

FOOD FOR THOUGHT: BOARD TRUSTEE EDITION



..... VIRTUAL "BACK TO SCHOOL" FOR BOARD MEMBERS



[CHESCOF.ORG/VIRTUAL-BOARD-TRUSTEE](https://chescof.org/virtual-board-trustee)

FINANCIAL LEADERSHIP IN THE FACE OF IMPOSSIBLE CHOICES

JOIN ON ZOOM | Tuesday, Oct. 13 at 4pm

Thought Leaders: Bob Ferguson & Kathy Wileczek, CPA



THANKS TO OUR PROMOTIONAL PARTNERS



AGENDA OVERVIEW

☐ Board Duties

☐ Chesco NPO Crisis Management Survey

Survey Responses → Restore ChesCo: Nonprofit Innovation & Resiliency Fund

☐ Board, Finance & Audit Committee

Frequently Asked Questions

Pandemic Considerations

Scenario Planning

Recovery & Return to Worksite Issues

☐ Resources



BOARD DUTIES

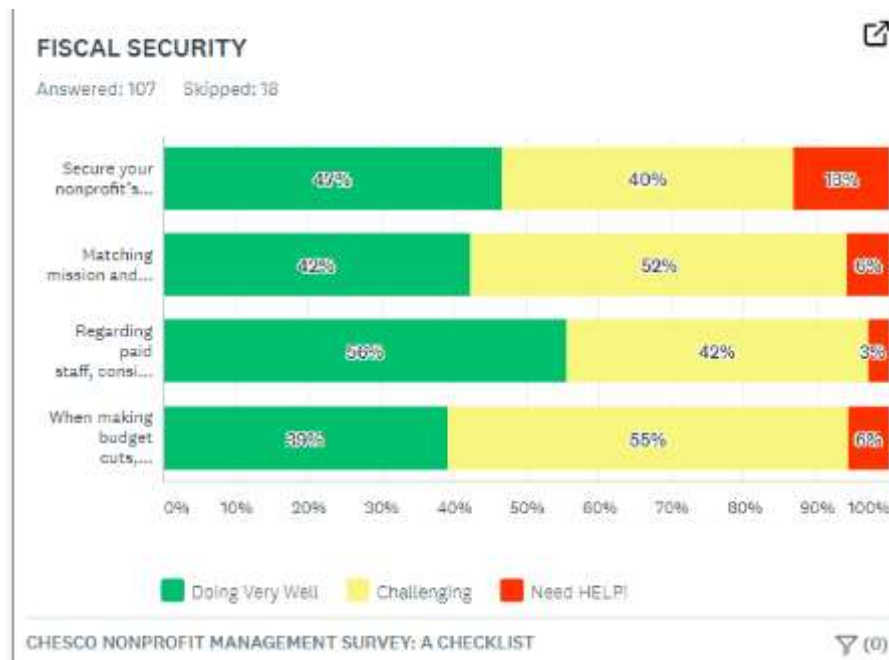


1. **Ensure Legal & Ethical Integrity**
2. **Build a Competent Board**
3. **Determine Mission & Purpose; Ensure Effective Planning; Monitor & Strengthen Programs & Services**
4. **Protect Assets & Provide Financial Oversight**
5. **Ensure Adequate Financial Resources**
6. **Enhance the Organization's Public Standing**
7. **Select, Support & Evaluate the Chief Executive**

CHESCO NPO COVID RECOVERY SURVEY RESPONSES

SURVEY=<https://www.surveymonkey.com/r/CCCF-nonprofitchecklist>

RESPONSE SUMMARY = <https://www.surveymonkey.com/stories/SM-83VLV3B9/>



From Nonprofit Crisis Management Checklist: Fiscal Security ☐ Doing Very Well ☐ Challenging ☐ Need Help

1. Secure your nonprofit's financial position. Attempt to improve cash flow, obtain a line of credit from a bank, borrow money, reduce or delay purchasing, renegotiate leases or other obligations, and tap operating reserves. Note you need not USE the line of credit; it is an emergency reserve to be used when needed.
2. Matching mission and money in this period is especially difficult. Contain costs; review every item in your budget to consider what can be cut or reduced.
3. Regarding paid staff, consider short-term job sharing, reduced compensation, furloughs, layoffs, early-retirement plans, staff attrition, and hiring freezes. If your nonprofit furloughs staff members, remember they can collect unemployment.
4. When making budget cuts, consider making reductions in specific areas rather than across the board. Then use some of this money to support the remainder of the nonprofit. Try to get to a relatively stable new normal.

RESTORE CHESCo: NONPROFIT INNOVATION & RESILIENCY FUND



<https://chescofc.org/covidgrant/>

Priorities

- Nonprofits that provide **clear evidence** of how they aim to/are **reshaping** their programs, services, administration, marketing and fundraising, to safely provide services and thrive in light of COVID impacts
- Nonprofits with substantial costs to comply with COVID public health requirements
- Nonprofits that serve a diverse constituency, and are governed and managed by diverse leadership



BOARD/FINANCE & AUDIT COMMITTEE FREQUENTLY ASKED QUESTIONS

- How can we **maintain fiscal controls** when so many people are **working remotely**?
- What is the role of the board when thinking through **staff reduction decisions**, in response to losses of revenue? How can we support the CEO?
- Can we **redistribute restricted grants to overhead** or **other programs** than the program it was intended to fund?
- Can use our **capital campaign funds** for **operating expenses** during the pandemic? Do we need to ask the donors? Do we need special documentation?
- How do we **build reserves**? When should we **utilize** them?

