

# Navigating COVID-19 for Nonprofits:

## From Financial Triage to Scenario Planning

*Welcome! The webinar will begin shortly!*

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# Navigating COVID-19 for Nonprofits:

## From Financial Triage to Scenario Planning

April 15, 2020

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# Before we begin...

The screenshot displays a Cisco Webex Events window. The main content area shows a presentation slide with a blue background and white text. The slide title is "Navigating COVID-19 for Nonprofits: From Financial Triage to Scenario Planning". Below the title, the speakers are listed: Hilda Polanco, Founder and CEO, FMA; Gretchen Upholt, Lead Consultant, Midwest, FMA; and Lucas Bernays Held, Director of Communications, The Wallace Foundation. The date "April 15<sup>th</sup>, 2020" is also present. At the bottom of the slide, the logos for FMA (FISCAL STRENGTH FOR NONPROFITS) and Wallace are visible. The participants sidebar on the right lists "Hatcher Group" as the Host and "Willie Roberson" as an Attendee. Two red circles highlight the "Mute" icons for the Host and Attendee, which are currently disabled (indicated by a slash through the icon).

Cisco Webex Events

HG  
Hatcher G... (Host)

## 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 15<sup>th</sup>, 2020

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Wallace

Participants

Search

Panelist (1)

HG Hatcher Group  
Host

Attendee

WR Willie Roberson  
Me

Chat

Q&A

# Before we begin...

Cisco Webex Events

Connected

Hatcher G... (Host)

Viewing Wallace Res...

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

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FISCAL STRENGTH FOR NONPROFITS

**Wallace**

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Panelist (1)

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Willie Roberson  
Me

**Chat**

from Willie Roberson to Host (privately): 7:22 PM  
Will the webinar be recorded?

Send to: Host

Enter chat message here

**Q&A**

All(1) My Q&A(1)

Willie Roberson - 7:25pm  
Q: How should nonprofits navigate COVID-19?

Ask: All Panelists

Select a participant in the ask menu first and type your question here.  
There is a 256 character limit.

Mute Video Chat Exit

# Before we begin...

Participants window showing the initial state. The 'Send to' dropdown menu is open, listing options: Host, Presenter, Host & Presenter, All Panelists, and Hatcher Group. The 'Ask' field is set to 'Hatcher Group'.

Participants window showing the 'Ask' dropdown menu open, listing options: Host, Presenter, Host & Presenter, and All Panelists. The 'Ask' field is set to 'Hatcher Group'.

Participants window showing a chat message from Willie Roberson to Host (privately) at 7:22 PM: "Will the webinar be recorded?". Below it, a Q&A entry is visible: "Willie Roberson - 7:25pm Q: How should nonprofits navigate COVID-19?". The 'Send to' dropdown is set to 'Host' and the 'Ask' dropdown is set to 'All Panelists'.

# Our Presenters



**HILDA POLANCO**  
Founder and CEO, FMA



**GRETCHEN UPHOLT**  
Lead Consultant, Midwest, FMA

The screenshot displays the homepage of Strongnonprofits.org. At the top, the Wallace logo is on the left, and navigation links for 'Blog | News and Media', 'SUBSCRIBE', 'Knowledge Center', 'How We Work', and 'About Wallace' are on the right. The main heading is 'Resources for Nonprofit Financial Management'. Below this is a search bar and a navigation menu with tabs for 'Overview', 'Planning', 'Monitoring', 'Operations', 'Governance', and 'All Resources'. The 'How to Strengthen Financial Management' section includes a sub-section 'Four Key Areas of Strong Financial Management' with four cards: 'Planning' (budgeting and financial analysis), 'Monitoring' (regularly reviewing financial results), 'Operations' (strong infrastructure for planning and monitoring), and 'Governance' (board oversight and guidance). A 'FEATURED RESOURCES' section on the left lists 'Out-of-School Time Cost Calculator' and 'Finance Functions: A Budget Template that facilitates spending by program'. At the bottom, there is an email subscription form and the Strongnonprofits.org logo.

