insurance
- Audit and legal fees
- Board costs
- Accounting/financial services

No more than 30 percent of your budget should be spent on indirect expenses. This is an accepted standard in nonprofit financial management. If your indirect expenses exceed this percent, you need to take a good look at the efficiency of your operations. Funders tend to view lower indirect expenses as a positive sign of an organization’s effectiveness.

Keep in mind that funders will limit the amount of their grant funds that can be spent on indirect expenses. If your percentage of indirect expenses exceeds the amount allowed
by a grant, you will need to identify other funds to subsidize the difference such as fees, fundraisers, or other unrestricted revenue sources.

You may wish to have an accountant or financial professional help you determine your expenses and allocate expenses among your programs to ensure you are meeting the standards of good nonprofit financial management. Consider finding someone who is a supporter of our organization and would be willing to do this work pro bono or at a reduced nonprofit rate.

**Step 2: Calculate the number of units of service you provide each year.**

Your method for determining what qualifies as a “unit of service” will vary for each service. What makes sense for your program? For example, a unit could be:

- One hour of service (for homemaking or caregiver support).
- One day (for adult day program).
- One mile (for transportation).

**Step 3: Establish your service unit cost.**

Unit cost is your best estimate of the expense of providing the average unit of a specific service. To determine the unit cost for a service, you will need:

1. Total annual expenses (direct and indirect)
2. Total annual number of units of service you provide

Then apply the following simple formula to arrive at your **Unit Cost.**

\[
\text{Unit Cost} = \frac{\text{Annual Program Expenses}}{\text{Annual Units of Service}}
\]

(INCLUDING INDIRECT EXPENSES Allocated to the Program)

Keep in mind that if you are just initiating or developing your service, you will need to use projections or estimates for these numbers.

Every service or program has a different unit cost. You must calculate the unit cost of each of your services.
Chapter 3: Charging for Services

Even though you are a nonprofit, if you don’t have enough money coming in, you can’t keep sending money out. This means you need to create an income stream to offset your costs, which can include charging individuals for your service. Providing a “free” service is an imaginary concept. All services have expenses. When you don’t charge, you are sending the message that “Our services have limited value.” When you charge for your services:

- You communicate that each service has an expense.
- You give clients the opportunity to invest in their care.
- You give clients a stake in ownership of their care.
- You communicate the value of your services.

Charging a fee for your service is basically the equivalent of a company charging for their product rather than giving it away. People are used to paying for the goods and services they value and are often wary of anything “free.” The hurdle is your customer base – can they afford your service? The solution is pricing and segmentation.

**Pricing** is the art and science of maximizing revenue. Although your goal is not profit, your hope is to establish a surplus (your reserve) for growth and stability. Consider your pricing strategy in terms of maximizing your mission. What price allows you to serve the most customers in a sustainable way?

**Segmentation** is the analysis of your clients’ ability to pay, recognizing that some people cannot afford the full cost. So what do you do when you need to charge for service, but you want and need to provide the service to people who can’t afford the service? **Segmentation** is developing two categories of fees: “fee for service” and “sliding fee scale.”

**Fee for service**
Fee for service means you are charging individuals the true cost of the service. This includes a margin to build a reserve for future growth and unanticipated expenses. Charging full price to persons who are able to pay allows you to expand your ability to provide services to those with limited financial resources.

How do you determine your full service rate? In the previous section, you used a simple formula to determine your unit cost – how much it costs you each time you provide your service. Once you know the true unit cost of each service you provide, you must add a “margin” in order to do more than simply break even. You’ve already determined your Unit Cost. Next, use the following formula to determine your fee-for-service rate.

\[
\text{Fee-For-Service Rate} = \text{Unit Cost} + \text{Margin}
\]

Although nonprofits don't place the same high priority on setting prices that for-profits do, remember that **funders won't support a program indefinitely.** The nonprofit is Financial Stability
always wise to explore what revenue can be generated from a service to offset its operating costs.