—BoardSource: How Nonprofits Boards Can Respond to COVID-19



BOARD, FINANCE & AUDIT COMMITTEE CONSIDERATIONS

Oversight

- Active involvement in strategic organizational decisions through communication with board of directors &/or senior financial management (*versus attendance at infrequent meetings*)

Risk management & scenario planning

- We can't go backward, but we certainly can go forward.
No one was prepared for this worldwide pandemic.
Now we must be prepared. This includes the mysterious part of figuring out what to do & damage mitigation.
- Audit committees have a fiduciary responsibility. This is an encompassing piece of their responsibility:
to know how to prepare
Not necessarily a response to a stimulus plan or to a health care event; but to any event or condition that significantly impacts the nonprofit.

Considerations

- Are risk assessments being focused & undertaken: identify, understand, & update the impact & mitigation of:
 - significant risks to the achievement of objectives
 - financing & obtaining funding for key programs
 - information systems security
 - pandemic disaster recovery
 - the interdependency of potentially related events
 - entering new markets, disruptive innovations
 - management override of internal controls



BOARD, FINANCE & AUDIT COMMITTEE CONSIDERATIONS

Operations

How is management changing its risk assessment process

- Is there anything we can do immediately or short term to keep **cash flows** coming?
- How are we getting **what we need**?
- Are we considering **changes**?

Considerations

1. Are the nonprofit's revised strategies, objectives and operational plan **in alignment with the changing environment**?
2. Does the nonprofit have an effective plan to **support remote work, administratively? Programmatically?**
3. How well are the nonprofit's **internal communication** needs being addressed, including **privacy and security**?
4. Do board, committees & senior staff have effective **remote communication** systems in place to enable the fulfillment of their roles?
5. Has the board reviewed and considered **management's authority** over significant decisions and limitations of authorities and responsibilities?
6. Does the nonprofit identify **issues and trends** expected as the pandemic event subsides and financial recovery becomes paramount?
7. Has the nonprofit developed **business continuity** plans based on **various potential recovery scenarios**?



BOARD, FINANCE & AUDIT COMMITTEE CONSIDERATIONS

Legislation & Regulation

Public health regulations & implications

- The way work is conducted as the country reopens is, in part, based on **federal, state, & local guidelines/mandates**
- Provide oversight to ensure that **no fiscal backlash** will occur during this reopening process.
- Employee, customer, constituent, and other stakeholder **health** is a paramount consideration. Whether reconfiguring offices, meeting rooms, classrooms, bathrooms, foyers, theatres, museums...to comply with existing health and safety regulations and provide peace of mind for all involved.

Considerations

1. Has the nonprofit assessed its **financial and business response to the CARES Act**?
2. Does the nonprofit properly understand the **impacts** of the CARES Act upon the nonprofit?
Are implementation plans in place to execute modifications?
 - economic disaster loan
 - loan forbearance
 - access to retirement accounts
 - sick leave
 - FMLA affects



BOARD, FINANCE & AUDIT COMMITTEE CONSIDERATIONS

Financial Reporting & Disclosures

Interpretations of some of the accounting & auditing standards are uncertain

- How to account for the revisions? temporary? permanent?
- Going concern
- Impairment of assets
- Accounting for government programs
- Valuation of financial assets



Considerations

1. Does the board continue to monitor the **performance, integrity, and ethical values** of each other and senior management during the pandemic?
2. Is there oversight of management's design, implementation and conduct of **internal control** during the pandemic?
3. Is the nonprofit reviewing and considering the impact of pandemic **loans/grants** and their terms/conditions?
5. Is the finance/audit committee receiving, reviewing and considering the information management it is using (KPIs, data analysis, metrics) to **assess the impact of the pandemic**, and how the nonprofit is **communicating** this information to appropriate stakeholders?
6. Do open communication channels allow relevant **information to flow** to the board from internal and external sources, including stakeholders, auditors, regulators and employees?

BOARD, FINANCE & AUDIT COMMITTEE CONSIDERATIONS

Technology & Cybersecurity

Major focus on technology as employees, committees & boards conduct business remotely

- Internal controls over IT, confidentiality, cyber-security

Fraud Risks

- Fraud considerations and fraud prevention are definitely going to escalate in interest.
- Whistleblower controls worked somewhat in the past; be more proactive and seek feedback to make sure there are controls to prevent fraud as much as possible



Considerations

1. Has management established appropriate oversight processes that reflect the working-from-home structure for employees, committees & board?
2. Has virtual auditing been coordinated with the external auditors?
3. Do we understand the nature and scope of monitoring activities, including ongoing assessment and/or separate evaluations to determine that the components of internal control continue to function with the increased reliance on technology?
4. Has the nonprofit identified areas of exceptional privacy and data concern? Have we ensured safeguards are in place as well as contingencies and alternative actions?
5. Is there an effective process to allow open communication of suspected instances of wrongdoing?
Is the whistleblower hotline being checked regularly?

