

Economic Scenario Planning (ESP) 2.0:

Model & Presentation User Guide

HELPING COMMUNITY FOUNDATIONS PLAN FOR THE FUTURE





Table of Contents

Introduction	2
Model Overview Basic Structure General Tips Treatment of Spending Policy	3
Model Step 1: Inputting Historical Data	4
Model Step 2A: Forecasting Your Expected Scenario How to Approach Forecasting Using the Model to Forecast Your Expected Scenario	6
Model Steps 2B & C: Forecasting Alternate Scenarios How to Approach Alternate Scenarios Using the Model to Forecast Alternate Scenarios	9
Model Step 3: Viewing Your Results	11
Presenting Your Results & Findings	13

Model Legend Must Have Optional

Calculation | All numbers in 000's ("\$K")

Introduction

Recognizing that community foundations would benefit from a tool allowing them to **test the implications of factors such as market performance, donor behavior, and operating expense adjustments** on core income statement indicators, the Council on Foundations' **Community Foundations Leadership Team (CFLT) spearheaded the creation of this five-year forecasting tool**. The CFLT mobilized thought leaders to guide the model's design and generously provided funding to CF Insights and FSG Social Impact Advisors to build this Economic Scenario Planning (ESP) for community foundations in the Summer of 2009. CF Insights is an implementation partner of the Community Foundations Leadership Team in addressing the goal of organizational effectiveness in the Plan of Action (2007-2010).

Based on early adopter feedback, the CFLT provided additional funding to FSG in early 2010 to add a few **enhancements** to the model for a **version 2.0**:

- Increasing the number of **fund types** that can be entered from 8 to 10
- Increasing the number of **other revenue items** (non-fee-based) that can be entered from 3 to 5
- Increasing the number of **expense line items** that can be entered from 5 to 10
- Including revenue mix depictions in the output tables and charts

Even in this latest 2.0 version, the ESP model has been **designed to be quick to use**, incorporating a variety of factors but not all possibilities. As such, it does not perfectly mirror the complexity of reality. The model approximates how changes in the external environment will impact income statements and operating metrics. Creating functionality to accommodate the field's myriad of fund and fee structures would defeat the purpose of making this model accessible and digestible. The ESP model should, however, allow every single foundation to create close approximations while respecting the scarcity of their time. Users of this model should keep in mind that it was developed for the purpose of conducting **Board and CEO-level conversations**, rather than providing a mechanism for detailed fund-level / balance sheet analysis.

The model will allow foundations to answer pressing questions, such as:

- Under what circumstances will the foundation's assets return to pre-recession levels?
- How will the foundation's income statement be impacted if the market does much better or much worse than expected?
- What adjustments need to be made to **spending policies** if absolute **grant levels** are to be maintained in the coming years?
- How much of a **gap in administrative fees** might the foundation be facing / how much **revenue from other sources** does the foundation need to generate in the coming years?
- What impact would a **major new gift** have on the foundation?
- Can the foundation afford to increase its **operating expenses** in the coming years?
- Will the foundation have enough **operating cash**?

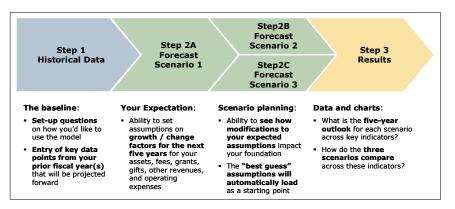
This User Guide details:

- How to use the model **technically**
- How to approach forecasting philosophically
- How to show and discuss results using a **presentation template** developed for this model

Note: For those that would like to forecast using a **more detailed model, the Interactive Strategy Model (ISM)** is available for download on the CF Insights website.

Model Overview

Basic Structure



The model's "**Start Here**" tab is a hyper-linked navigation tool that guides you step by step:

COUNCIL as FOUNDATIONS	Economic Scenario Planning (ESP) Model	INSIGHT
Step 1 Enter Historical Data	Set-up questions on how you'd like to use the model Entry of key data points from your prior facal year(s) that will be projected forward	Please click <u>HERE</u> to begin this step
Step 2A Forecast Scenario 1	Ability to set assumptions on expected growth / change factors for the next five years for your assets, fees, grants, gifts, other revenues, and operating expenses	Please click <u>HERE</u> to begin this step
Step 28 Forecast Scenario 2	Ability to see how modifications to your expected assumptions impact your foundation. The Scenario 1 assumptions will automatically load as a starting point	Please click <u>HERE</u> to begin this step
Step 2C Forecast Scenario 3	Ability to see how modifications to your expected assumptions impact your foundation. The Scenario 1 assumptions will automatically load as a starting point	Please click <u>HEBE</u> to begin this step
Step 3 View Results	What is the five-year outlook for each scenario across key indicators? How do the three scenarios compare across these indicators?	Please click <u>HERE</u> to begin this step

The gray boxes throughout the model are all hyperlinked to help you navigate

General Tips

Whenever you see ****, hold the cursor over the little red triangle for some useful information.

Please remember the legend below as you work in the model:

- Dark yellow: information you must enter
- Light yellow: information that is optional
- Light gray: automatic calculations
- **Input denomination**: all numbers must be entered in **000's** (e.g., \$1,530,000 would be entered as 1,530 and depicted in the model as \$1,530K

Please note that the model is **password-protected** to ensure the integrity of the formulas. If you'd like to unprotect the model, follow these steps:

- Excel 2007: Review tab -> Changes section -> Unprotect sheet | password = "password"
- **Previous Excel versions:** Tools-> Protection-> Unprotect sheet | password = "password"

Treatment of Spending Policy

The model splits spending policies into **three parts** that are all **forecasted separately** (including rolling averages):

- Investment Fee: The % of the asset / fund balances that is charged for the investment management of the fund
 - The model splits this out from the administrative fee to allow users to determine if the investment fee is a pass-through (paid directly to the fund manager / advisor) or a source of revenue (if investments are managed in-house)
 - If you enter a % for investment fee into the model and pass your investment fee on to a fund manager / advisor, do not include that cost in your operating expenses as the model automatically reduces fund balances by the investment fee each year
 - If you do not want to split out the investment fee from the administrative fee, you can enter 0% for the investment fee and include that % as part of the administrative fee assumption
 - However, if you go this route, and you do pay a fee to an outside fund manager / advisor, you will have to include that cost in your operating expenses
- Administrative Fee: The % of asset / fund balances that you charge as fee revenue
 - Remember to net out the investment fee if you entered it under investment fee (see above)
- Grants Pay-Out: The % of asset / fund balances that is granted out
 - Do not include investment fee or administrative fee in your assumptions for this

