

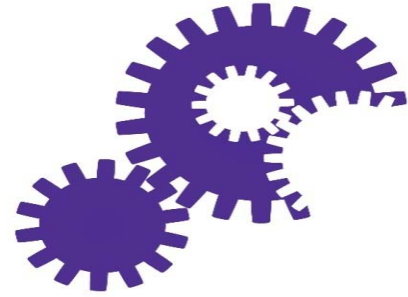


Essential information for nonprofits navigating COVID-19

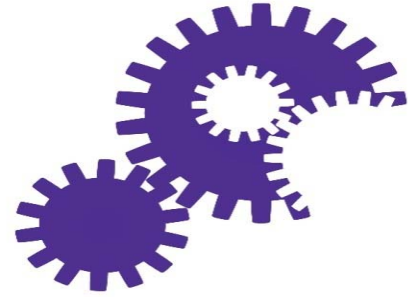
pittsburghfoundation.org/covidwebinar

Immediate and Longer-Term Tools, Tips, and Assistance

- ▶ What are you doing with your staff who are working remotely but do not have enough work to fill a whole day?
- ▶ How are you approaching the various needs of your employees - such as many of them are caring for children, teaching their kids, balancing life...
- ▶ Do your policies include something like Executive Leave?

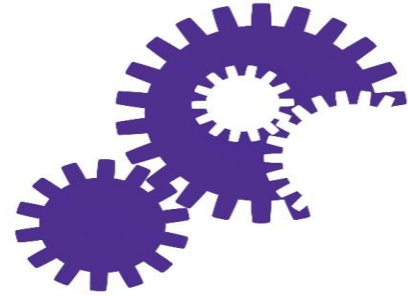


Executive Leave sample - xyz provides executive leaves on occasions. The Executive Director may allow employees time off with pay at his/her/their discretion. xyz is not responsible for the activities of the employees during periods of executive leave.



Communication with the Team

- ▶ Lots of platforms and Zoom is an easy one to learn and implement
- ▶ Tech Soup provides Zoom cheaply for a year to eligible nonprofits
- ▶ Frequency and length up to you, but give people a chance to talk and share and connect to keep a sense of community with your team
- ▶ Use this as a time to check-in with and on folks
- ▶ Be the best communicator you can be





Harry Kramer, Kellogg Insight March 2020

- ▶ Mantra 1: You're going to do the right thing, and you're going to do the best you can do.
- ▶ Mantra 2: You're going to tell people what you know, what you don't know, and when you'll get back to them to discuss what you didn't know before.

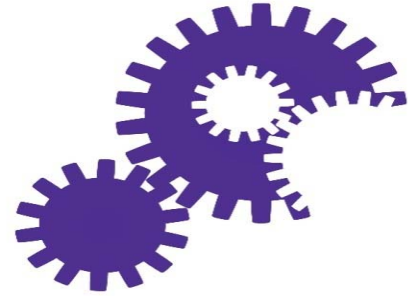



Timothy Clark Harvard Business Review March 2020

- ▶ Reset expectations
- ▶ Stay in touch
- ▶ Support learning but keep it short
- ▶ Use mutual support
- ▶ Interpret tone and voice for proxies for face to face....ask others to speak on Zoom as an example
- ▶ Model optimism - reduce fear
- ▶ Communicate - updates....open communication
- ▶ Gauge stress and communication levels

Financial Decisions

- ▶ Engage your Board - focus on your mission
- ▶ Engage your funders - all types
- ▶ Discuss potential changes, needs, flexibility
- ▶ Comply with all requirements of funding
- ▶ Advice being given by everyone: keep spending down, analyze all revenues, do cash flow projections, adhere to requirements
- ▶ Example - if you have restricted funds, endowment funds, reserve funds, read all guidelines and policies to operate within those limitations
- ▶ If you are pursuing the PPP in the CARES act, confer with your Board
- ▶ Limit any other borrowing as best as you can
- ▶ Did I mention to engage your board - short and long view!





Cash flow and strategic considerations to enable recovery

Susan E Maloney, CPA
Firm Director

April 16, 2020



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Introduction



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- Specialization in not-for-profit and higher education assurance and advisory services
- Board Member, Imani Christian Academy, ACTION-Housing, Christian Immigration Advocacy Center

Strategic solutions during periods of uncertainty should incorporate all of the following:

- Short-term: immediate cash flow considerations
- Mid-term: next fiscal year
- Long-term: opportunities for growth

Don't let the urgent outweigh the important!