— Ken Tysiac (Kenneth.Tysiac@aicpa-cima.com), JofA's Editorial Director

— The Audit Committee Checklist for COVID-19, AICPA



SCENARIO PLANNING

- ❑ How do we accurately plan for **staggered re-opening** of offices, program areas, gathering spaces, venues, etc?
- ❑ Can we cover our **fixed cost** plus include **scenario planning** to cover estimated percentages of variable cost and revenues?
- ❑ Can we **model this separately** or incorporate into a **rolling forecast**?



SCENARIO PLANNING TOOLS

The 5-Box Scenario Planning Tool

Step 1. Construct the Scenarios

Assumptions ↓	Scenario A: [Name] All Closed or All Open: Zero to 100% usage	Scenario B: [Name] Step Up to ReOpen: 20-40-60-80-100% usage	Scenario C: [Name] Slideback: 20-40-60-20-40-60-80-100
Timing: When do we think various restrictions resulting from the pandemic will end? Which restrictions? When? In what stages or at what levels? At what points will people be more confident participating again?			
Programmatic Impact How deeply will our programs be impacted (and how)?			
Financial Impact How will our finances (especially revenues) be impacted?			
People Impact How will this impact our staff, volunteers, clients, partners, other stakeholders?			
Scenario Summary →			

SCENARIO PLANNING TOOLS

The 5-Box Scenario Planning Tool

Step 2. Create an Action Plan for Each Scenario

Scenario Name & Description <i>Copy and paste the scenario name and scenario summary from the “Constructing the Scenarios” page here.</i>	Our Strategy The overall approach we’ll take if the scenario comes true.
Immediate Next Steps, Timelines & Who List the actions we’ll take to pursue the strategy. These could be “no regrets” moves, options to buy us time, and/or innovative ideas we want to try out.	Ideas for Future Consideration Keep track of things we want to do eventually as the scenario becomes more likely to happen. You can also use this section as a parking lot for ideas.
Indicators to Track Note metrics to track. These could be metrics that indicate if a scenario is coming true and/or that help us see if the steps we’ve taken so far are successful.	

SCENARIO PLANNING TOOLS: INCOME

Income Type	Source of income (by category or specific)	Total Original Budget	Scenario 1 Income Budget	Scenario 2 Income Budget	Scenario 3 Income Budget	Comments and strategies
Individual contributions	Annual fund	80,000	\$ 60,000	\$ 60,000	\$ 60,000	
	Board giving	15,000	\$ 12,000	\$ 12,000	\$ 12,000	
	Special event gala	50,000	\$ 30,000	\$ 30,000	\$ 30,000	
	Special campaign		\$ -	\$ -	\$ 20,000	
			\$ -	\$ -	\$ -	
Subtotal		\$ 145,000	\$ 102,000	\$ 102,000	\$ 122,000	
General operating grants	Committed grants	50,000	\$ 50,000	\$ 50,000	\$ 50,000	
	From known sources	50,000	\$ 30,000	\$ 37,500	\$ 30,000	
	Unidentified foundations	40,000	\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
Subtotal		\$ 140,000	\$ 80,000	\$ 87,500	\$ 80,000	
Program grants	Committed grants	125,000	\$ 125,000	\$ 125,000	\$ 125,000	
	Pending grants	50,000	\$ 25,000	\$ 37,500	\$ 25,000	
	Unidentified foundations	100,000	\$ -	\$ 125,000	\$ 30,000	
			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
Subtotal		\$ 275,000	\$ 150,000	\$ 287,500	\$ 180,000	
Government funding	State Agency A	150,000	\$ 150,000	\$ 150,000	\$ 150,000	
	State Agency B	150,000	\$ 75,000	\$ 75,000	\$ 37,500	
	County Agency	150,000	\$ 195,000	\$ 150,000	\$ 75,000	
	New state grant	-	\$ 50,000	\$ 50,000	\$ -	
	New county grant		\$ -	\$ 50,000	\$ -	
Subtotal		\$ 450,000	\$ 470,000	\$ 475,000	\$ 262,500	
Program service fees	Contract with Agency A	60,000	\$ 60,000	\$ 60,000	\$ 60,000	
	Participant fees	85,000	\$ 31,450	\$ 17,000	\$ -	
	Summer program	30,000	\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
Subtotal		\$ 175,000	\$ 91,450	\$ 77,000	\$ 60,000	
All other types	Rent sublet	12,000	\$ 6,000	\$ 6,000	\$ 18,000	
	Interest income	3,000	\$ 600	\$ 600	\$ 600	
			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
			\$ -	\$ -	\$ -	
Subtotal		\$ 15,000	\$ 6,600	\$ 6,600	\$ 18,600	
Total Income		\$ 1,200,000	\$ 900,050	\$ 1,035,600	\$ 723,100	
Total Income changes			\$ 299,950	\$ 164,400	\$ 476,900	
Scenario change in total income			-25.0%	-13.7%	-39.7%	
KEY:						
gold	update income types and items to those relevant to your organization					
light blue	cells to input content about your organization					
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SCENARIO PLANNING TOOLS: EXPENSES