Model Step 1: Inputting Historical Data

	 Enter your foundation name, so it can be embedded into the results page
I. Basic Information	 Using the drop down menu, choose your fiscal year end date – this will also be embedded throughout
	 IMPORTANT: Using the drop down menu, choose which five fiscal years you are looking to forecast; the model will automatically populate the headers of each year column accordingly
	 Please note: you have to decide this once upfront, if you change this feature later, the model won't automatically move any data you've already entered
	 If you have fiscal 2009 data, you should forecast fiscal 2010-2014
	 If you are almost done with fiscal 2010, or have a good estimate, you should forecast 2011-2015 and enter your 2010 best guess as the last historical year
	 Once you've chosen which five fiscal years to forecast, the model will automatically tell you which historical fiscal year you need to enter
	 Using the drop down menu, determine the longest period of rolling averages your foundation uses for asset-based calculations
	 The model will automatically shade in dark yellow the time periods for which you'll have to enter historical asset data (see below)
	- You can onter historical information for your access / funds using 10 line items
II. Assets /	 You can enter historical information for your assets / funds using 10 line items Depending on how many rolling average years your foundation uses, you'll have to
Funds	enter historical years accordingly
	 The model will automatically shade the columns you need to enter historical asset information for in dark yellow
	 Within Donor Advised Funds (DAFs) you can distinguish up to three categories; some categories you might consider could include:
	 Size tiers (e.g., \$0-\$1M, \$1-\$5M, \$5M+)
	 Fee structure (e.g., flat fee, variable fee, etc.)
	 Endowed status (e.g., endowed, non-endowed)
	 Fund level (e.g., above water, underwater)
	 The names you choose for these three categories will flow throughout the model
	 If you'd like to enter all of your DAFs in one line, that is ok too, just enter them all as one of the three category choices
	 If you would like to customize the other fund types (Scholarship, Unrestricted /FOI/Community Leadership, Designated/Agency, Supporting Orgs), feel free to change the names of these fund types to make them more applicable to your organization. You'll have to unprotect the sheet to do so
	 You can leave the three "Other Funds" labeled as they are, or you can give them unique names that will flow throughout the model
	 Note: If you have an operating / administrative endowment and / or reserve, you will be able to enter this in Section IV of this step
III. Gifts & Grants	 For your last historical fiscal year enter your total gifts and grants numbers The four previous fiscal years are optional – entering the data does not impact the model, but does provide you with more historical context to draw on when sanity checking your forecasted numbers
Model Legend	Must Have Optional Calculation All numbers in 000's ("\$K") 4

Model Step 1: Inputting Historical Data (cont'd)

IV. Revenues, Operating Expenses & Funds

- Enter the year-end balances for any **operating funds**:
 - Operating / Administrative Endowment (an endowed fund established to help offset operating expenses for the community foundation)
 - Note: Since the principal of this type of fund should not typically be invaded, the model will <u>not</u> include the balance of this fund when calculating months of operating cash on hand
 - Operating / Administrative Reserve (funds, usually accumulated over several years, which are available for use by the community foundation for operating expenses at the discretion of the board of directors)
 - Note: In the forecast years, any surpluses will automatically be added to the reserve, while any shortfalls will automatically be subtracted
- Enter your **revenue** for your last historical fiscal year using **11 line items** as follows:
 - Enter the sum of all administrative fees (includes % admin fees on asset balances, % fees on gifts (if relevant), % fees on grants (if relevant), etc.)
 - IF your foundation retains investment fees as revenue and you've not included it above, enter these here; if the investment fees you charge are "passed through" to your investment advisor, please enter \$0
 - IF your foundation retains interest / dividends earned in its funds as revenue, enter these here; if the interest / dividends are reinvested into your funds, please enter \$0 (*Note*: do <u>not</u> enter returns from operating funds here)
 - IF your foundation has an operating endowment and IF returns have been retained as revenue in the past year(s), enter the amount under "Retained Returns from Operating / Admin Endowment", otherwise enter \$0
 - IF your foundation has an operating endowment and IF you took any principal to fund operations in the past year(s), enter the amount under "Principal Distribution from Operating / Admin Endowment", otherwise enter \$0
 - IF your foundation has an operating reserve and IF returns have been retained as revenue in the past year(s), enter the amount under "Retained Returns from Operating / Admin Reserve", otherwise enter \$0
 - Enter any of your other revenue in five categories, <u>for example</u>
 - Fee-for-service income on managing grant or scholarship programs, providing back-office support, renting out space, etc.
 - Grants you've received directly for your operations
 - The names you select for the five types of other revenue will flow throughout the model

All of the numbers you enter should add up to your total revenue for that particular historical year

Model Step 1: Inputting Historical Data (cont'd)

IV. Revenues, Operating Expenses & Funds

• Enter your **operating expenses** for your last historical fiscal year as follows:

- Designate and enter three personnel related expense categories and seven other (non-personnel) expense categories; the names you select will flow throughout the model
- **Examples** of non-personnel expense categories include:
 - Occupancy
 - Professional services
 - Travel / conferences
 - Marketing, communications, and development
 - Special initiatives / community leadership

All of the numbers you enter should add up to your total operating expenses for that particular historical year

- The model will **automatically calculate the implied surplus / subsidy** from the revenues and expenses you've entered; if this does not match your actual, make sure you have entered your full revenues and full expenses above
- The four previous fiscal years are optional entering the data does not impact the model, but does provide you with more historical context to draw on when sanity checking your forecasted numbers

Model Step 2A: Forecasting Your Expected Scenario

How to Approach Forecasting

Before you start using the model for your expected scenario forecast, you should first take a step back to consider the **basic underpinning of your forecast**. Your forecast will be a combination of factors outside your control that you can only anticipate (market performance, donor behavior) and factors that you can steer directly (spending policy, operating expenses). Take some time to note down the assumptions you will make for the categories below qualitatively and then quantitatively, as well as the rationale for each assumption.