There are specific factors, including your strategic goals that influence pricing for a service.

1. The demographic makeup of your community will dictate how much people can actually afford. If the median household income is above the national average, you can assume you could establish higher fees than in a financially depressed area.

2. If your agency wants to establish itself in a new market, you might charge lower than usual prices in order to generate more clients who buy the service. You also will modify pricing based upon demand – i.e., if the demand for your services is either very high or low. Competitor pricing also has a great effect. If competitors are charging much less, you may need to lower prices. Similarly, if competitors are charging more, you might consider matching their prices.

A key factor in pricing your services is to not undervalue what you do. Many older adults will be able to afford paying a reasonable dollar amount for what you offer, if they assign a high value to your service. Do a careful assessment of the “going rate” for your service in the free marketplace.

Sliding fee scales
A sliding fee scale is used when a client cannot pay the full cost of the service but is able to contribute a smaller amount. Your true cost of services (unit costs) must be clarified in order to establish sound sliding fee scale rates, which are generally based on income and household size. To establish a realistic sliding fee scale, consider these questions:

- What sliding fee scales do other organizations in your community use?
- Will the revenue from grants, donations, fundraisers and other funding sources allow you to subsidize the cost of services to people who cannot pay the full cost?
- Will the amount of revenue from combined sources cover your full service costs with a margin or reserve included?

Each agency’s sliding fee scale is different, because the true cost of all services varies.

A key factor to remember is that your unit cost and expenses will remain the same, whether your client is paying full fee-for-service, sliding fee scale, or nothing at all. Whatever unit costs you incur that are not being covered by fees must be made up with other sources of funding. Your cost of providing services likely changes each year so it is a good idea to revisit your unit costs annually and make adjustments to your sliding fee scales as needed.

In summary, customer fees are an important part of revenue sources and should be carefully calculated so you receive maximum income from people who are able to pay.
Case Study

Caregiver Support Service Part I: Establishing true service costs

A multi-service human services agency offered two caregiver support programs: comprehensive caregiver counseling and volunteer respite services for caregivers of older adults. Program leadership decided that the program should implement a sliding fee scale to be more intentional about seeking support from program participants for the services they received than just sending out periodic appeals for donations.

With the help of finance staff, program costs were identified for the services. Both direct costs and indirect costs, including general administration were allocated to the programs. All costs, both indirect and direct were divided between the two programs and then divided by the units of service. An hourly rate for each service was established.

See Appendix A for more details about how they determined the unit cost, in the “Caregiver Support Cost Summary Worksheet.”

Case Study

Caregiver Support Service Part II: Establishing a sliding fee scale for respite service

After the unit cost for each of the two caregiver support services described in the previous case study was determined, a sliding fee scale was chosen based on state guidelines for sliding fee scales using the poverty level for the current year as the basis for the scale. See the example, Respite Sliding Fee Scale, to view how the agency established a range of fees to fit the guidelines provided by the state at various percentages above the poverty income level. Review the detail of the income ranges and suggested sliding fees on the Caregiver Respite Contribution scale. Note that the top fee of $18.00 matches the full cost of the service listed in the cost summary worksheet noted in the Establishing true costs section of this module.

The new policy and scale was introduced carefully with both staff and volunteers to explain why this change was being implemented – including noting that the volunteer program still had costs to run it, and other funding sources were not covering the full costs. The fee scale is discussed at intake, and agreed upon. Monthly statements are sent out, though unpaid balances do not accumulate. A few volunteers and participants left the program, but overall, the transition was a success, and the income from the sliding fees has gradually risen each year.

See Appendix B for a summary of the sliding fee scale, “Respite Sliding Fee Scale.”
Chapter 4: Additional Sources of Revenue

Charging for your services is an essential source of revenue for your organization. There are a number of additional revenue sources that can potentially support your services. This chapter will go through each of these sources in detail. Keep in mind these two key points:

1. The goal is to *diversify* your revenue sources, meaning you do not rely too heavily on one or two sources.

2. When determining how much revenue you need, start with your unit costs, then add in a margin. This will allow you to build up a reserve instead of simply breaking even.

