

# COVID-19 Update and Financial Modeling for Foundations

July 14, 2020

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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Create Opportunities

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# Today's Presenters







# COVID-19 Crisis and Foundations

Current Context

# Foundations' Response to the COVID-19 Crisis

- Foundations are significant in helping during this pandemic
  - Emergency grant making
  - The need for grants has increased
  - Collaboration with other grantors to support and help our communities
  - Easing of grant restrictions and reporting requirements
  - CARES Act and available financial relief packages
  - Assisting individuals and organizations to help them work remotely



<https://www.claconnect.com/COVID19>

# Our Current Context

## Financial Leadership in Midst of Crisis

- Deploying grants at a rapid pace
- Creation of new funds
- Changing of how we do business in this new environment
- Security and safeguarding of information
- Projecting and re-forecasting spending, while balancing needs of the communities

## Cash Management and Cash Modeling

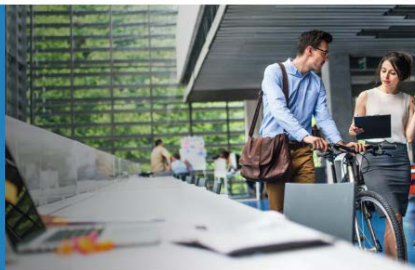
- [Unflinching analysis](#) of your current fiscal state
- Willingness to [seek and share solutions](#) across your whole organization
- Let [commitment to your mission](#) guide thoughtful and effective choices
- Consider all the options – [adapt, create, innovate](#)





# CLA COVID-19 Resources at CLAconnect.com

## Responding to COVID-19



Unforeseen disruptions — from the coronavirus (COVID-19) to natural disasters — can create many uncertainties. These resources can help you lay out a strategy to put your organization on its toes versus its heels.



Operational Support



Regulatory and Tax Updates



Inspirational and Leadership Tips



Financial Management and Disaster Relief



Accounting and Financial Statement Guidance



Workforce and Human Resource Guidance



The screenshot shows a web browser window with the URL [blogs.claconnect.com/nonprofitinnovation/financial-leadership-in-the-face-of-impossible-choices/](https://blogs.claconnect.com/nonprofitinnovation/financial-leadership-in-the-face-of-impossible-choices/). The page features the CLA logo, a search bar, and the title "Innovation in Nonprofit Finance Blog". The main article is titled "Financial Leadership in the Face of Impossible Choices" by Curtis Klotz, dated March 18, 2020. The article text states: "Nonprofit health care, social service, and mental health organizations are deeply engaged in the response to the COVID-19 pandemic, selflessly treating those who have become ill, supporting their". To the right of the article is a photo of a person in a library. On the far right, there are three buttons: "Subscribe to Blog", "Get More Nonprofit Resources", and "Learn How We Serve Nonprofits".





# About CLA Intuition 2.0

Scenarios and Decisions





# Key Features and Benefits

## Features

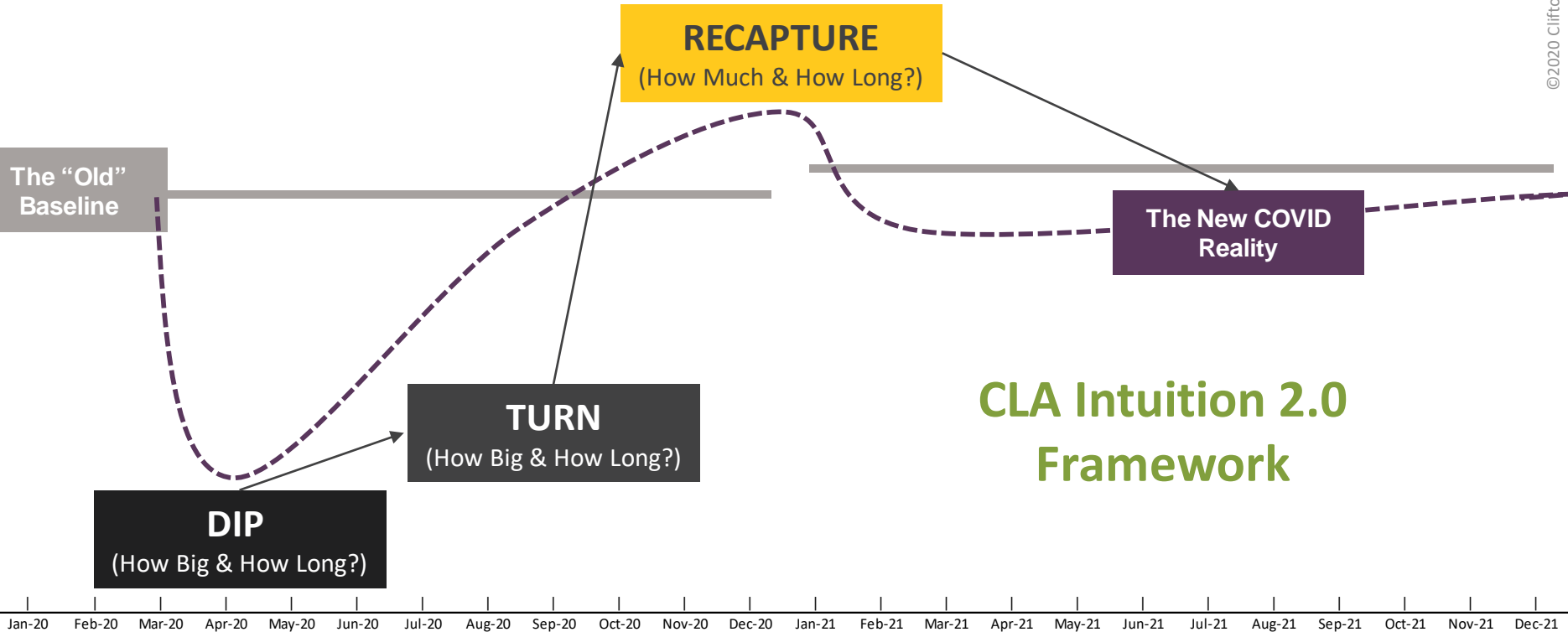
- Structured approach to assess the possible liquidity, grantmaking, investment and margin impacts of COVID over a 30 month period
- Quick and cost effective tool to get to actionable financial intelligence in uncertain times
- Ability to interactively evaluate financial impacts in a “sizing and timing” environment
- Weaves together investment, grantmaking, and operational scenario planning