Expense type	Expense item	Original Budget	Scenario 1 Changes	Scenario 2 Changes	Scenario 3 Changes	Comments and potential impact
Salaries & wages	Leadership team	\$ 160,000	\$ (24,000)	\$ (16,000)	\$ (30,000)	
	Youth program staff	\$ 120,000	\$ (50,000)	\$ (30,000)	\$ (15,000)	
	Health program staff	\$ 85,000	\$ 20,000	\$ 60,000	\$ (55,000)	
	Admin staff	\$ 90,000	\$ (12,000)	\$ (10,000)	\$ (25,000)	
	Summer program staff	\$ 40,000	\$ (40,000)	\$ (40,000)	\$ (15,000)	
	All other salaries & wages	\$ 175,000	\$ -	\$ -	\$ (50,000)	
		\$ -	\$ -	\$ -	\$ 20,000	
Subtotal		\$ 670,000	\$ (106,000)	\$ (36,000)	\$ (170,000)	
Benefits and other	FICA & Medicare	\$ 55,000	\$ (9,000)	\$ (3,000)	\$ (13,000)	
	Insurance plans	\$ 90,000	\$ (15,000)	\$ (7,000)	\$ (30,000)	
	Other benefits	\$ 35,000	\$ (8,000)	\$ (4,000)	\$ (10,000)	
	Staff training and recognition	\$ 10,000	\$ (5,000)	\$ (3,000)	\$ (5,000)	
		\$ -	\$ -	\$ -	\$ -	
Subtotal		\$ 190,000	\$ (37,000)	\$ (17,000)	\$ (58,000)	
Occupancy and Operations	Tech vendor	\$ 24,000	\$ 6,000	\$ 6,000	\$ 6,000	
	Phone/internet	\$ 15,000	\$ 3,000	\$ 3,000	\$ 3,000	
	Rent & fixed costs	\$ 42,000	\$ -	\$ -	\$ -	
	Depreciation	\$ 9,000	\$ -	\$ -	\$ -	
Subtotal		\$ 90,000	\$ 9,000	\$ 9,000	\$ 9,000	
Consumables	Supplies	\$ 15,000	\$ (3,000)	\$ (3,000)	\$ (6,000)	
	Meals and annual meeting	\$ 20,000	\$ (18,000)	\$ (18,000)	\$ (18,000)	
	Printing	\$ 15,000	\$ (10,000)	\$ (10,000)	\$ (12,000)	
	Website	\$ 3,000	\$ 5,000	\$ 5,000	\$ 6,000	
	Other expenses	\$ 5,000	\$ -	\$ -	\$ -	
Subtotal		\$ 58,000	\$ (26,000)	\$ (26,000)	\$ (30,000)	
Program contracts & services	Contracted client assistance	\$ 30,000	\$ (15,000)	\$ (10,000)	\$ (25,000)	
	Program development	\$ 25,000	\$ (10,000)	\$ (25,000)	\$ -	
	Evaluation	\$ 18,000	\$ (3,000)	\$ (3,000)	\$ (3,000)	
	Other program expenses	\$ 20,000	\$ -	\$ 4,000	\$ (10,000)	
		\$ -	\$ -	\$ -	\$ -	
Subtotal		\$ 93,000	\$ (28,000)	\$ (34,000)	\$ (38,000)	
Professional fees	Accounting services	\$ 31,000	\$ (8,000)	\$ (8,000)	\$ (8,000)	
	Legal	\$ 3,000	\$ (3,000)	\$ (3,000)	\$ (3,000)	
	Strategic planning	\$ 20,000	\$ (20,000)	\$ (20,000)	\$ (12,000)	
	Marketing & PR	\$ 10,000	\$ (5,000)	\$ (5,000)	\$ (4,000)	
	Other professional fees	\$ 10,000	\$ -	\$ -	\$ -	
Subtotal		\$ 74,000	\$ (36,000)	\$ (36,000)	\$ (27,000)	
Total changes			\$ (224,000)	\$ (140,000)	\$ (314,000)	
Grand Total Expenses		\$ 1,175,000	\$ 951,000	\$ 1,035,000	\$ 861,000	
Scenario change in total expenses			-19.1%	-11.9%	-26.7%	
KEY:						
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SCENARIO PLANNING TOOLS:

IMPACT SUMMARY

BUDGET IMPACT	SCENARIO SUMMARY	Scenario 1	Scenario 2	Scenario 3
	If income changes by	-25.0%	-13.7%	-39.7%
	Total Income will be	900,050	1,035,600	723,100
	Expense changes	224,000	140,000	314,000
	Total expenses will be	951,000	1,035,000	861,000
	Scenario Budget Surplus/Deficit	-50,950	600	-137,900
PROGRAMMATIC AND ORGANIZATIONAL IMPACT	Programmatic impact narrative	Disruption at the site program and reduction in youth clients, no summer program, case management assigned back to program leads may cause delays	Shift/expand program focus to health education and referrals, impact on youth program scale, cut summer program, most case management assigned to program leads will cause delays. Delay new program development to next year	Significant mission realignment to focus on youth programs and youth development. Wind down and exit from health and case management programs over 18 months. Disruptive for organization for long-term vision.
	Organizational impact narrative	Program leads will have more work added, slow down program development project, delay strategic planning for at least a year, enhanced tech & website, stress on admin	Program leads will have more work added, slow down program development project, delay strategic planning for at least a year, enhanced tech & website, stress on admin	Disruptive to every aspect, significant leadership changes needed, wind down attention on staff, stakeholders, and funders. Sublet more of the space. Expect stress and staff changes. Tap reserves for opportunity for a new future.
KEY:				
light blue		cells to input content about your organization		
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BOARD, FINANCE & AUDIT COMMITTEE OVERSIGHT OF PANDEMIC RESPONSE & RECOVERY

Charting the path to a 'new normal' as increasing # of employees return to the worksite

- Refine the plan to provide for increased # of employees to come back to the worksite safely
- Not returning to “business as usual” but rather to new business models, policies & practices
- Health & safety are at the forefront of return-to-worksite decisions
- Returning to work-site can only happen when a workplace **IS** safe + widely PERCEIVED as safe

Constrained by what we think are the right choices

- Each nonprofit must make its own decisions about modifications
- Make sure our nonprofit & its people remain healthy
- Don't create a community problem by returning to work prematurely

As increased # of employees return to worksite, nonprofits must have protocols in place

- “To keep our nonprofit operating, we split our staff into an A and B team, each operating on two week cycles. Our risk mitigation aim is to avoid having the entire staff become COVID-exposed at once.”
- “We’ve installed smart thermometers. Everyone has to be checked before entering. In the early days everyone cooperated. Now, though, as we get out of the immediate crisis mode, privacy issues have surfaced.”



RETURN TO WORKSITE ISSUES/EXAMPLES

Employee health & well being goes beyond just physical protection

- There's a huge challenge for working parents, who have lost their typical support structures, and who are home-schooling children.
- People need to see faces & get assurance.
- The lack of camaraderie affects everyone.

Phased, staggered approach to bring “buckets” of employees back on-site

- Those deemed essential
- Those on important projects that are not done easily remotely
- Those whose productivity may be compromised in remote work

Consider personal situations

- Are they a caregiver?
- Do they have school-aged children?
- Do they and/or household member have pre-existing conditions &/or high risk health issues?



Uncertainty will remain for some time...into 2021

- This is a process that is going to happen very slowly over the course of several months.
- There will be restrictions on how we run our nonprofits, how many people can be inside, how our employees interact with consumers. **COVID has altered large aspects of how we operate.**

REMOTE WORK: PROS & CONS

Success of remote work reshapes the way nonprofits operate

- **Impressed** by the transition to remote work
 - “The best news & biggest surprise to me was how quickly we’ve adjusted to this bizarre set of circumstances.”
 - Rethink how the work gets done & the necessity of coming to the office; remote work is a **lasting change**
 - Consider more **flexibility**. Allow some to continue with remote work
 - Reassess **real estate** needs
- How will **remote work fare over longer periods?**
 - It has worked so well now, because people had the **culture, history and relationships** to allow for a successful transition. Can it work going forward?
 - Keep aware of **fatigue** on the team & additional resources needed
 - Accelerate going **paperless**
 - Remote work makes it more difficult for information technology to manage **cybersecurity risk**. It’s a challenge to monitor and detect what may be strange behavior, opening ample opportunities to penetrate networks & obtain data undetected
- Unleashing a tremendous **wave of innovation**; creating new services; a very unique opportunity to fast-forward



Considerations

- Is your nonprofit considering **permanent changes** to work practices as a result of pandemic lessons learned?
- What **risks** are you considering as you contemplate making permanent changes?
- Has the pandemic allowed your nonprofit to consider **new business models** or accelerate business model changes that were already in the works?
- **What opportunities have you discovered as a result of the crisis?**



What opportunities
has your nonprofit discovered
amidst the pandemic crisis?

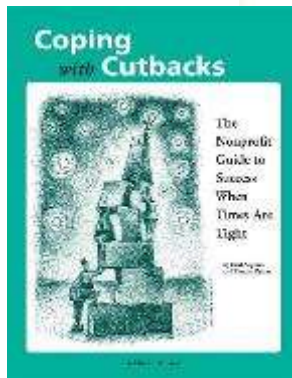
SUPPLEMENTAL MATERIALS

- National Council of Nonprofits recommends SeaChange's **Tough Times Call for Tough Actions**:
 - Refocus on the mission
 - Determine type of organization: Hibernator, Responder, Hybrid
 - Conserve cash: reduce expenses, delay payments, accelerate revenue/cash
 - Shorten decision making time horizons
 - Explore restructuring, merger/acquisition, dignified dissolution
- Steve Zimmerman of Spectrum Nonprofit Services looks at the dual bottom line: finances and impact
 - Understand your cash position
 - Liquid Reserves Ratio (liquid funds to monthly expenses)
 - Rolling Forecast (income & cash)
 - Assess damage to revenue streams
 - Look at the dual bottom line
 - Impact & financial
 - Fund highest impact programs 1st
 - Restrict expense reductions, including staff, to lower impact programs rather than across the organization
 - Matrix map (profitability vs impact)