Short-term

- 13-week cash flow diagnostics
- Relief funding, accounting and compliance
- Communication with stakeholders in a remote environment
- Workforce management

13-week cash flow diagnostics

- Starting point – most current reliable internal financials
- Create high level re-forecast
- Prioritize cash-impact items, receivables, short-term debt, current liabilities
- Focus on large dollar items; don't get caught up in details
- Keep stakeholders informed
- Consider internal controls

Strategic scenario planning:

- Worst case scenario
- Most likely scenario
- Best case scenario

Factors could include:

- **Epidemiological factors:** the number, growth rate and timing of the spread of cases
- **Economic factors:** vendor disruption, donor behavior, unemployment rates, delivery of services
- **Social factors:** government or quarantine orders

Step 1: Identify scenarios

The process to define the scenarios involves:

- Identifying the driving forces or key leading indicators that will impact future scenarios
- Creating a set of assumptions, performance ranges and triggers around the key indicators to begin to define scenarios
- Prioritizing the driving forces that represent the most critical uncertainties as to how the future environment will change
- Developing example scenarios based upon the assumptions regarding how the uncertainties resolve themselves over time

Examples of scenarios and leading indicators

Leading indicators		Best scenario: quick recovery Recover by 2Q20	Most likely scenario: global economic slow down Recover by EO3Q20	Worst scenario: long term global recession Recover by 2Q21
Epidemiological	Number of cases in US	200,000	500,000	1,000,000
	Rate of spread	Curve flattens	Sustained local transmission	Accelerated spread
	Geographic spread	US, China, Italy only hot spots	Northern hemisphere hot spots	Northern and southern hemisphere hot spots
	Availability of treatment	None	Treatment available and effective in US	No viable treatment options
	Time to market for vaccine	4Q20	1Q21	3Q21
Economic	US unemployment rates	3 million	5 million	10 million
	Chinese supply chain status	Shipments - 15% disruption	Shipments - 30% disruption	Return of virus - 50% disruption
	Durable goods spending	Return to normal	Gradual increase	Slowed return
	Customer demand/consumption	Return to normal	Gradual increase	Slowed return
Social	Government mandated social distancing	Ends April 2020	Ends September 2020	Ends Jan 2021
	Government ordered local and global travel bans	Lifted April 2020	Lifted September 2020	Lifted January 2021
	Closings of schools and institutions	Open April 2020	Open September 2020	Open January 2020

13-week cash flows

High level goals:

- Speed up cash in
 - E-billing, E-invoicing
 - Strategies to communicate to donors
- Slow down cash out
 - Stretch payment terms to the extent possible
 - Renegotiate contracts
 - Talk to lenders about covenants
 - When in doubt, ask!



The background of the slide shows a blurred image of a person in a business setting. On the left, a person's head and shoulder are visible, wearing a dark blue jacket. In the center, a laptop is open on a desk. To the right of the laptop, there are several documents or papers, one of which features a colorful pie chart. The overall scene is out of focus, emphasizing the text overlay.

Uncertainty vs. Risk

- Risk management scenarios rely on measuring likelihood of scenarios
- Current situation presents uncertainty with respect to probability and unknowns



Relief funding, accounting and compliance

- CARES Act funding, SBA loans, tax deferrals, PPP management, unemployment
- Tracking COVID-19 related expenditures
- Documenting the effect on financials is the key to obtaining optimal recovery funding

Communication with stakeholders in a remote environment

- Zoom and similar platforms
 - Opportunities and risks
- IT environment and cybersecurity
 - Remote working conditions, remote service delivery, capacity, internal controls
 - Crises are breeding grounds for scammers
- Dashboards
 - Management, leadership, consider frequency of communications
- Social media
 - Communication tools to stay connected are critical



Workforce management

- Meeting organizational needs and employee needs
- Layoffs and furloughs
- Communication
- Retention of teams

Step 2: Develop strategic actions for each scenario

Once the scenarios are defined and leading indicators are quantified, a set of strategic actions should be defined for each scenario.

Now is not the time to begin a lengthy strategic planning process.