MN Public Programs

There are public programs available in Minnesota for people who meet certain financial criteria, who require a certain level of care (which varies depending on the program), but who would prefer to remain in the community. These programs help cover the costs of home- and community-based services for these individuals. Websites are available to check on any of these programs, or you will find them summarized in the Appendix of this document.

For people age 65 and over:
- Elderly Waiver (EW)*
- Alternative Care (AC)

For people with disabilities:
- Community Alternative Care (CAC) Waiver
- Community Alternatives for Disabled Individuals (CADI) Waiver
- Development and Disabilities (DD) Waiver
- Traumatic Brain Injury (TBI) Waiver

*See Appendix C for web addresses.

Local counties, health plans, and tribes are responsible for an assessment of a person’s needs to determine whether a person is eligible for services. Financial eligibility must also be determined by the local county financial unit. If eligible, each person is assigned a Case Manager (or Care Coordinator). The Case Manager is responsible for setting up a service plan, arranging services, and monitoring services.

If your organization provides home- and community-based services to individuals who are on one of these programs, and the services that you provide are in accordance with
that individual’s service plan, your organization may receive reimbursement to cover the
cost of providing the service. This could be a source of revenue for your organization.
There are two things to keep in mind:

1. Your agency must enroll as a Minnesota Health Care Program Provider* through
   the Minnesota Department of Human Services (see the website or Appendix).
2. You must contact the local counties, health plan(s), and/or tribes that serve people
   in your area to learn more about how you can become a provider specifically for
   their participants.

If you have met these requirements, an individual’s Case Manager can authorize your
organization to provide services to that individual, according to the service plan. After
you provide those services, you must submit requests for reimbursement.

Please note that the amount you are reimbursed is set by the county, health plan, or tribe.
You must determine whether or not this amount covers the full cost of the service and
make adjustments within your overall budget.

*See Appendix C for web address.

Government Grants

Although government grants have offered significant federal and state support to
communities and agencies in the past, the availability of these funds is affected by federal
and state economic conditions. Consequently, nonprofits are advised to not rely solely on
government grants. More stable funding is needed during periods of economic instability
and restraint.

The following government funding sources are focused on supporting organizations
that provide services to older adults:

Federal Older Americans Act (OAA) Title III
- Funds are distributed to states to pay for certain home and community-based services.
- In Minnesota, the Minnesota Board on Aging,* which is the State Unit on Aging,
  receives these funds from the federal government and allocates them to the seven
  local Area Agencies on Aging (AAA’s) through a funding formula. (See their
  website or look for more information in the Appendix).
- Funding priorities are determined at the regional level.
- In a granting process, AAA funds are contracted to local providers of priority services
to deliver direct services to clients.
- Services include family caregiver support, nutrition services, health
  promotion/disease prevention and supportive services (chore, homemaker,
  transportation, legal).

*See Appendix C for web address.
Minnesota Department of Human Service (DHS) provides funding through its Community Service/Community Services Development (CS/SD) Grants.*

- Funds are awarded in a competitive grant process to agencies that help frail older Minnesotans (and their caregivers) to live as independently as possible in the community.
- The grants provide venture capital to help rebalance Minnesota’s long-term care service delivery system by increasing the capacity of Minnesota’s home and community based services.

Other Public or Government Grants
Other public or government grant information can be found at the following websites:
- Federal Register*
- Minnesota State Register
- Minnesota Department of Health (MDH)
- Minnesota Department of Human Services (DHS)

*See Appendix C for web address.

Private Grants and Philanthropy

Most community-based service agencies rely on grants from a variety of sources. These grants are provided when the applicant and the grant maker have mutual goals, and upon acceptance of a competitive Request for Proposal (RFP).