- Curtis Klotz CPA of CliftonLarsonAllen looks at **Financial Leadership in the Face of Impossible Choices** blogs.claconnect.com
 - Focus on the future, in tight timeframes; 1 month; quarterly; 6 months. Rebudget often as situation changes.
 - Extraordinary humans are the heart of the nonprofit business model.
Do everything possible before cutting staff. If salaries need to be cut, be compassionate & creative
 - Rolling furloughs
 - Universal part-time hours
 - Salary leveling

COPING WITH CUTBACK: STRATEGIES



<https://www.amazon.com/Coping-Cutbacks-Nonprofit-Guide-Success/dp/0940069091>

Financial Strategies A: Cut or Control Costs

Analyze purchasing

- ☐ Improve purchasing procedures
- ☐ Seek in-kind contributions
- ☐ Network to get better prices on supplies
- ☐ Seek new competitive bids and new suppliers
- ☐ Analyze purchases to see if they are necessary
- ☐ Simplify paperwork and forms; use electronic files
- ☐ Refurbish and reuse supplies

Adjust payables

- ☐ Consolidate or restructure debt
- ☐ Negotiate delayed or reduced payments
- ☐ Barter for needed services

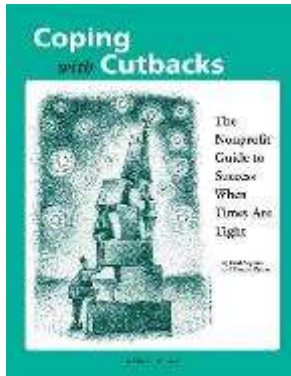
Evaluate facilities and infrastructure

- ☐ Share space or maintenance costs
- ☐ Delay maintenance
- ☐ Save space by moving, reducing size, using home offices, or using split shifts
- ☐ Negotiate a decreased rent with your landlord
- ☐ Find a cheaper phone system; eliminate toll-free lines
- ☐ Eliminate or consolidate newsletters and brochures
- ☐ Eliminate vehicles or shift to less costly vehicles
- ☐ Save energy

Modify staffing and related costs

- ☐ Reduce hours or workweek
- ☐ Cut, freeze, or delay wages;
- ☐ Lay off staff; offer voluntary separation; offer unpaid leave; remove poor performers
- ☐ Freeze hiring
- ☐ Share jobs, consolidate staff, increase workload
- ☐ Use volunteers and graduate interns
- ☐ Hire temporary staff or consultants
- ☐ Remove management layers; don't funnel high performers into management merely to reward them
- ☐ Reduce benefits, staff training, and staff development
- ☐ Limit or eliminate travel
- ☐ Cancel subscriptions; use the Internet and libraries
- ☐ Cancel professional association memberships
- ☐ Switch to a direct reimbursement status for unemployment compensation
- ☐ Ask board not to submit expenses for reimbursement
- ☐ Convert some paid staff to volunteers
- ☐ Share staff with other organizations

COPING WITH CUTBACK: STRATEGIES



Reduce services

- ☐ Analyze your programs and services against your mission and financial goals
- ☐ Refine or eliminate noncore programs
- ☐ Limit eligibility for programs; reduce the number of clients served
- ☐ Reduce or eliminate core programs
- ☐ Temporarily shut down some or all services
- ☐ Plan to go out of business humanely

Financial Strategies B: Increase Revenues

Manage money differently

- ☐ Speed the inflow of cash by invoicing promptly or offering incentives
- ☐ Try to get grants in the door earlier than the promised date
- ☐ Change management of cash reserves to improve unearned income
- ☐ Sell assets
- ☐ Spend down reserves
- ☐ Borrow money
- ☐ Diversify your sources of income

Increase fees

- ☐ Analyze all the costs of providing a service
- ☐ Change fee structure to result in increased income

Initiate or accelerate fund-raising

- ☐ Research the larger community and current donors to improve response
- ☐ Hire development director or staff
- ☐ Add special events, fund drives, charitable gambling
- ☐ Increase board involvement in fund-raising
- ☐ Increase planned giving
- ☐ Build an endowment
- ☐ Find new donors and diversify funding base
- ☐ Reach out to under-served populations
- ☐ Collaborate on fund drives; join a federated fund drive
- ☐ Mobilize everyone in the search for new resources
- ☐ Link with a business or credit card company to receive a percentage of sales
- ☐ Seek in-kind contributions that can be converted to cash
- ☐ Increase the search for foundation and government grants

Expand or add services

- ☐ Boost enrollment in or expand offerings of successful services
- ☐ Sell staff expertise and time
- ☐ Add income-generating product or service that fulfills mission
- ☐ Rent office space or equipment to others
- ☐ Sell valuable information that others need
- ☐ Seek related niche markets
- ☐ Charge others for a service you also use (for example, maintenance)
- ☐ Develop a catalog of products used by your organization and other nonprofits
- ☐ Charge a fee to serve as the fiscal agent for other organizations

