



*One Approach Towards Financial Management
during the next several months*

Asta Petkeviciute, Chief Financial Steward
asta@socialimpactcommons.org



PPP Loan: What can we use these funds for?



PPP Loan: What can we NOT use these funds for?



PPP: How can our loan be forgiven?

100% of the funds you spend in the first 8 weeks following loan disbursement will be forgiven if you meet these requirements:

- Spend only on allowable expenses (detailed on slide 2);
- Spend 75% of PPP funds on payroll costs;
- Employ the same level of full-time equivalent (FTE) employees
- Do not reduce employees' compensation by more than 25% compared to the prior quarter (end of March 31, 2020); and,
- If reductions in staff occurred, replenish them by June 20, 2020.

**Whatever is used for allowable costs and not forgiven, continues as a loan at 1% interest. PPP loan funds that are spent on non-allowable costs will be considered in default, and the loan could be called by the issuing bank.



General Observations for Implementation

- Create a CLASS/DIMENSION in your accounting system, and track all eligible payments issued during the 8 weeks period starting the day you receive funding.
- Loan funds should be kept sequestered in a separate bank account and only drawn against qualified expenses, as encumbered.
- Keep excellent documentation:
 - Maintain documented verification of the number of FTE employees.
 - Supporting documents that show all wages and withholding details
 - Proof of expenditure on eligible mortgages, leases, and utility obligations.
 - Documentation for the non-payroll expenditures may include cancelled checks, payment receipts, and copies of vendor invoices.
- As you get closer to the end of the 8-week period, evaluate your remaining funds and consider whether a special payroll should be issued to capture the full 8 weeks of payroll and maximize the usage of your PPP funds.
- **Remain in constant communication with the lender.**



Fiscal Sponsorship Specific Recommendations

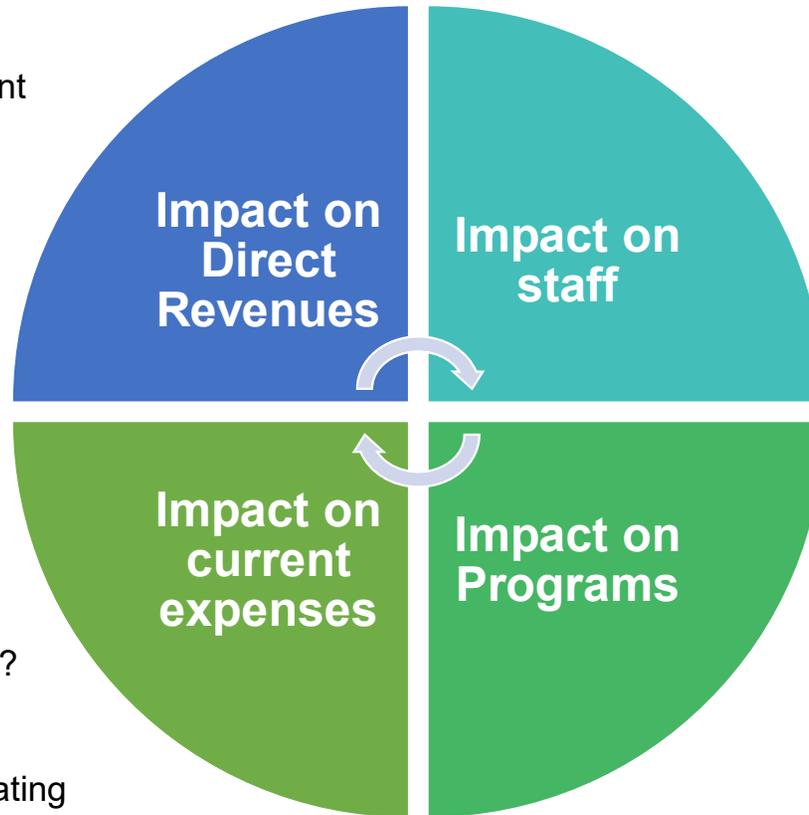
- Prepare PPP loan-based projections
- Review projected PPP allocations with your projects as well as the impact the forgiven loan amount would make on the project's cashflow
- Document the commitments your organization is making to the projects as well as the expectations and unknowns related to this loan
- Highlight the differences to the projects between a loan vs. a grant and the impact of both loan (debt) and a grant to their financial health or position.
- Initiate review process as spending continues





Managing Portfolio of Projects during critical period

Financial Impact on Portfolio Analysis



- Have any fundraising events been delayed or canceled due to the current crisis? Are any grant deliverables delayed?
- Are any of the earned revenue contracts delayed? Canceled?
- Does project plan to raise any additional COVID 19 related funding during this upcoming period?

- Will project have any additional operational costs to help our staff operate from their homes? Systems? Technology? Services?
- Are we able to decrease any costs temporarily or permanently? Negotiating with the landlord? Canceling certain services?

- Are employees taking more paid time off during this period?
- Do we need to provide additional supports and different types of benefits to employees during this period?
- Has project considered different staffing plans in case a significant decrease in costs is necessary?

- Are any of the programs directly affected and will not be able to be completed during this period?
- Does project need to reinvent programming to be able to provide services virtually?
- Is demand for this program increasing? Decreasing? Staying the same?

Prioritizing Financial Management Supports: Deaveraging FS Portfolio

Significant
Programmatic
Changes

Renovate

- Change in Programming
- New Programming

Reimagine

- Significant changes in programming and business model
- Generate and test out different scenarios

Redouble

- Business as usual

Reinvest

- Change in business model

Significant
Financial
Challenges



Financial Modeling: Next Steps

- Prioritize conversations with projects that need the most urgent and vital support
- Think through different financial scenarios and the related financial impact
- Consider how these different scenarios will impact your operations and financial sustainability





Thank you!

Questions

Feedback



is a nonprofit organization
supporting a national
community of fiscal
sponsors, our Commons
Members.

We define a fiscal sponsor, or *commons manager* (our term), as a nonprofit backbone organization that provides shared corporate structure, finance, HR, legal, insurance, risk management and other resources among multiple semi-autonomous missions.

Social Impact Commons is an incubator and shared service provider to the fiscal sponsorship field, with the goals of *growing* and *strengthening* the field.
(We are *not* a fiscal sponsor, we *support* fiscal sponsors.)