Each funding organization has its own priorities and grant award process. Do your homework. Before submitting an application, check the organization’s web site to make sure it covers your service and geographic area. Every organization’s grant application process is different.

The following are three types of private grant making organizations.

Private Foundations
Private foundations are nonprofit, tax-exempt 501(c)(3) organizations that are governed by a board of directors or trustees. This board may include members of the founder’s family. Funding decisions are usually made by the board, although many have paid staff to manage the organization’s grant making operations. Private foundations often were started by one individual or family for a specific purpose, and they tend to provide funding for programs that were important to the original founder.

Corporate Foundations and Giving Programs
Corporate foundations are created to support the business of the corporation and provide funding to the community as well. These foundations are legally allowed to receive tax
deductions for charitable donations up to 1 percent of their pre-tax earnings. Minnesota has a strong tradition of corporate giving. The Keystone Recognition Program, initiated in 1976 by the Greater Minneapolis Chamber of Commerce, annually recognizes companies that commit 2-5 percent of their earnings for charitable purposes. For a list of these companies, visit the Chamber of Commerce [website].*

Community and Public Foundations
Community and public foundations are created to benefit a specific community, population, area of interest or geographic area. They are governed by a board of private citizens who are involved in the community and who have a vested interest in the mission and the success of the foundation. The United Way is an example of a community/public foundation. Each local United Way chapter is independent. Each chapter sets its own funding priorities and determines its own financial awards. For United Way information anywhere in the country, go to: [liveunited.org].*

You can optimize your success with foundation grants by increasing the number of foundations where you apply. Do not just rely on your previous grantors for your ongoing success. Use resources such as the Minnesota Council on Foundations website, [mcf.org] for new potential grant resources. As you look through the list, make certain that the grant maker is a good match for your organization. In your grant request, be certain to include how your program will be evaluated and your plans for sustaining your program after the grant monies are gone.

*See Appendix C for web address.

Community and Organizational Contributors

Local nonprofit organizations, businesses or civic and community groups sometimes contribute to a local nonprofit based on the fact that they have similar goals or they have a long-term relationship with the organization. The course on Community Engagement (part of this three-course series) provides additional direction on finding organizations whose missions match with yours. Their support may include:

- **In-kind Contributions** (space, equipment, staff expertise, publicity or other items/skills). These opportunities are generally not publicized. Your level of proactive Community Engagement is a key factor in successfully partnering with others to secure these kinds of contributions. In-kind contributions help nonprofits reduce expenses while creating valued community-based partnerships.

- **Special Fundraising Events** often support local causes. A business may host a special fundraising event on behalf of your organization (i.e. 10 percent of one day’s or one week’s sales support your organization), or they may host a table at your own fundraiser.
Individual Contributors

Individual contributors donate to a cause or an organization out of deep personal values and experiences or as a way of becoming more involved in the community.

Key points for increasing your individual contributors:

- **People give to people.** Do your research on what motivates a potential private giver. The higher the contribution you seek, the more personal the contact. The larger the contribution sought, the longer the cultivation time.
- **Keep accurate data on donors.** Create a profile of each major donor or prospect. What is their motivation? Donors give for their reasons, not yours.
- **Maintain and renew these relationships** through ongoing communication.
- **Grow your list of prospects.** Use your staff, board, volunteers, service providers and clients as a way of growing your prospect list. Use your specific strategic position in the community to educate and solicit prospective donors.
- **Involve major donors in your organization** and let them know they are appreciated. In general, 10 percent of donors will provide 90 percent of the organization’s funds. Find a way to let them know how much they are valued. Get them involved through annual donor recognition programs.
- **Identify families with a history of giving.** Sometimes the next generation does not know how or where to give in the way their parents or grandparents did. Cultivate new relationships with younger generations to continue the legacy of family giving.
- **Communicate that your services provide a long-term Return on Investment (ROI)** for your donors. That ROI will benefit multiple generations and the whole community. You are not simply asking for a program or a service.