Category	Assumption	Rationale
Market Performance		
Donor Behavior		
Spending Policy		
Other Revenues		
Operating Expenses		

As you consider your assumptions, especially the ones that you can steer, think about your **foundation's values and goals** over the coming years, for example:

- Is the main priority the preservation of assets?
- Is the main priority maintaining grant levels in terms of dollar volume?
- Is the main priority maintaining operating capacity?

Thinking about the values and goals of the foundation can help you decide how to forecast your spending policy and your operating expenses in light of your expectations of the market and donor behavior.

To get estimates of the **short and longer-term economic outlook**, see: Congressional Budget Office Economic Projections | <u>http://www.cbo.gov/budget/econproj.shtml</u> The Conference Board Economic Indicators | <u>http://www.conference-board.org/economics/indicators.cfm</u>

Model Legend

Must Have Optional

Calculation All numbers in 000's ("\$K")

Model Step 2A: Forecasting Your Expected Scenario (cont'd)

Using the Model to Forecast Your Expected Scenario

I. Scenario Description

- Enter a short name for the scenario; "Expected" is a good default, you could also call it the "Base Case"
- In addition, while optional, it is a good idea to describe the scenario qualitatively
 - When you present the scenario(s) to your Board, they will first want to know in plain terms what you've assumed, <u>for example</u> "The markets and the general economy do not recover until 2011, gifts continue to be low while DAF holders continue to grant at 5% despite depressed fund levels. The expense reductions made in the last few months are not re-instated until 2011..."

II. Asset-Based Fees, Gifts, Grants, etc.

- When filling out the ESP model you will *likely spend the most time in this section*!
- Note: Forecast years 4 and 5 automatically default to your assumptions for forecast year 3; however, you can change these to reflect different assumptions if you'd like
- First, you need to fill out three universal assumption categories
 - Market-based fund growth for each of the five forecast years
 Note: We recognize you may have varying investment strategies for your funds;
 for simplicity the model applies one assumption to all funds
 - Investment fee
 - First, indicate using the drop down menu if you pass this fee through to your investment advisor, or if you retain it as revenue (i.e. you manage your investments in-house and charge for that – the model will add these to your revenue in this case)
 - Note: IF you indicated "pass through", do <u>not</u> include your investment advisor fees as part of operating expenses, or else they will be double counted; the model automatically subtracts these fees from assets
 - Second, indicate using the drop down menu over which time horizon this fee is calculated (*Note*: "no rolling avg" means it will be based off of the prior year end-of-year asset balance; "2-year rolling avg" means it will be based off of the average of the previous two years' historical endof-year asset balances, etc.)
 - Finally, enter the amount of the investment fee as a % of asset balance for each of the five forecast years (*Note*: even if it is a pass through, the model still needs to calculate the amount to be able to subtract it from the fund balance each year)
 - *Note*: **IF** you'd rather count your investment fee as part of your administrative fee, enter 0% here
 - Interest Income: The interest income category is for the percent of your funds that are invested only in fixed income type of vehicles. For this reason, <u>these fund types will not have market growth applied to them</u> – the only source of growth / return is the interest gained
 - First, indicate using the drop down menu if you reinvest interest / dividends in the funds, or if you take these as revenue (i.e. the model should subtract these from the fund balances and include them as revenue)
 - Second, indicate what % of your assets are earning only interest / dividends (<u>no market-based growth</u>) so the model applies the interest to the correct amount of your assets
 - Finally, enter the amount of the interest as a % of asset balance for each of the five forecast years

Note: See page 3 of this User Guide for an explanation of how spending policy related calculations function in this model

Must Have Optional

Model Step 2A: Forecasting Your Expected Scenario (cont'd)

II. Asset-Based Fees, Gifts, Grants, etc.

Once you've filled out the universal assumptions, you can fill out **assumptions for the up to 10 funds** for which you've entered historical data (*Note*: you will enter assumptions for any operating / administrative endowment and / or reserve in the section that follows)

(Cont'd)

Effective Admin Fee

• Follow the *same three-step process* for each fund:

- Note: we recognize that your foundation may use a combination of flat fees, minimum fees, special fees on gifts and grants, etc. Creating a space for all of these types of fees would have made the model unwieldy. Therefore, use the effective fee to summarize all of the fee types that you garner from each of your funds
- First, indicate using the drop down menu over which time horizon this fee is calculated (*Note*: "no rolling avg" means it will be based off of the prior year end-of-year asset balance; "2-year rolling avg" means it will be based off of the average of the previous two years' historical endof-year asset balances, etc.)
- Second, enter the amount of the administrative fee as a % of asset balance for each of the five forecast years
- Note: IF you have already entered your investment fee % under the Universal Assumptions, make sure you don't also add it as part of your administrative fee, otherwise it will be counted twice
- Note: IF you are entering your investment fee as part of your administrative fee, and you do <u>not</u> retain it as an in-house revenue, you'll have to include the amount you pay your investment advisor as part of operating expenses
- New Gifts
 - New gifts for each of the forecast years are calculated as a % of the endof-year fund asset balance of the previous year
- Grants
 - First, indicate using the drop down menu over which time horizon the payout is calculated
 - Second, enter the payout rate as a % of asset balance for each of the five forecast years (excluding administrative and / or investment fees)
 - *Note*: If you have underwater funds that cannot be granted from, adjust the payout rate downward to adjust for this
- To view the absolute dollar amounts generated by your assumptions, click the + symbol in the left margin next to each fund
 You will have to unprotect the sheet to do so using the password of "password" - see

You will have to unprotect the sheet to do so using the password of "password" – see the page 3 for instructions on how to unprotect the sheet

Note: the assumptions you enter for the first fund will carry over to (*pre-populate*) each subsequent fund; the assumptions from this entire tab will carry over (*pre-populate*) the two alternate scenario tabs

Note: See page 3 of this User Guide for an explanation of how spending policy related calculations function in this model

Model Step 2A: Forecasting Your Expected Scenario (cont'd)