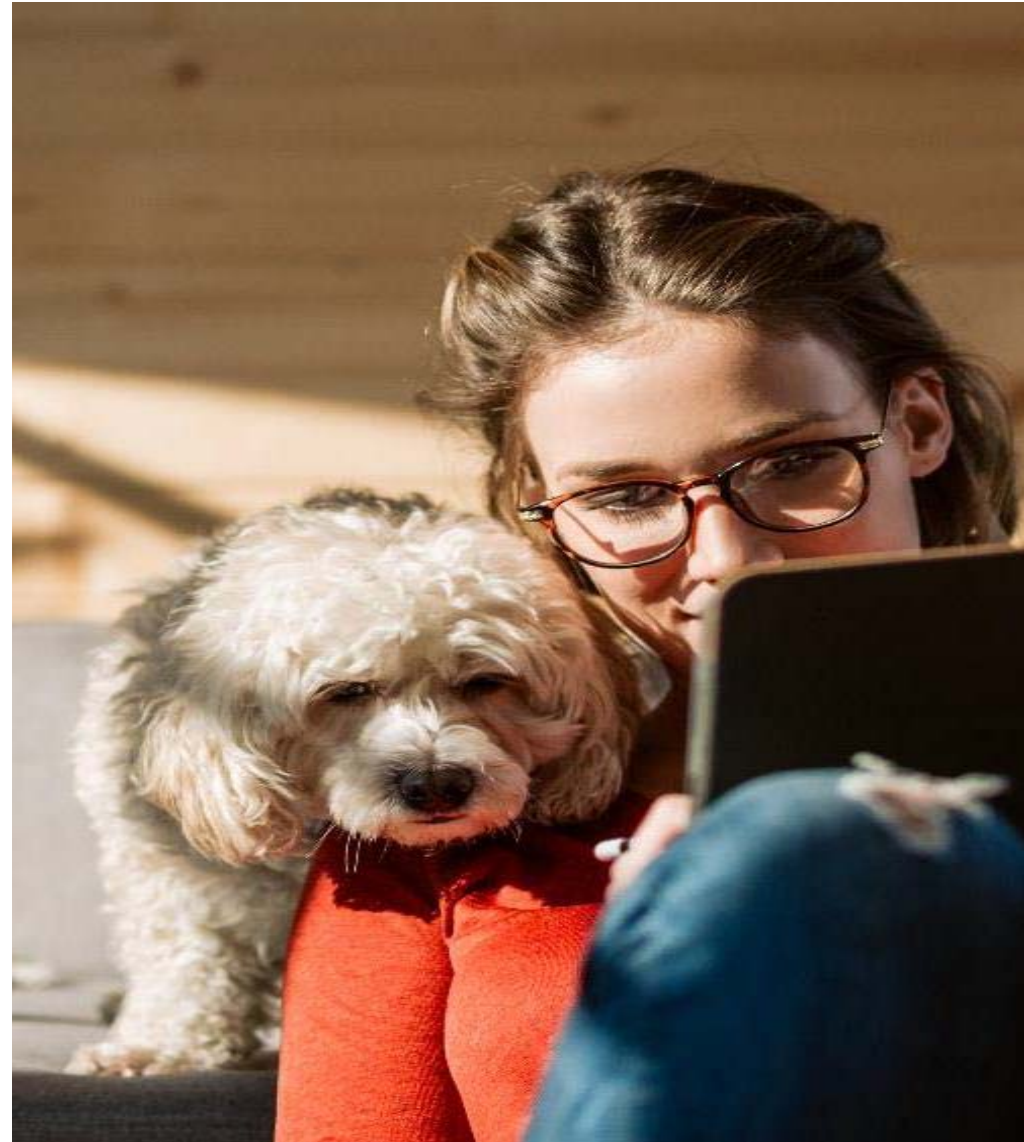
The portfolio of strategic actions for each scenario should establish a roadmap for the business to:

- Stabilize the current financial situation
- Prepare for the post-crisis “new normal”

Step 3: Monitor the recovery and refine strategic responses

Mid-term

- Projection of short-term to mid-term (2021)
 - Short-term decisions will affect: workforce retention, donor relations, fiscal decisions
- “New normal” opportunities
 - Remote communication
 - “Do we really need that?”
 - Creative solutions in:
 - Development
 - Service delivery



Long-term

New normal = permanent change

This crisis, in its present form, will end, and focus will need to return to the future.

Opportunities:

- What do we need, what can we live without?
- What do we now know how to do better, more creatively?

ADDITIONAL RESOURCES

Not-for-profit coronavirus resource center

Our not-for-profit professionals have developed a collection of resources to help organizations prioritize and navigate through this challenging time.

ARTICLE



Developing a 13-week cash flow model for not-for-profit organizations

RESOURCE



Paycheck Protection Program (PPP) FAQ

WEBINAR



CARES Act: a guide for small businesses and not-for-profits

ARTICLE



SBA issues regulations on Paycheck Protection Program

bakertilly.com/specialties/not-for-profit-coronavirus-resources

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Thank you!



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PARTNER  WORK

The Workforce Development Board for the Pittsburgh Area

partner4work.org

Twitter: @PghWorkforce | Facebook: @Partner4WorkPgh | LinkedIn: @Partner4Work-Pittsburgh

System response to COVID-19 crisis

For Businesses

- Recruitment assistance for surge hiring needs
- Rapid Response and Layoff Aversion Services
- Connection to small business assistance programs

For partners and providers

- Virtual service-delivery training resources
- Weekly strategy-setting, challenge mitigation sessions
- Advocacy for flexibility and to bring resources to Pittsburgh and Allegheny County

For adult and young workers/job seekers

- Virtual workshops and career fairs
- Learn & Earn Summer Youth Employment Program
- COVID-related resources and support referrals

Immediate hiring and training opportunities

<https://www.pacareerlink.pa.gov/jonline/JobSeeker/COVID19Employment>

www.CareerLinkPittsburgh.com
for information, virtual hiring events, training
resources, and assistance

Retail – Giant Eagle/GetGo, Aldi, Walmart

Manufacturing – U.S. Steel, Philips
Respironics, TruFood, Mine Safety
Appliance

Warehousing – Amazon

Call Centers – CVS, PNC, UPMC

Health Care Workers and Home

Health Aides – UPMC, Wesley Family
Services, Liken Home Care, Highmark

Helpful links



<https://www.uc.pa.gov/COVID-19/CARES-Act/Pages/default.aspx>

<https://www.pacareerlink.pa.gov/jponline/JobSeeker/COVID19Employment>

www.jobs4summer.org

<https://www.partner4work.org/news/covid-19-resources/>



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