Fundraisers

Fundraisers can be a one-time or an annual event. Many organizations rely on a professional volunteer force (colleagues, business associates, neighbors, past supporters) to manage fundraising events. Many times, a fundraiser is primarily for visibility and increasing awareness of an organization and its services. An annual fundraiser could become a part of the “fabric” of the community and a much-anticipated event.

Fundraisers have the following advantages:
- Create additional revenue.
- Get your name out to new community audiences you had not considered.
- Often feature an honored service recipient and give guests the opportunity to contribute to a cause that is personally meaningful.
- Publicize the value of your service to the larger community.
Keep in mind that organizations must spend money to put on a fundraiser, which needs to be taken into account in the planning stages. Be very clear about the direct and indirect costs of planning and putting on a fundraiser. Remember, some organizations begin planning for a fundraiser a year in advance.

Many resources are available on how to plan fundraising events that are relatively inexpensive and highly creative. Many communities hold conferences and workshops. The Minnesota Council of Nonprofits* also sponsors no-charge “bring your lunch” fundraising and networking sessions. The internet, newspapers, magazines and personal networks also help identify new fundraising resources.

*See Appendix C for web address.

**Case Study**

Creative Fundraising

A Minnesota older adult nonprofit organization holds an annual chocolate bake-off fundraiser. Originally planned as a one-time special event, the community became so involved that it became a yearly event. While it is highly time-intensive, the event stirs involvement throughout the community.

**Other Revenue Sources**

Think creatively about the potential revenue sources that may be available to your organization.

- Can building space be rented out for meetings and gatherings?
- Can your parking lot be rented to a house of worship on weekends or week nights?
- Do you have proprietary procedures, copyrighted training materials, databases, proprietary software or specialized management and service delivery skills that can be marketed to the public?

**Case study**

Exhibitor Fees As Revenue

The board of directors for an older adult service agency realized they were not maximizing the potential of their large annual organization meeting. They tested the idea of featuring exhibitors at this occasion to stimulate awareness of useful services and products. Exhibitor fees for this annual gathering are now the organization’s largest single revenue source.
Chapter 5: Tracking Your Data

Good recordkeeping will pay off in good financial reporting. Funders want to know exactly what you have done with their money and how successful you have been in providing a service to the community. Each funder will ask you to prepare a specific report. A complete and thorough report that includes number of visits, unit costs, client satisfaction surveys, etc. tells your funders that you are a reliable and trustworthy agency. On the other hand, lackluster and unaccountable data tracking and reporting may result in a grant not being made or renewed.

Make an investment in a good tracking system, one that is flexible enough to respond to different people’s data requests and is compliant with nonprofit accounting standards and Minnesota and Federal tax laws.

A variety of software programs - from basic Excel spreadsheets to customized packages – offer specific features. Some organizations have also created their own tracking systems. The software systems listed below are used by some organizations in Minnesota to track program and financial data. These are provided as examples. We are not recommending these systems over other systems.

Volunteer Reporter is a software management system designed to streamline volunteer and management tracking. Volunteer Reporter has an array of features including customized reports, spreadsheets, mail merges, volunteer profiles and other templates. This Windows-based program is user-friendly for beginners and more advanced users. See volsoft.com* for more information.

QuickBooks is a small business financial software package that organizes financial information, creates easy invoices, pays bills and tracks expenses. It also records tax-related information to streamline tax processes. Templates are user-friendly. No professional accounting knowledge is required. For more information, visit quickbooks.com.*

CareWorks software was developed through the interfaith “Faith in Action” initiative. It includes client tracking systems, time sheets, billing forms, letters and other templates. It is relatively inexpensive to purchase.

Visit aboutcareworks.com* for more information.

*See Appendix C for web address.

Before purchasing or changing software systems, consider the following questions:

- What financial and service data do you need to collect to budget effectively?
• What data is required or valuable for funding sources to measure a Return on Investment (i.e. valued outcomes)?
• What data do you need to have a competitive business advantage in a changing economy?