## Benefits

- Creates the basis for more consistent understanding of the economic impacts of many potential COVID possibilities over the foreseeable time horizon
- Interactive, team based approach to COVID financial planning means management teams and boards can see the financial implications of different decisions in real-time
- Aids in evaluating, choosing, and communicating their response to COVID-19 financial impacts
- Allows for easy evaluation of the size and dimensions of multiple contingency plans



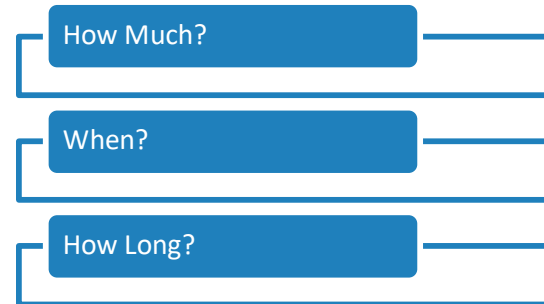
# Strategic Decisions in a Time of Uncertainty



# Scenario Planning Considerations

Spending Policy Changes	Accelerating Open Commitments
Reduce or Eliminate Discretionary Benefits	Across the Board Compensation Reductions
Workforce Reductions	Capital Spending
Working capital considerations	Investment Market Volatility Implications

## CLAs Models and Approach Can Help Inform



## Grant Expenses

- ☒ Utilize Original Projected Amounts
- ☐ 50.0% Paid in Cash
- ☐ Payables Paid Off Over 3 Years

## Cash &amp; Investment Drivers

## Investment Return (Including Fees)

- ☐ Cash Most Likely Inflation Scenario
- ☐ Investment - Equities Most Likely Inflation Scenario
- ☐ Investment - Bonds Most Likely Inflation Scenario
- ☐ Investment - Private Most Likely Inflation Scenario
- ☐ Investment - Hedge Most Likely Inflation Scenario

## Expected Capital Calls

- ☐ \$0M Private Investments Called Through 2 QTRs
- ☐ \$0M Hedge Investments Called Through 2 QTRs

## Target Minimum Cash Balances

- ☐ Target Months of Cash = 2 Months
- ☐ 0.00% Investment Sold to Raise Cash

## No Other Revenue/Contribution Impacts

DIP 10/1/2020 &lt;- Start Date

- ☐ No Loss in Revenue
- ☐ No Bottom

Margin Impact  
vs. Org Plan  
\$0

## TURN

\$0

## NEW NORMAL

\$0

- ☐ 100% Return to Original Plan

## RECAPTURE

\$0

- ☐ No Recapture
- ☐ No Recapture of Lost Other Revenue / Contributions

## Sizing the Operating Response

\$0

## Non Labor Reductions

\$0

## Discretionary Benefits

\$0

## Across the Board (atb) Reductions

\$0

- ☐ No atb Comp Reduction
- ☐ NA

## Workforce Reductions

\$0

- ☐ No WF Reduction

## Total Margin Impact

\$0

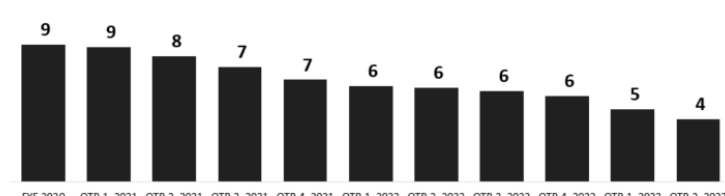
Max Liquidity Loss (\$000): (\$18,250)

## Projected Cash &amp; Liquidity (\$M)

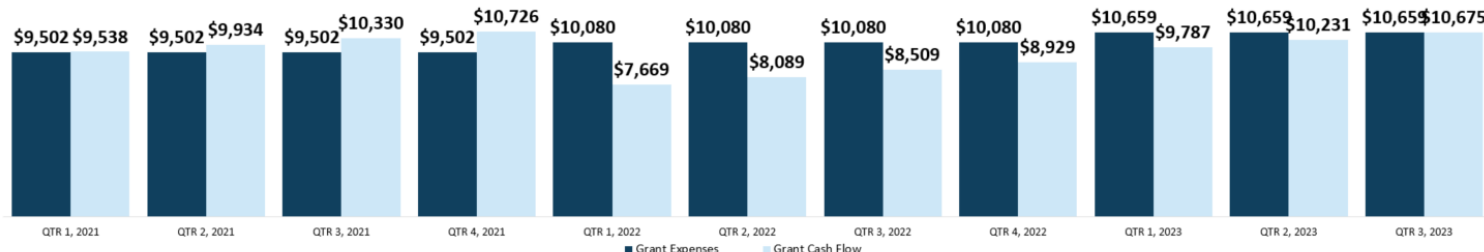


New Need: \$0

## Months Cash on Hand



## Grant Expenses (\$000)



Cash &amp; Investment Gain/(Loss): (\$8,601)

## Total Cash &amp; Investments





# Questions and Answers





CLAAconnect.com

Thank you!

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