III. Operating Funds	 For your operating / administrative endowment, enter Your market return assumption (net of any investment fee you might pay to an outside fund manager / advisor) What you plan to do with the return (reinvest in fund or retain as revenue) Any gifts you anticipate, using % of asset balance to estimate the amount If you are planning to take a principal distribution (if no, enter 0%, if yes, enter the % of the asset balance you will take)
	 For your operating / administrative reserve, enter
	 Your market return assumption (net of any investment fee you might pay to an outside fund manager / advisor)
	 What you plan to do with the return (reinvest in fund or retain as revenue)
IV. Other Revenues	 For each of the five categories of other revenue you defined in the previous step, you can project growth for the five forecast years you've chosen Just enter growth rates for each year and make sure that the absolute figures generated by your growth rates are in line with your expectations
V. Operating Expenses	 For each of the ten categories of operating expenses you defined in the previous step, you can project growth for the five forecast years you've chosen Just enter growth rates for each year and make sure that the absolute figures generated by your growth rates are in line with your expectations
	 The model will automatically calculate the implied surplus / subsidy from all of the revenues less expenses generated in this section, and add this result to the operating reserve

Model Steps 2B & C: Forecasting Alternate Scenarios

How to Approach Alternate Scenarios

Before you start using the model for your alternate scenario forecast, you should first take a step back to consider which of your assumptions you'd like to test with an alternate forecast. **You should not change too many of your key assumptions**, otherwise it will become hard to ascertain the link between your changes and the model's results. You should think about your alternate scenarios philosophically before you start modeling; example alternate scenarios might be:

- **Optimistic scenario**: The market and the economy recover faster than expected, which helps grow assets and spurs more gifts from donors
- **Pessimistic scenario**: The market and economy take another dip, causing more losses to assets and fewer gifts for a number of years
- Level-grant scenario: Grant pay-out rates are changed where possible to ensure that absolute grant levels are maintained
- Cash preservation scenario: Budgets are further reduced to ensure that there is no need to tap into
 operating reserves

Must Have Optional

Model Steps 2B & C: Forecasting Alternate Scenarios (cont'd)

Using the Model to Forecast Alternate Scenarios

Must Have

Model Legend

Optional

The Step 2B and 2C tabs are identical to the Step 2A tab. Note that they automatically pre-populate with the assumptions you made in Step 2A.

Note: The tab called **"Step3_Assumptions"** shows all of your assumptions in one summary table. The table has been programmed so that all of the assumptions that differ from the expected scenario are shaded in red. This will help you keep track of which changes you are making to your expected scenario.

There are several resources available on Community Foundation Insights' website to help you think about your alternate forecasts:

- **Case Studies:** CF Insights will be creating case studies of your peers that have used this model to make forecasts. These case studies will help you think about approaching this exercise
- Columbus Survey Results: The Annual Columbus Survey provides a rich data source of growth trends that can help you think about forecasting assumptions

I. Scenario Description	 Note: Enter a short name for each of the two alternate scenarios In addition, while optional, it is a good idea to describe the scenarios qualitatively, in particular focusing on <i>how they differ from the expected scenario</i>
II. Asset- Based Fees, Gifts, Grants, etc.	 All of the assumptions you made in the expected scenario will pre-populate each of the two alternate scenario tabs You can now make modifications to your expected scenario assumptions to build the two alternate scenarios (one in the Step 2B tab and one in the Step 2C tab)
III. Operating Funds	 All of the assumptions you made in the expected scenario will pre-populate each of the two alternate scenario tabs You can now make modifications to your expected scenario assumptions to build the two alternate scenarios (one in the Step 2B tab and one in the Step 2C tab)
IV. Other Revenues	 All of the assumptions you made in the expected scenario will pre-populate each of the two alternate scenario tabs You can now make modifications to your expected scenario assumptions to build the two alternate scenarios (one in the Step 2B tab and one in the Step 2C tab)
V. Operating Expenses	 All of the assumptions you made in the expected scenario will pre-populate each of the two alternate scenario tabs You can now make modifications to your expected scenario assumptions to build the two alternate scenarios (one in the Step 2B tab and one in the Step 2C tab)

Calculation *All numbers in 000's ("\$K"*)

Model Step 3: Viewing Your Results

Now all that is left to do is to **view the results** of your work! There are **three yellow tabs** set up for this purpose. The first tab is filled with **tables** and **dashboard charts** as outlined below. The next tab summarizes all of the important data **outputs** in one place and the final tab shows all of the **assumptions** you've made. You can turn all of this information into a **presentation** using the **template** that's available for download on the CF Insights website – more details on the presentation can be found in the last section of this User Guide.

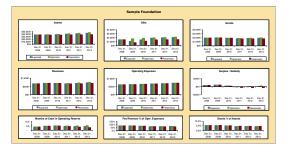
I. Year-by- Year Forecast DATA	 Three tables, one for each scenario, that summarize all of the key data points for the forecast time period The asset, revenue, and operating expense rows in each table expand to reveal more granular data* 	Scraph Function Experts Text 14, 2004 Feat 14, 2014 Feat 14, 2014
II. Year-by- Year Forecast CHARTS	 Three dashboard charts, one for each scenario, that show assets, gifts, grants, revenues, operating expenses, surplus / subsidy, as well as sustainability indicators for each forecast time period Note: You may have to adjust the axes to fit your data ranges 	
III. Side-by- Side Scenario DATA	 Five tables, one for each forecast year, that summarize all of the data for each of the three scenarios The asset, revenue, and operating expenses rows in each table expand to reveal more granular data* 	Specify modulation Install. 38.11 Sould 11.05 11.05 11.05 Declared 11.05 11.05 10.05 Declared 11.05 11.05 10.05 Declared
IV. Side-by- Side Scenario CHARTS	 Five dashboard charts, one for each forecast year, that compare assets, gifts, grants, revenues, operating expenses, surplus / subsidy, as well as sustainability indicators for each of the three scenarios <i>Note</i>: You may have to adjust the axes to fit your data ranges 	

* You will have to unprotect the sheet to see the more granular data using the password of "password" – see the page 3 for instructions on how to unprotect the sheet

Model Step 3: Viewing Your Results (cont'd)

V. Combination of Scenario & Longitudinal **Summary dashboard chart** showing assets, gifts, grants, revenues, operating expenses, surplus / subsidy, as well as sustainability indicators for each of the three scenarios over the forecast time period