As you develop a strong data analysis system, remember to:

• Compare notes with other agencies/colleagues on the success/limitations of their own software systems.
• Look at a variety of software options, including agencies that have designed their own software and provide external support.
• Give yourself time to compare and discuss data collection needs with your entire staff. Part-time individuals and volunteers may also collect significant client/service data. Make certain you discuss the collection process with everyone to uncover hidden barriers to accurate tracking.

Case Study

A small rural Minnesota older adult service agency understands the value of financial and data tracking. They use Excel spreadsheets to track all service units, billing dates and accounts receivable dates for 48 homemaker clients. Invoices are submitted using QuickBooks. While their staff was at first skeptical about the real value of spreadsheet tracking, they now find it to be invaluable.
Chapter 6: Summary

Establishing an accurate agency budget and paying close attention to your true unit costs is the first step toward financial stability. The goal is for revenue to exceed outlay, providing you with a margin to protect you in difficult times. Building your reserves and constantly being on the lookout for new revenue sources is your ongoing sustainability goal.

The starting point is determining your true unit costs based upon your overall budget. Be sure you can identify direct and indirect costs as you determine the unit cost of your service. Remember that no more than 30 percent of your outlay should be indirect costs.

Do not undervalue what you do. Charge accordingly for what you provide. Customers who can afford it should pay the full price for your service. Charging full price plus a margin will mean additional revenue for you and will allow you to serve more people who cannot afford the full price.

Other revenue sources (such as grants, donations, and fundraisers) will help subsidize the cost of providing services to those who cannot pay the full price.

Keep in mind that revenue should come from many sources and should not be dependent on one or two funders. In determining how much revenue you need, start with your unit cost, then add in a margin. Including a margin in your budget will allow you to build up your financial reserves.

Be sure you are creatively identifying the in-kind, non-revenue resources that will help you balance your budget. This includes volunteer work and in-kind donations of time, office space, marketing or other human services.

Tracking your data, both financial and a summary of the service you have provided, is a key factor in sustaining your organization. Accurate record keeping makes it possible for you to document your value to the community and your financial responsibility.
Appendix A

Caregiver Support Program Cost Summary Worksheet

This is an example of an annual summary cost worksheet for a caregiver support program that offers two services, volunteer respite, and comprehensive caregiver counseling. The caregiver support program is housed within a multi-division social service organizational structure. The worksheet shows one way of allocating direct and indirect program expenses, as well as organizational administrative expenses.

The first column lists the major categories of expense starting with payroll. Direct salary expense includes the staff that provides direct client services in the two programs. Indirect salary expense includes a percentage of FTE time of other division support staff that spends part of their time supporting the program operations. Fringe benefits are allocated based on a percentage of salary – in this case 25%.

Direct expenses include all other expenses directly attributable to the program operations, including occupancy costs for the direct service staff.

Indirect Expenses are divided into two categories – program indirect such as occupancy costs to support the “indirect” personnel that support the program operations, and the general agency administration allocation. The latter costs are a percentage allocation of administrative “infrastructure costs” such as the executive leadership and support office staff, development, financial, information technology staff and the occupancy costs associated with them, legal and audit costs, etc.

