Navigating COVID-19 for Nonprofits:
From Financial Triage to Scenario Planning

Welcome! The webinar will begin shortly!
Navigating COVID-19 for Nonprofits:
From Financial Triage to Scenario Planning

April 15, 2020
Before we begin...

Navigating COVID-19 for Nonprofits: From Financial Triage to Scenario Planning

Hilda Polanco, Founder and CEO, FMA
Gretchen Upholt, Lead Consultant, Midwest, FMA
Lucas Bernays Held, Director of Communications, The Wallace Foundation

April 15th, 2020
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April 15th, 2020

FMA
PISCAL STRENGTH FOR NONPROFITS

Wallace

Q&A

Willie Roberson - 7:25pm
Q: How should nonprofits navigate COVID-19?
Before we begin...
Our Presenters

HILDA POLANCO
Founder and CEO, FMA

GRETCHEN UPHOLT
Lead Consultant, Midwest, FMA

Strongnonprofits.org
Navigating COVID-19 for Nonprofits: From Financial Triage to Scenario Planning

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April 15th, 2020
Financial Planning

Understand Current Financial Position

Identify Implications and Scenarios

Manage Cash Flow

Net Assets
Revenue
Financing
Operating Cash Flow
Liquidity
Expenses
Composition of Net Assets

Without Donor Restrictions
- Board Designated
- Liquid Unrestricted Net Assets (LUNA)

With Donor Restrictions
- Temporarily Restricted
- Endowments
Implications to Consider

Revenue  Expenses  Financing
Revenue and Support Strategies

Revenue Considerations

- Emergency Relief Funds
- Identify Core Operations
- Identify Core Funders / Earned Revenue Sources
Revenue Sources

Contributed Revenue
- Individual Donations
- Foundation / Corporate
- Special Events
- In-Kind Donations

Earned / Other Revenue
- Government
- Program Service Fees
- Endowment Income
- Other (interest, unrelated business income, etc.)
## Scenario Planning Tool

### Revenue Scenario Planning Tool

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**Program 1**

- **VARIABLE:**
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- **FY Expense Budget for Program 1:** $-

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Expense Drivers

Key Expense Categories

- Workforce
- Occupancy
- Other Goods & Services
Expense Drivers

• **Major categories of expense:**
  – Workforce related
  – Facilities / occupancy
  – Other

• **Regroup expenses into three categories:**
  – Fixed
  – Variable
  – Semi-variable
Implications: Expenses

- **Workforce expenses:**
  - Salaries
  - Accrued Paid Time Off (PTO) by staff
  - Federally mandated expanded sick leave

- **Possible actions:**
  - Reshape/consolidate positions
  - Offer Part-time (note implications to benefits)
  - Furloughs
  - Lay offs
Cash Flow and Financing

- Develop cash flow projections
  - Week
  - Month
  - Quarter
- Approach vendors and partners; revisit payment terms
- Delay non-essential payments
- Approach those who owe you funds (Accounts Receivable)
- Approach funders for potential acceleration of grant payments
# Cash Flow Planning Tool

## Cash Flow Projection Template

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**CAPITAL AND FINANCING**

**Cash Receipts**
- Cash received from loans/financing
- Transfers from savings/investments

**Cash Disbursements**
- Capital purchases
- Repayment of loan principal
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**NET CASH EXCESS (SHORTFALL)**

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**ROLLING CASH BALANCE**

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Financing

Sources of Financing

- Existing lines of credit
- SBA loans / CARES Act
- Philanthropy bridge loans
- Low interest loans from CDFIs
CARES Act

U.S. Small Business Administration (SBA loans)

• Disaster Assistance Program or Economic Injury Disaster Loan (EIDL):
  – Existing loan program, up to $2m to nonprofits of all sizes at 2.75% interest
  – No loan forgiveness
  – May be used to cover payrolls, accounts payable, fixed debts and other bills that can’t be paid due to COVID-19 impact
  – CARES extends this existing program to include an emergency advance, pending an application, of up to $10k that must be distributed to organizations within 3 days

• 7(A) or Paycheck Protection Program (PPP)
  – Loans up to $10m to nonprofits with no more than 500 employees, interest capped at 4%
  – May be used to cover expenses incurred between 2/15 – 6/30 2020 for payroll, health benefits, rent, interest on mortgages, utilities and fixed debts.
  – Those portions spent on payroll, rent, interest on mortgages and utilities can be forgiven.
  – The amount of forgiveness, up to 100%, depends on the extent to which the organization retains employees through 6/30.
  – FMA PPP Toolbox: http://fmaonline.net/ppptoolbox/
Taking Action

**Leadership**

*Engage the right leaders in planning and decision making*

**Scenario Planning**

*Develop best, moderate, and worst case scenarios*

**Communication**

*Communicate often, across multiple channels, to all impacted*
Leading Through a Crisis

www.fmaonline.net/COVID-19


COVID-19 Response Resources

A MESSAGE TO NONPROFITS AND FUNDERS

This page gathers FMA’s latest thinking and tools to support you in managing your nonprofit’s finances (or supporting your grantees as they do) amidst the rapid changes and uncertainty we are all facing in 2020.