• *Note*: You may have to adjust the axes to fit your data ranges



Output Summary

The Step 3 Output Summary tab provides an overview of the main model outputs, for each scenario and across all of the forecast years. This table can be used to sanity check and showcase the scenario planning results all in one place.

tep 3 - Output Summary															Back to Start
			Expected					Optimistic					Pessimistic		
\$ in thousands)	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014
nd of Year Asset/Fund Balances															
DAF- Small	\$1,434	\$1,482	\$1.556	\$1.637	\$1.722	\$1,489	\$1,556	\$1,636	\$1,721	\$1.811	\$1,405	\$1,400	\$1.428	\$1,459	\$1.492
DAF: Medium	\$6.028	\$6.228	\$0.541	\$6.880	\$7.2.95	\$6.260	\$0.541	\$6.878	\$7.235	\$7.613	\$5.913	\$5.885	\$6.003	\$0.134	\$6.27
DAF: Large	\$26.232	\$27.105	\$28.467	\$29.940	\$31.500	\$27.235	\$28.463	\$29.929	\$31.485	\$33.127	\$25.730	\$25.610	\$26.128	\$26.696	\$27.29
Total Donor Advised Funds	\$33.694	\$34.815	\$36.564	\$38.456	\$40.460	\$34.983	\$36.559	\$38.442	\$40.442	\$42.551	\$33.050	\$32.894	\$33.559	\$34.290	\$35.05
Scholarship	\$437	\$452	\$474	\$499	\$525	\$445	\$460	\$484	\$509	\$535	\$433	\$436	\$449	\$464	\$47
Unrestricted / FOI / Community Leadership	\$1.196	\$1.236	\$1.298	\$1.365	\$1.436	\$1.218	\$1.259	\$1.323	\$1.392	\$1.464	\$1.185	\$1.192	\$1.229	\$1.269	\$1.31
Designated / Agency	\$68	\$70	\$73	\$//	\$81	\$69	\$/1	\$/5	\$79	\$83	\$67	\$67	\$69	\$/2	\$7
Supporting Organization	\$103	\$107	\$112	\$118	\$124	\$105	\$109	\$114	\$120	\$126	\$102	\$103	\$106	\$110	\$11
Other Fund 1	\$28	\$29	\$30	\$32	\$34	\$28	\$29	\$31	\$33	\$34	\$28	\$28	\$29	\$30	\$3
Other Fund 2	\$9	\$9	\$10	\$10	\$11	\$9	\$9	\$10	\$10	\$11	\$9	\$9	\$9	\$9	\$1
Other Fund 3	\$7	\$7	\$7 \$1.103	\$8 \$1.158	\$8 \$1.216	\$7	\$7	\$8 \$1.103	\$8 \$1.158	\$8 \$1.216	\$7 \$1.000	\$7 \$1.050	\$7 \$1.103	\$7	\$1.21
Operating / Administrative Endowment	\$1.000	\$1.050	\$1.103	\$1.158	\$1.216	\$1.000 \$ZD/	\$1.050	\$1.103	\$1.158	\$1.216	\$1.000	\$1.050	\$1.103 \$Z53	\$1.158	\$1.21
Operating / Administrative Reserve otal Assets	\$257	\$282	\$268	\$259	\$266	\$257	\$288	\$287	\$300	\$333	\$257	\$280	\$253	\$219	\$18
otal Gitta	\$1.073	\$1.472	\$1.889	\$1.984	\$2.086	\$1.752	\$1.874	\$1.978	\$2.079	\$2.187	\$734	\$1.115	\$1.460	\$1.492	\$1.52
otal Grants	\$2.024	\$1.934	\$1.801	\$1.847	\$1.931	\$2.024	\$1.956	\$1.852	\$1.931	\$2.026	\$2.024	\$1.923	\$1.757	\$1.751	\$1.77
evenues															
Administrative Fees	\$526	\$503	\$468	\$480	\$502	\$526	\$509	\$482	\$502	\$527	\$526	\$500	\$457	\$455	\$46
Investment Fee Retained Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$
Retained Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$
Retained Returns from Operating / Admin Endowment		\$30	\$32	\$33	\$35	\$30	\$30	\$32	\$33	\$35	\$30	\$30	\$32	\$33	\$3
Principal Distribution from Operating / Admin Endowm		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$
Retained Returns from Operating / Admin Reserve	\$4	\$5	\$6	\$5	\$5	\$4	\$5	\$6	\$6	\$6	\$4	\$5	\$6	\$5	\$
Fee for Service	\$15	\$17	\$19	\$21	\$25	\$15	\$17	\$19	\$21	\$Z.5	\$15	\$17	\$19	\$21	\$2
General Operating Grants	\$5	\$6	\$6	\$7	\$8	\$5	\$6	\$6	\$7	\$\$	\$5	\$6	\$6	\$7	\$
Rental Income	\$5	\$6	\$6	\$7	\$8	\$5	\$6	\$6	\$7	\$\$	\$5	\$6	\$6	\$7	\$
Other Revenue 4	\$53 \$62	\$58	\$64 \$68	\$70	\$77	\$53 \$62	\$58 \$65	\$64 \$68	\$70	\$77 \$75	\$53 \$62	\$58	\$64 \$68	\$70	\$7
Other Revenue 5	\$52	\$65	\$68 \$008	\$72	\$75	\$62	\$65	\$68 \$68Z	\$72	\$/5	\$62	\$65	\$68	\$72	\$7
otal Revenue	\$700	2003	2000	2024	\$/32	\$700	\$695	2002	\$/1/	\$/5/	\$700	2000	\$057	2003	202
Iperating Expenses															
Sataries	\$350	\$361	\$372	\$383	\$394	\$350	\$361	\$372	\$383	\$394	\$350	\$361	\$372	\$383	\$39
Benefits	\$52	\$53	\$55	\$56	\$58	\$52	\$53	\$55	\$56	\$58	\$52	\$53	\$55	\$56	\$5
Professional Development	\$26	\$27	\$27	\$28	\$29	\$26	\$27	\$27	\$28	\$29	\$26	\$27	\$27	\$28	\$2
Occupancy	\$77	\$80	\$82	\$84	\$87	\$77	\$80	\$82	\$84	\$87	\$77	\$80	\$82	\$84	\$8
Professional Services	\$10	\$11	\$11	\$11	\$12	\$10	\$11	\$11	\$11	\$12	\$10	\$11	\$11	\$11	\$1
Eventa	\$15	\$16	\$16	\$17	\$17	\$15	\$16	\$16	\$17	\$17	\$15	\$16	\$16	\$17	\$1
Printing & Publishing	\$5	\$5	\$5	\$6	\$6	\$5	\$5	\$5	\$6	\$6	\$5	\$5	\$S	\$6	\$
Communications	\$21	\$21	\$22	\$23	\$23	\$21	\$21	\$22	\$23	\$23	\$21	\$21	\$22	\$23	\$2
Special Initiatives	\$26	\$27	\$27	\$28	\$29	\$26	\$27	\$27	\$28	\$29	\$26	\$27	\$27	\$28	\$2
Community Leadership otal Operating Expenses	\$62	\$64	\$66	\$68 \$703	\$70	\$62 \$644	\$64	\$66 \$683	\$68 \$703	\$70	\$62	\$64 \$663	\$66	\$68 \$703	\$7
urplus / Subsidy	\$57	\$26	-\$15	-59	\$7	\$57	\$32	-51	\$13	\$33	\$57	\$23	-\$26	-\$34	-\$34

