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
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.
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

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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

<table>
<thead>
<tr>
<th>Leading indicators</th>
<th>Best scenario: quick recovery Recover by 2Q20</th>
<th>Most likely scenario: global economic slow down Recover by EO3Q20</th>
<th>Worst scenario: long term global recession Recover by 2Q21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of cases in US</td>
<td>200,000</td>
<td>500,000</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Rate of spread</td>
<td>Curve flattens</td>
<td>Sustained local transmission</td>
<td>Accelerated spread</td>
</tr>
<tr>
<td>Geographic spread</td>
<td>US, China, Italy only hot spots</td>
<td>Northern hemisphere hot spots</td>
<td>Northern and southern hemisphere hot spots</td>
</tr>
<tr>
<td>Availability of treatment</td>
<td>None</td>
<td>Treatment available and effective in US</td>
<td>No viable treatment options</td>
</tr>
<tr>
<td>Time to market for vaccine</td>
<td>4Q20</td>
<td>1Q21</td>
<td>3Q21</td>
</tr>
<tr>
<td>US unemployment rates</td>
<td>3 million</td>
<td>5 million</td>
<td>10 million</td>
</tr>
<tr>
<td>Chinese supply chain status</td>
<td>Shipments - 15% disruption</td>
<td>Shipments - 30% disruption</td>
<td>Return of virus - 50% disruption</td>
</tr>
<tr>
<td>Durable goods spending</td>
<td>Return to normal</td>
<td>Gradual increase</td>
<td>Slowed return</td>
</tr>
<tr>
<td>Customer demand/consumption</td>
<td>Return to normal</td>
<td>Gradual increase</td>
<td>Slowed return</td>
</tr>
<tr>
<td>Government mandated social distancing</td>
<td>Ends April 2020</td>
<td>Ends September 2020</td>
<td>Ends January 2021</td>
</tr>
<tr>
<td>Government ordered local and global travel bans</td>
<td>Lifted April 2020</td>
<td>Lifted September 2020</td>
<td>Lifted January 2021</td>
</tr>
<tr>
<td>Closings of schools and institutions</td>
<td>Open April 2020</td>
<td>Open September 2020</td>
<td>Open January 2020</td>
</tr>
</tbody>
</table>
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!
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?
Our not-for-profit professionals have developed a collection of resources to help organizations prioritize and navigate through this challenging time.

**Not-for-profit coronavirus resource center**

[Additional Resources]

- Developing a 13-week cash flow model for not-for-profit organizations
- Paycheck Protection Program (PPP) FAQ
- CARES Act: a guide for small businesses and not-for-profits
- SBA issues regulations on Paycheck Protection Program

[Link to resource center](bakertilly.com/specialties/not-for-profit-coronavirus-resources)
Baker Tilly’s not-for-profit practice

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87+ years providing audit, accounting, tax and consulting to not-for-profit entities
1,800+ not-for-profit clients, including corporate foundations
280 dedicated not-for-profit professionals

Visit bakertilly.com/notforprofit for more information.
Thank you!

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PARTNER4WORK
The Workforce Development Board for the Pittsburgh Area

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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/jponline/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/
Get agenda updates here:

pittsburghfoundation.org/covidwebinar