Increase productivity

- ☐ Provide incentives for productive staff
- ☐ Simplify production or service without loss of quality
- ☐ Invest in an educated staff; provide training as needed
- ☐ Research and implement "best practice" in all functions
- ☐ Upgrade staff while cutting back
- ☐ Invest in technology that improves productivity

Structural Strategies

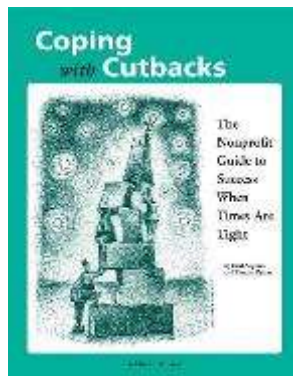
Modify the mission

- ☐ Reexamine the mission and realign the organization accordingly
- ☐ Modify the mission to build clients' capacity to solve their own problems
- ☐ Change the mission to enable the organization to respond to rapidly changing conditions
- ☐ Move out of direct support services and into prevention services
- ☐ Be a pilot site for some foundation, academic, or government program

Modify the organization's structure

- ☐ Eliminate programs that are redundant with those of other organizations or combine them to improve services
- ☐ Position yourself higher in the "fund chain" when intense competition accompanies a changing environment
- ☐ Respond to a changing environment by changing programs
- ☐ Spin off a struggling or "orphan" program to another organization where it has a better chance to thrive

COPING WITH CUTBACK: STRATEGIES



- ☐ Merge with or acquire a competitor's or an ally's program
- ☐ Relocate with a group of related organizations to form a one-stop shop
- ☐ Become a for-profit; add a for-profit subsidiary; be acquired by a for-profit

Modify the organization's culture

- ☐ Enlist the support of potential funders as you modify your programs, and then request funds to support changes
- ☐ Share resources and expenses with other organizations that have similar needs
- ☐ Make your services more culturally sensitive
- ☐ Educate the board of directors to make them more effective
- ☐ Mobilize everyone in the organization to help market its mission, message, services, and needs
- ☐ Tear down bureaucracies that interfere with the creative flow of ideas
- ☐ Replicate rather than reinvent
- ☐ Link with a complementary but different organization to bring resources into the organization
- ☐ Take a more entrepreneurial approach to accomplishing your mission

Engagement Strategies

Engage other nonprofits

- ☐ Work with state and national nonprofit associations
- ☐ Form associations to negotiate with contracting agencies as a block
- ☐ Establish cooperative programs with other nonprofits to increase the number of stakeholders in each other's organization
- ☐ Collaborate with like-minded nonprofits; seek funding to support collaboration
- ☐ Develop a bartering resource system among nonprofits
- ☐ Create a nonprofit organization to insure nonprofits; return surplus income to policyholders
- ☐ Pool funds with other nonprofits to get a better return on the investment of capital
- ☐ Acquire or merge with another nonprofit whose services complement yours
- ☐ Establish national goals and standards for nonprofits to increase sector quality, public awareness, and public support
- ☐ Form a consortium with other nonprofits to take advantage of federal block grants
- ☐ Facilitate networks and collaboration by making your space available for such activities

- ☐ Find ways to work with local providers of educational services at all levels

Engage the community

- ☐ Seek funding to help these constituents least able to represent themselves have a voice
- ☐ Involve all members of the community in teaching children the value of community involvement and philanthropy
- ☐ Connect with local media to inform the community about issues related to your mission
- ☐ Show the community that your crisis is a community crisis
- ☐ Hold community issues forums; discuss community goals

Engage the business community

- ☐ Form partnerships with businesses; find a host that will provide space, staff, funds, resources, or technical assistance
- ☐ Advocate for your organization's values and goals while seeking business involvement
- ☐ Know the people, values, and goals of the businesses you are engaging
- ☐ Share your vision of the future with businesses so they can see how they and their community will benefit
- ☐ Link with businesses that will benefit from the positive public relations your organization's cause will generate
- ☐ Network with small and midsize businesses with a personal stake in the local community
- ☐ Show businesses how to get involved in community issues that affect them
- ☐ Collaborate with businesses and other nonprofits to create "incubators" for new, innovative organizations
- ☐ Form nonprofit/for-profit partnerships to advocate for common interests

Engage the public/government sector

- ☐ Advocate for tax incentives that encourage businesses to be involved in community efforts
- ☐ Use the public schools to teach philanthropy; set up student-operated philanthropies at schools and universities
- ☐ Seek ways to work with educational institutions at all grade levels, public and private, nonprofit and for-profit
- ☐ Advocate for a nonprofit contribution checkoff on tax forms
- ☐ Advocate for making charitable giving a tax credit rather than a deduction
- ☐ Use publicly owned facilities as a site for delivering nonprofit community services