Assumptions Summary

In addition to the results data and charts, the final tab of the model shows all of the assumptions for each scenario and each forecast time period in one place. You can print this tab and use it as a back-up reference when you present your scenarios. Remember – all **assumptions that differ from the expected scenario will automatically be shaded in red** so you can easily locate them.

tep 3 - Assumptions Summary									_	Assuprition				Rack in Sie
		Expects No. 21, 2011 Dec 21, 20					Oytimietic					Pessinietic		
et Fund Related Assumptions	Dec 31, 2010 D	ec 31, 2011 Dec 31, 20	13 Dec 31,2013	Dec 31, 2014	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012 1	246 31, 2013	Dec 31, 2014	Dec 31, 2010 1	36.31,2011 1	346 31, 20 12 1	246 31, 2013 0	246 37, 205
nineral feature														
Market-Based Fund Growth (versus prior year)	4,0%	2,0% 2,1		2,0%	6,0%	7,0%	7,0%	7,0%	7,0%	2,0%	4,0%		5,0%	\$,01
Investment Fee (as % of assets) Use of funds	0,2%	0,2% 0,2	% 0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,21
		Pass Into 2 yr refina	yn Nŵ				Pass through				3	wind the upon		
Inderest income Inderest state	1.0%	1/25 1/		1.0%	1.0%	1.075	1.0%	1.0%	1.0%	1.0%	1.05	1.0%	1.075	1.01
Oher of Sunds	4,078	Reinergin	Ling 1,014	1,000	4,070	1,0%	binetin Log	1,078	1,018	4,07%	1,00		1,078	1,01
To of assets that earn interest		10%					10%					10%		
Mi Small Effective Admin Fee Ian 15, annesi	1.2%	1,3% 1,3	5 1.25	1.3%	1.25	1.3%	1.3%	1.2%	1.3%	125	1.25	1.3%	13%	1.31
New Gilbs (as 15 assets) Skarts Payout (as 16 assets)	2,0%	4,0% 5,1	% 5,0% % 5,0%		5,0%		5,0% 5,0%	5,0% 5,0%	5,0%	2,0%	S Mis	4,0%	4,0%	
Chairts Payout (unculation time Aurizon)		3-yrratiog	Ng .				yrialig ag				-,	y ratio ag		
NF: Medium														
Effective Admin Fee (as 1), assets) Effective Admin Fee (calculation time horizon)	1,2%	1,3% 1,3 3 yr rabig		1,3%	1,2%	1,3%	1,3% Pyrrating avg	1,2%	1,3%	1,2%	1,2%	1,3%	1,3%	1,39
	3,0%			5,0%	5,0%			5,0%	5,0%	2,0%	3,0%	y onlig Ag 4,656 5,0%	4,0%	4,01
Diants Payout (as % assets) Diretts Payout (asloakton time Andros)	5,0%	5,0% SJ		5,0%	5,0%		S,0%	5,0%	5,0%	5,0%	5,0%	5,0% yr rating arg	5,0%	\$,01
		Syntang												
NFI Lange Effective Admin Fee (as % assets)	1,3%	1,3% 1,3	% 1,2%	1,3%	1,3%	1,3%	1,3%	1,2%	1,3%	1,2%	1,2%	1,3%	1,3%	1,31
Effective Admin Fee (calculation time horizon) line Gibs (as 1), assets)	1.5%			3.075				3.075	3.55	-			4.071	_
Stards Plevald (as 1Lasands)	5,0%	5.0% 5.0	% S,0%	5,0%	5,0%		3,0% 5,0%	5,0%	5,0%	5,0%	\$,0%	5,0%	5,0%	5,01
Grants Payout (uniculation time Aprican)		3-yrraling	wy.				byrrating avg				,	-y rating ang		
Autoratilip Effective Admin Fee tas 15 assets)	1.2%	135 13	5 1.25	1.3%	1.25	1.3%	1.3%	1.2%	1.3%	125	1.25	1,3%	13%	1.31
Effective Admin Fee (calculation time horizon)		3-yrraing	- 1,2%								1,2%	y rating ang		
New Cills (as 11 assets) Tutote Revolut (as 11 assets)	2,0% 5,0%	3-yrnaling 4,0% 5,0 5,0% 5,0	5,0% 5,0%	5,0%	3,0%	4,0%	5,0%	5,0%	5.0%	40% 5.0%	4,2%	y rating ang 3,0% 5,0%	5,0%	5.01
Charity Paynut (unculation time Aprican)	3,078	3-yrnaling	Ng Ng		2,010	1,01	yrialing arg	2,016	3,0%	1,011	3,0%	y rating ang	Jan	1,01
restricted / FOI / Community Leadership														
Effective Admin Fee (as % assets) Effective Admin Fee (as % assets)	1,2%	1,3% 1,3 2 yr raiba		1,3%	1,3%	1,3%	1,3%	1,2%	1,2%	1,2%	1,2%	1,3%	1,3%	1,31
New Gilbs (as % assets) Skarts Payout (as % assets)	3,0%	4.0% 5.0	5.0%		3,0%	4,0%	5,0%	5,0%	5,0%	3,0%	4,0%	5,0%	5,0%	5,01
Drants Payout (as 11. assets) Drants Payout (adoption time April and	3,0%	5,0% 5,0 2 yr calloa		3,0%	3,0%		3,0% Syrrating avg	5,0%	3,0%	2,0%		7,0%	5,0%	3,01
		J'yrinneg	wy				Pyriang ang					y range and		
esignated / Agency Effective Admin Fee (as % assets)	1,2%	1,3% 1,3	% 1,2%	1,3%	1,2%	1,3%	1,3%	1,2%	1,3%	1,2%	1,2%	1,3%	1,3%	1,31
Effective Admin Fee (calculation time horizon) New Gibs (as % assets)	2.0%	3-yrraling	N2 5 5 010	5.0%	3.0%		by rolling ang	5.0%	5.0%	3.9%	3	y ratio ag	5.0%	5.01
	3,0%	4,0% \$3 5,0% \$3	5,01		3,0%	3,0%	5,0% 3,0%	3,0%	3,0%	3,0%	3,2%	5,0% 5,0%	3,0%	3,01