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

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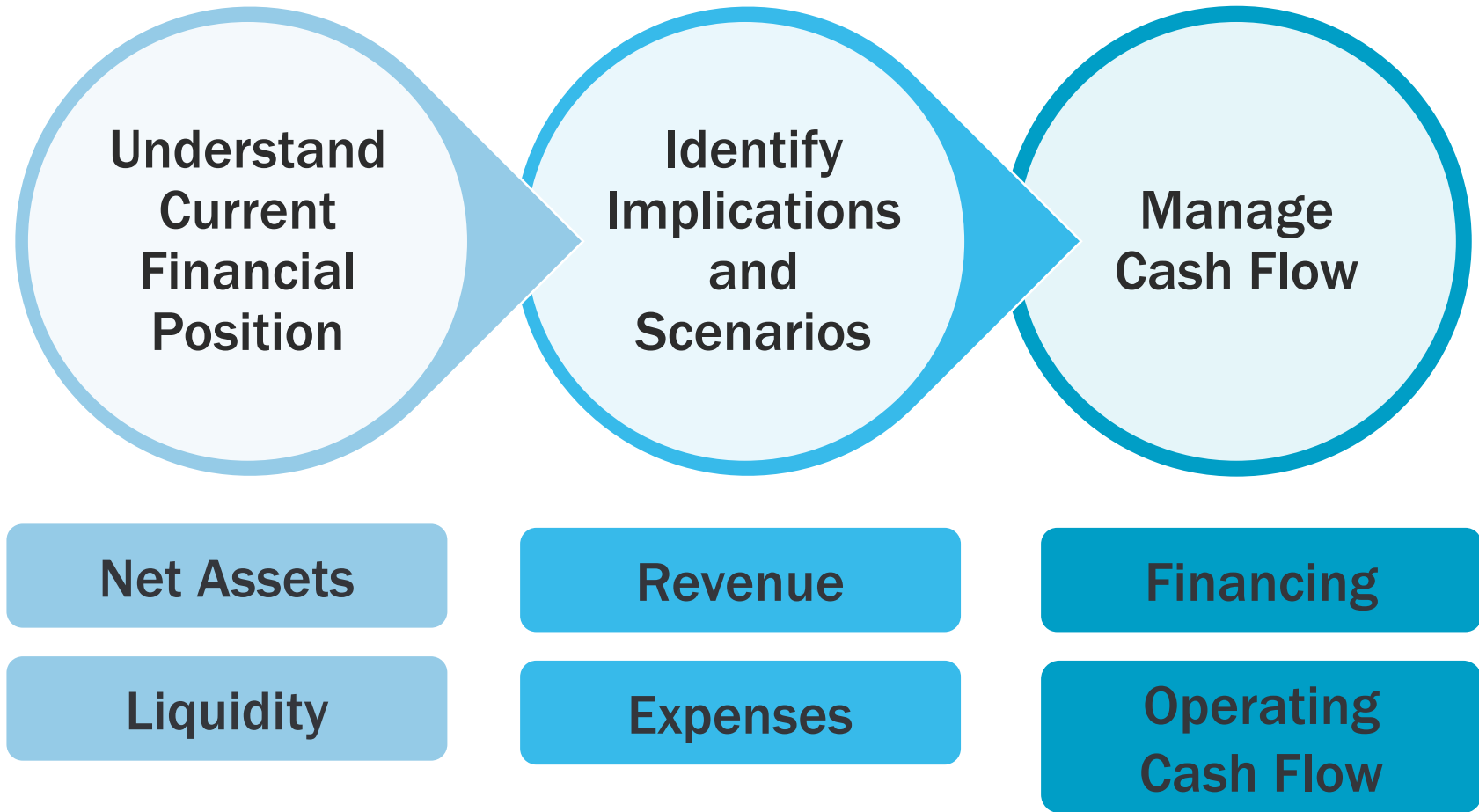
Hilda Polanco, Founder and CEO, FMA

Gretchen Upholt, Lead Consultant, Midwest, FMA

Lucas Bernays Held, Director of Communications, The Wallace Foundation

April 15<sup>th</sup>, 2020

# Financial Planning





# 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

[www.strongnonprofits.org](http://www.strongnonprofits.org)



				Variable Revenue Assumption:		
				Best	Moderate	Worst
				100%	75%	50%
Program/ Department/ Function	Funding Source	Total Possible Revenues (Current Year Portion <i>only</i> )	Likelihood of Receipt (%)	Revenue Scenarios		
				Best Case	Moderate Case	Worst Case
<i>Program 1</i>						
	VARIABLE:		n/a	-	-	-
VARIABLE:				-	-	-
FY Expense Budget for Program 1	\$ -					
			Revenue Subtotal	\$0	\$0	\$0
			Expense Budget	\$0	\$0	\$0
			Surplus /Deficit	\$0	\$0	\$0
<i>Program 2</i>						
	VARIABLE:		n/a	-	-	-