Hilda Polanco’s recent letter offered a framework for nonprofits organizing a response to the COVID-19 crisis. This frequently-updated page will compile resources to support you in carrying out your response within that framework, with resources vetted and recommended by FMA.

Most recent update 3.31.2020 6:30PM ET

TAKE STOCK

Start by reading this interview with the Wallace Foundation, in which Hilda addresses the top questions on every nonprofit leader’s mind right now. Below are links to key resources referenced in the article.

1. Monitor your cash flow and examine your reserves – The goal of this fiscal inventory is to both understand your current position, and then be prepared to communicate your financial story to your key donors and funders.
What questions and thoughts do you have?
Resources: Current Environment

- FMA COVID-19 Response Resources [www.fmaonline.net/COVID-19](http://www.fmaonline.net/COVID-19)

- FMA PPP Toolkit
  Tools for the CAREs Act Payroll Protection Program (PPP), updated as information changes [http://fmaonline.net/ppptoolbox/](http://fmaonline.net/ppptoolbox/)


- Community Foundation Public Awareness Initiative list

- Candid. Funds for coronavirus relief
  [https://candid.org/explore-issues/coronavirus/funds](https://candid.org/explore-issues/coronavirus/funds)

What is the difference between a furlough, a layoff and a reduction in force?

The Coronavirus Crisis Doesn’t Have to Lead to Layoffs
https://hbr.org/2020/03/the-coronavirus-crisis-doesnt-have-to-lead-to-layoffs
Resources: Nonprofit Finance

• *Keeping it in Reserve: Grantmaking for a Rainy Day.* Hilda Polanco and John Summers, Nonprofit Quarterly, May 2016: [https://nonprofitquarterly.org/2016/05/02/keeping-it-in-reserve-grantmaking-for-a-rainy-day/](https://nonprofitquarterly.org/2016/05/02/keeping-it-in-reserve-grantmaking-for-a-rainy-day/)


In collaboration with the Wallace Foundation, FMA has created a library of tools and resources to help organizations become “fiscally fit”

Four Topic Areas:  Planning  |  Monitoring  |  Operations  |  Governance

Planning Resources for Nonprofit Financial Management
Good planning finds the most effective ways to deploy your organization’s resources — and meet your overall objectives. Materials here include help with budgeting, cost calculations and cash projections.

Strengthening the Budget Development Process
Resources

www.StrongNonprofits.org
Resources for Nonprofit Financial Management

Sections and Selected Resources

Planning

* Strengthening the budget development process
  * A Five-Step Guide to Budget Development (PowerPoint) *

* Projecting cash flow and financial results
  * Cash Flow Projection Template for Nonprofit Financial Managers (Excel) *
  * Year End Forecast Template (Excel) *

* Calculating the true cost of programs
## Scenario Planning Tool

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Online Tutorials for StrongNonprofits.org

FMA offers complimentary orientation one-hour webinars that feature an overview of the website and drill down on several of its key resources.

Upcoming webinar:

- April 23, 2020 at 3:00pm ET / 12:00pm PT
- May 19, 2020 at 2:00pm ET / 11:00am PT

To register, or see upcoming webinar dates:

https://fmaonline.net/events

For a 15-minute, on-demand webinar tour of the site:

http://fmaonline.net/strongnonprofits
FMA

- Established in 1999 to serve not-for-profit organizations around the country
- Provides customized financial management, accounting, software, organizational development, and other consulting services
- Works directly with organizations or through funder-supported management and technical assistance programs

FMA exists to build a community of individuals with the confidence and skills to lead organizations that change the world

Hilda Polanco, CPA, CCSA®, CGMA
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@FMA4Nonprofits
/FiscalManagementAssociates
/company/fiscal-management-associates-llc

www.fmaonline.net

New York • Chicago • Oakland • Providence • Washington, DC
Thank you!

For more information, please visit:

Strongnonprofits.org (part of wallacefoundation.org)
and fmaonline.net

A recording of this webinar and the slides will be posted on wallacefoundation.org and fmaonline.net