Grants Payout (unculation time Aurizon)		3-yrraing	wy.				byrrating avg				3	y rating ang		
apporting Organization Effective Admin Fee (as % assets)	1.3%	13% 13	5 1.25		1.3%	1.3%	1.3%	1.25	1.000	1.25	1.25	1.3%	1.206	1.31
New Gills (as 11. assets) Gxarts Payout (as 11. assets)	3,0%	4,0% \$3 5,0% \$3	% 5,0% % 3,0%		3,0%	4,0%	5,0% 3,0%	5,0% 3,0%	5,0%	3,0%	4,0%	5,0% 3,0%	5,0%	5,01
Grants Payout (advation time Anricon)		3-yrraing	Ng .				yrialing ang				-,	y rating ang		
her Fund 1														
Effective Admin Fee (as % assets) Effective Admin Fee (calculation time horizon)	1.2%	1.3% 1.3 Syrialia	% 1.2%	1.3%	1.2%	1.3%	1.3%	1.2%	1.3%	1.2%	1.2%	1.3%	1.3%	1.31
	3,0%	4,0% \$3 5,0% \$3	% S,0%	5,0%	3,0%	4,0%	S,0% S,0% S,0%	5,0%	5,0%	3,0%	4,0%	y rating ang 5,0% 5,0%	5,0%	5,01
Grants Payout (as 1L assets) Chants Payout (astruation time Anricon)	5,0%	5,0% 5,0 2 yr ratio		5,0%	3,0%		5,0%	5,0%	3,0%	2,0.0	5,0%	1,0%	3,0%	3,01
hard front 7		Syrrang	wy.				Pyrining ing					y roug ag		
	1.2%	13% 13	5 1.25	1.3%	1.2%	1.3%	1.2%	1.2%	1.3%	1.2%	1.25	1.2%	1.3%	1.31
Effective Admin Pere party administration time horizon) New Giffs (as. 1), assets)	2.00	3-yrrang	Ng 65 5.050	5.006	3.0%		byrrating ang	5.0%	5.006	2.0%		y rating ang	5.0%	5.00
Starts Paval (as 1Lasers)	5,0%	4,0% 5,1			5,0%		5,0% 5,0%	5,0%	5,0%	5,0%	5,0%	5,0% 5,0%	5,0%	5,01
Charits Payout (lahoutation time Aorizon)		3-yrratiog	Ng .				byrrating avg				3	y rating ang		
her Fund 3														
Effective Admin Fee (as % assets) Effective Admin Fee (calculation time horizon) New Gifts (as % assets)	1,3%	1,3% 1,3 3 wratha			1,2%	1,3%	1,3%	1,2%	1,3%	1,2%	1,3%	1,3%	1,3%	1,39
New Gills (as 15 assets) Skarts Pavlad (as 15 assets)	3,0%	4,0% 5,1 5,0% 5,1	% 5,0% % 5,0%	5,0%	3,0%	4,0%	5,0% 5,0%	5,0% 5,0%	5,0%	2,0%	4,2%	9 miles and 5,0% 5,0%	5,0%	5,01 5.01
Skantis Playout (as % assets) Chrents Playout (lahoutation time horizon)	4,0%	5,0% 5,3 3-yrraing		5,0%	3,0%	5,0%	3,0% Syrrating avg	5,0%	5,0%	2,0%	4,0%	y raling ang	4,D%	3,01
perating / Administrative Endpowerst Market Ardenezi Petars Net of Investment Fee (as 11. s Dae of Market / Administ Petars	3,0%	3,0% 3,0 stain as re Retain as	% 2,0%	3,0%	3,0%	3,0%	3,0% Retain as im P	3,0%	3,0%	2,0% Retain as rei P	3,0%	3,0%	3,0%	3,01
				Retain as re 3,0%		Retain as re 5,0%			Ratain as re- 3,0%					3,01
Distribution of Principal (as %Lassers)	0,0%	0,0% 0,1	% 0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,01
perating/Administrative Reserve					2.0%				2.0%	2.0%	2.0%	2.0%		2.01
Market Interest Person Net of Investment Fee (as 15 s Dise of Market / Interest Person	2,0% Retain as rei R	2,0% 2,0 etain as re Retain as	ne Retain as ne	2,0% Retain as re	Z,0% Retain as ne	2,0% Retain as re	2,0% Retain as rei P	2,0% attais as re	2,0% Ratain as re-	2,0% Retain as no P	2,0% Mais as re R	2,0% Matalin as no P	2,0% ketain as ne R	2,01 latain as a
er Revenue Annumations														
e ha Service menul Operating Grants	2,0%	10,0% 10,0			3,0%	10,0%	10,0% 20,0%	10,0%	23,0%	3,0%	10,0%	22,0%	10,0%	23,01
her Revenue 4 her Revenue 5	5,0%	10,0% 10,0 5,0% 5,0		10,0%	5,0%	10,0%	10,0% 5,0%	10,0%	13,0% 5.0%	5,0%	10,0% 5,0%	10,0% 5,0%	10,0%	10,01 5.01
and the Research Researching	2,000		2,01		100	1,0%	1.0.0	2,078	2,014	40%	3,0%	1.0-10	3,0%	2,00
darina.	3,0%	3,0% 3,0	% 2,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,01
netts ofesional Development	2.0%	2.0% 2.1		3.0%	2.0%	3.0%	2.0%	2.0%	2.0%	2.0%	3.0%	2.0%	2.0%	3.01
custory .	2.0%	3.0% 3.1	5 3.05	3.0%	3.0%	3.0%	3.0%	2.0%	3.0%	3.0%	3.0%	3.0%	2.0%	3.01
ofessional Services with	2,0% 3,0%	2,0% 2,1 2,0% 2,1		3,0%	3,0%	3,0%	2,0%	3,0% 3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,01
Inding & Publishing														
annunkasians aktist lähistens	3,0%	3,0% 3,0	% 2,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	2,0%	3,0%	3,0%	3,0%	3,0
ecial initiatives animunity Leadership	3,0%	1,0% 1,1	3,0%	1,0%	1,0%	3,0%	20%	3,0%	3,0%	10%	3,2%	20%	3,0%	3,01
utorents to Burplus / Bubsidy		105 1	K 809	826	806	105	826	105	104	201		806		10