CASH FLOW FORECAST TEMPLATE

Organization Name									
Cashflow Forecast									
Total Budget		6 Month Budget Projection	April	May	June	July	August	September	Check
Opening Cash Balance			-	10,000	10,000	10,000	10,000	10,000	
Receivables Collected			10,000						
Contributed Support									
Federal Govt Grants		-	-	-					-
State Govt Grants		-	-	-					-
Local Govt Grants		-	-	-					-
Individuals - Individual Gifts		-	-	-					-
Individuals - Major Gifts		-	-	-					-
Individuals - Planned Giving		-	-	-					-
Corporate Contributions		-	-	-					-
Corporate Sponsorships		-	-	-					-
Foundation Contributions		-	-	-					-
Special Events - Tickets		-	-	-					-
Special Events - Sponsorships		-	-	-					-
Special Events - Donations		-	-	-					-
Earned Revenue									
Fee-for-Service		-	-	-					-
Federal Govt Contracts		-	-	-					-
State Govt Contracts		-	-	-					-
Local Govt Contracts		-	-	-					-
Interest and dividends		-	-	-					-
Other Income		-	-	-					-
Total Inflows		-	-	10,000	-	-	-	-	-
Personnel		-	-	-	-	-	-	-	-
Operating		-	-	-	-	-	-	-	-
Capital		-	-	-	-	-	-	-	-
Total Outflows		-	-	-	-	-	-	-	-
Cash Available		-	-	10,000	10,000	10,000	10,000	10,000	
From (To) Line of Credit*				-	-	-	-	-	-
Closing Cash Balance				10,000	10,000	10,000	10,000	10,000	
8211									
*If applicable									

ROLLING FORECAST TEMPLATE

ROLLING FORECAST FOR FY 2020

As Of June 30, 2020		FORECAST	FORECAST	FORECAST	FORECAST		
	YTD Actual Thru 3-31-20	Apr-20	May-20	Jun-20	TOTAL FY 2020	BUDGET FY 2020	Variance
REVENUE:							
Contributions-Donors							
Grants-Foundations							
Sponsors-Corporate							
Contracts-Gov't							
Fees for Services							
Transfers from Endowment							
TOTAL REVENUE							
EXPENSES:							
Personnel							
Salaries							
Payroll Taxes							
Insurance							
Retirement Plan Contribution							
Insurance Workers Compensation							
Personnel							
All Other Expenses							
IT/Web/Computer/Telephone							
Professional Fees							
Equipment Purchase & Rental							
Insurance							
Marketing & Advertising							
Office Supplies							
Administration							
TOTAL EXPENSES							
NET INCOME							

Segregation of Duties – Two people

Accountant or other professional staff*

- Mail checks
- Write checks
- Reconcile bank statement
- Record credit/debits
- Approve payroll
- Disburse petty cash
- Authorize purchase orders
- Authorize check requests
- Authorize invoices for payment



Executive Director

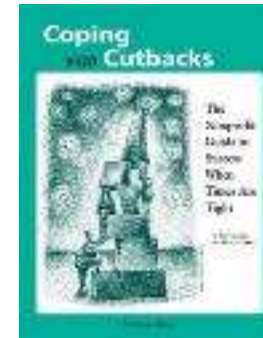
- Receive and open bank statements
- Sign checks
- Make deposits
- Perform interbank transfers
- Distribute pay checks
- Review petty cash
- Review bank reconciliations
- Approve vendor invoices
- Perform analytical procedures
- Sign important contracts
- Make compensation adjustments
- Discuss matters with board or audit committee
- Review wire/ACH transactions
- Review account activity

**Non accounting personnel such as a receptionist, administrative personnel etc can be trained to perform some of the less technical duties.*

RESOURCES

- ❑ **Coping With Cutbacks: The Nonprofit Guide to Success When Times Are Tight**

by Emil Angelica & Vincent Hyman of the Amherst H. Wilder Foundation, available at amazon.com



- ❑ **Hard Times, Hard Decisions: 7 Things Small and Midsize Charities Should Do When a Recession Looms**, The Chronicle of Philanthropy

- ❑ **Leading Your Nonprofit In a Time of Pandemic** by GMM Nonprofit Consulting

- ❑ **Managing Your Business Through a Crisis** by Kreischer Miller

- ❑ **Not-for-Profit Management in the Time of Coronavirus** by SunTrust Bank

- ❑ **Your Financial Readiness for COVID-19** by GMM Nonprofit Consulting

- ❑ Council on Foundations <https://www.cof.org/news/external-resources-responding-covid-19>

- ❑ <https://www.fm-magazine.com/news/2020/apr/scenario-planning-during-coronavirus-crisis.html>

- ❑ <https://www.fm-magazine.com/issues/2020/jun/how-to-manage-cash-during-coronavirus-crisis.html>

THANKS TO OUR PROMOTIONAL PARTNERS



HOPE TO SEE YOU NEXT WEEK



**FOOD FOR THOUGHT:
BOARD TRUSTEE EDITION**

..... VIRTUAL "BACK TO SCHOOL" FOR BOARD MEMBERS

 [CHESCOF.ORG/VIRTUAL-BOARD-TRUSTEE](https://chescof.org/virtual-board-trustee)



ASK AN ATTORNEY: AVOIDING LEGAL PITFALLS
JOIN ON ZOOM | Tuesday, Oct. 20 at 4pm

Thought Leaders: L. Peter Temple, Esq., Donald B. Lynn, Jr., Esq., & Emily Temple Ables, Esq.