# 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

[www.strongnonprofits.org](http://www.strongnonprofits.org)

	Current Yr Budgeted	July	Aug	Sep	Oct	Nov	Dec
<b>Total Cash Receipts</b>	\$2,892,560	\$356,422	\$426,701	\$230,383	\$188,433	\$258,953	\$204,699
<b>Total Cash Disbursements</b>	\$2,816,563	\$234,251	\$233,492	\$218,821	\$214,360	\$230,503	\$214,524
<b>Excess (Shortfall) from operations</b>		\$122,171	\$193,209	\$11,562	(\$25,927)	\$28,450	(\$9,825)
<b>CAPITAL AND FINANCING</b>							
<i>Cash Receipts</i>							
Cash received from loans/financing							
Transfers from savings/investments							
<i>Cash Disbursements</i>							
Capital purchases							
Repayment of loan principal	36,442	2,983	2,993	3,002	3,012	3,022	3,032
Transfers to savings/investments							
<b>NET CASH EXCESS (SHORTFALL)</b>		\$119,188	\$190,216	\$8,560	(\$28,939)	\$25,428	(\$12,857)
<b>ROLLING CASH BALANCE</b>		\$374,883	\$565,098	\$573,658	\$544,719	\$570,147	\$557,290

# 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](http://www.fmaonline.net/COVID-19)

<https://www.wallacefoundation.org/news-and-media/blog/pages/managing-nonprofit-finances-during-the-coronavirus-crisis.aspx>

Wallace 

WALLACE BLOG

## Managing Nonprofit Finances During the Coronavirus Crisis

Financial management expert Hilda Polanco suggests key considerations for nonprofits

NONPROFIT FINANCIAL MANAGEMENT

Author:

Jennifer Gill

2020



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FISCAL STRENGTH FOR NONPROFITS



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## 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/>
- National Council of Nonprofits <https://www.councilofnonprofits.org/nonprofits-and-coronavirus-covid-19>
- Community Foundation Public Awareness Initiative list  
Community Foundation response funds, updated daily  
<https://www.commfoundations.com/blog/2020/3/11/community-foundations-nationwide-launch-efforts-to-help-communities-affected-by-the-coronavirus>
- Candid. Funds for coronavirus relief  
<https://candid.org/explore-issues/coronavirus/funds>
- Council on Foundations: <https://www.cof.org/news/covid-19-resource-hub>



# Resources: Current Environment

- What is the difference between a furlough, a layoff and a reduction in force?  
<https://www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/furloughlayoffreductioninforce.aspx>
- 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/>
- **Cash Flow in the Nonprofit Business Model: A Question of Whats and Whens,** Hilda Polanco and John Summers, February 2020:  
<https://nonprofitquarterly.org/cash-flow-nonprofit-business-model-question-whats-whens/>
- ***Nonprofit Capital: How to Think Differently About Its Use in Your Organization,*** Webinar Recording, FMA & Nonprofit Quarterly, November 2016:  
<https://nonprofitquarterly.org/2016/11/10/nonprofit-capital-think-differently-use-organization/>
- ***The Key to Long Term Financial Health Liquid Unrestricted Net Assets (LUNA),*** Hilda Polanco, New York Nonprofit Press, May 2012:  
<http://www.nynp.biz/index.php/strengthening-nonprofits/10505-the-key-to-long-term-financial-health-liquid-unrestricted-net-assets-luna->

# Resources

## StrongNonprofits.org

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](#)



The Wallace Foundation / Knowledge Center / Resources for Nonprofit Financial Management

Share | Print | Email

## Resources for Nonprofit Financial Management

Search Financial Management Resources

Overview | **Planning** | Monitoring | Operations | Governance | All Resources

**SHOW:**

- General Resources
- Tools and Templates
- Case Studies

### 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](http://www.StrongNonprofits.org)

Resources for Nonprofit Financial Management

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## 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*

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# Resources

## 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>



- 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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/company/fiscal-management-associates-llc

**[www.fmaonline.net](http://www.fmaonline.net)**



# Thank you!

For more information, please visit:

[Strongnonprofits.org](http://Strongnonprofits.org) (part of [wallacefoundation.org](http://wallacefoundation.org))  
and [fmaonline.net](http://fmaonline.net)

A recording of this webinar and the slides will be posted  
on [wallacefoundation.org](http://wallacefoundation.org) and [fmaonline.net](http://fmaonline.net)

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