Model Legend

Must Have Optional

Presenting Your Results & Findings

To help you present your findings, a PowerPoint template has been created with four sections. The template is **designed for a Board or senior management level discussion** and is thus a **high-level depiction** of all of the data and analysis that the ESP model provides. The purpose of the presentation is to jumpstart a conversation on the **strategic implications of your forecasts**. However, you know your audience the best, thus feel free to modify the template accordingly.

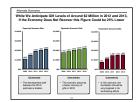
- **I.** *Introduction*: Providing background of the ESP model and an executive summary of the key forecast findings and implications (*slides 3 and 4*)
 - Note: You will have to fill out the executive summary table on slide 4 based on the circumstances of your particular foundation
- **II.** *Expected Scenario*: Allowing you to present both the assumptions and results of the expected scenario
 - A slide on which to **fill out your key assumptions** (*slide* 6)
 - **Graph placeholders** for you to **fill in data** from the expected scenario on:
 - Assets, Gifts, Grants (*slide 7*)
 - Revenues, Operating Expenses, Surplus / Subsidy (slide 8)
 - Months of Cash, Fee Revenue % of Operating Expenses, Grants % of Assets (*slide 9*)
 - Note: To replace the placeholder data with your data, just double click on each graph and paste in the numbers from your model; you might have to change the scale of the axes
- **III.** *Alternate Scenarios*: Allowing you to present both the assumptions and results of the alternate scenarios
 - A slide on which to fill out which key assumptions you've changed in each of the alternate scenarios (*slide 11*) – remember you can locate these easily on the tab called "Step3_Assumptions" as they'll be shaded in red.
 - Graph placeholders for you to fill in side-by-side data from all three scenarios on:
 - Assets (slide 12)
 - Gifts (*slide 13*)
 - Grants (slide 14)
 - Surplus / Subsidy (*slide 15*)
 - Revenue Mix (*slide 16*)
 - Note: To replace the placeholder data with your data, just double click on each graph and paste in the numbers from your model; you might have to change the scale of the axes and remove the \$ that paste in
- IV. Discussion: Anticipating and posing key questions
 - If you participated in a **peer learning group**, you can use *slide 18* to describe or depict how your assumptions and results **compare** to other community foundations
 - On *slide 19* you can tee up the important discussion questions / topics that your ESP analysis raises for your foundation
 - The top table should match the table on *slide 4*
 - The bottom table allows you to add additional findings / discussion points as relevant



	an menua we ve Expe	rienced in the Past Few Mon
1 100 1001 100 100	Expected Scen	atio
	with pur transformed advance, developer 2010, with no sharingen in speculing pur Construct, while are supplied our special	erd staff, and proportically this sciences associate later. The staff off continue to pursue other source inglicological associations.
	Key Assumption	ona -
Calegory	Assumption	Failurale
See Market Performance	45. witer in 2006. Informating francy parts of 75. return	Bernamisis and experting markets in resource in 2010 for average annual S&P return since 1982 to 9.2%
the Design	New plins as 5, of association 25, in 2020, all in 2010, and 25, the scalar	These VL are leave than these of the period of 2000 2000 homous the assessmenty several may server sknow than the markets (pilling memory)
E Speeding	No sharipes (in two sensite 1.2% of anote and participalit not remain at almost DS, if anoth)	We do not its hit product in increase laws, we have seen the IDLIncol of graninating hold sleady now th past 12 membra.
ð Streemen	Peaker service and personal spending grants grow at 10% effer 2000, write income grows slightly aleree inflaten	Emailer approactions and continue to look in us for back office support our community effects during the which will pay off in the form of operating support
Consting Expenses	Annual granth of 2%	Growth reflects inflation and small pay immerants since preserving speculing separity is a key priority in the preserving speculing separation as assumed

Expected Scenario We Expect Assets to Recover to Pre-Recession Gifts Lagging Behind Grants Unt	
	Comments - Absolute-grant levels will not recover to 2008 levels until after 2013 - The Saundation must
00% 64,000 84,0000 84,0000 84,0000 84,0000 84,0000 84,0000 84,0000000000	decided if changes to the spending policy should be made to allow for increased gammaking I if we decide to keep the pay-built of the we should liet our gammes communit be know soon
Cambo	community know soon that they should expect ferver available resources until 2013
ann 2000 2010 2011 2012 2013	





Based on the Results of the Eco Foundation, Several Key Disc	
Key Finding	Discussion Topic
E we keep our grant pay-out at 5%, grants in 2011 will be 15% lower than in 2007	Should we in crease our grampay-out sale?
Administrative tess will likely cover only 70% of our operating expenses in the coming years	Should we make further budget reductions or in crease efforts around other revenue sources?
Our operating meanwawill get down to 4 months of cash-by year's end	Should we issunch a fundaleing campaign for general operating support next year?
Secondary Finding	Discussion Topic
A deficit may not be avoidable in 2011 and 2012	Is the board comfortable with this?
Total fees for our small DAFs will hover around \$20,000 for the next few years	Should we create minimum feet to bring the fee level back up to cover 14 FTE?

Must Have Optional