The line item costs are allocated to each service in the program, in columns three and four. The total number of service units for each program (hours) for a single year are listed at the bottom of each respective column. Note that that respite program includes both direct staff labor hours and volunteer hours. The total number of units (hours) is divided into the total program expenses for each service and derives a cost per unit for each service.
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<td>All Other Direct Expenses</td>
<td>33,856</td>
<td>14,558</td>
<td>19,298</td>
</tr>
<tr>
<td>Net Direct Expenses</td>
<td>39,718</td>
<td>20,420</td>
<td>19,298</td>
</tr>
<tr>
<td><strong>Indirect Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Indirect</td>
<td>18,000</td>
<td>7,740</td>
<td>10,260</td>
</tr>
<tr>
<td>General &amp; Admin Indirect</td>
<td>57,000</td>
<td>24,510</td>
<td>32,490</td>
</tr>
<tr>
<td><strong>Total Indirect Expenses</strong></td>
<td>75,000</td>
<td>32,250</td>
<td>42,750</td>
</tr>
<tr>
<td><strong>Total Program Expenses</strong></td>
<td>361,898</td>
<td>158,957</td>
<td>202,941</td>
</tr>
<tr>
<td><strong># of Volunteer Respite Hours</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of Volunteer Respite Hours</td>
<td>6,957</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong># of Direct Labor Hours</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td># of Direct Labor Hours</td>
<td>4,368</td>
<td>1,878</td>
<td>2,490</td>
</tr>
<tr>
<td>Cost per unit of D.L. Hours</td>
<td>$ 82.85</td>
<td>$ 17.99</td>
<td>$ 81.50</td>
</tr>
</tbody>
</table>
Appendix B

2009 Respite Cost Share Sliding Fee Scale

<table>
<thead>
<tr>
<th>Cost Share Range Percentage</th>
<th>Percentage of 2005 Federal Poverty Guidelines</th>
<th>Annual Income - 1 Person Household Age 60+</th>
<th>Annual Income - 2 Person Household Age 60+</th>
<th>Cost Share Range Based on Cost of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
<td>Base</td>
<td>100%</td>
<td>$10,830</td>
<td>$14,570</td>
</tr>
<tr>
<td>0</td>
<td>25.0%</td>
<td>Up to 200%</td>
<td>$0 - 21660</td>
<td>$0 - 29,140</td>
</tr>
<tr>
<td>25.0%</td>
<td>41.6%</td>
<td>&gt;200% and &lt;= 250%</td>
<td>$21,661 - 27,075</td>
<td>$29,141 - 36,425</td>
</tr>
<tr>
<td>41.6%</td>
<td>44.4%</td>
<td>&gt;250% and &lt;= 300%</td>
<td>$27,076 - 32,490</td>
<td>$36,426 - 43,710</td>
</tr>
<tr>
<td>44.4%</td>
<td>100.0%</td>
<td>&gt;300%</td>
<td>$32,491+</td>
<td>$43,711+</td>
</tr>
</tbody>
</table>

This scale is based on a rationale that if a client’s annual income falls within one of these four ranges they should be asked to pay a certain percentage of the full cost of the service, which is $18.00/hour. As you can see on this scale, the agency determined that clients whose income fell below 300% of poverty would not pay more than 44.4% of the full cost of the service. The fee ranges on the far right column show the range of actual hourly fees that represent the percentage of the costs the client would pay based on where their income falls within the various ranges. A more detailed scale is then created to show how the fees increase within those general ranges with increases in client income.
Appendix C

Websites referenced in Financial Stability Course

**Minnesota Public Programs:**
http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION &RevisionSelectionMethod=LatestReleased&dDocName=id_003726

**Minnesota Health Care Program Provider:**

**Minnesota Board on Aging:** http://www.mnaging.org/

**Community Service/Community Services Development (CS/SD) Grants:**
http://www.dhs.state.mn.us/cssd/

**Federal Register:** http://www.gpoaccess.gov/fr/

**Minnesota State Register:**
http://www.comm.media.state.mn.us/bookstore/state_register.asp

**Minnesota Department of Health (MDH):** http://www.health.state.mn.us/

**Minnesota Department of Human Services (DHS):** http://www.dhs.state.mn.us/

**Greater Minneapolis Chamber of Commerce:**
http://www.minneapolischamber.org/program_keystone.php

**Local United Way:** http://www.liveunited.org/myuw/

**Minnesota Council on Foundations:** http://www.mcf.org/

**Minnesota Council of Nonprofits:** http://www.mncn.org/

**Volunteer Reporter:** http://www.volsoft.com/products/reporter.htm

**QuickBooks:** http://quickbooks.intuit.com/

**CareWorks:** http://www.aboutcareworks.com/