



Planning & Executing Now and Post Pandemic

Presented by:

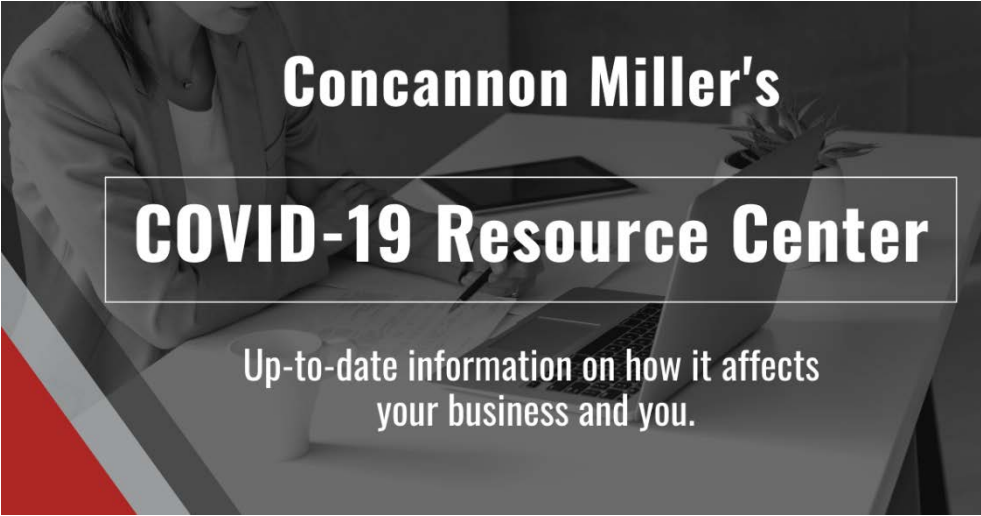
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Additional information is available on our website at www.concannonmiller.com under the “Resources” tab.

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Scenario Planning – Short and Long Term



***Change is anything but new. . .
we have already lived through
the tech bubble of 2000, the
aftermath of 9/11 and the
mortgage crisis of 2008.
Covid-19 will just be another
milestone in our history that some
will survive and some will not.***

What are you doing to ensure you are one of the few that do?

Then and Now

What has changed due to mandated social distancing?

- Face to face business and development activities have become entirely virtual
- Fundraising events hosting hundreds of people were common place and relied upon and are now nearly extinct
- Contributions relatively consistent are now questionable for the foreseeable future
- Budgets were our primary driver of success but our realities have become unpredictable



Then and Now

How have you responded?

- Obtained PPP, EIDL or other government stimulus?
- Focused on your MISSION?
 - With staff?
 - With volunteers?
 - With the board of directors?
 - With your donors?
 - With your constituents?
- Or are you driving with the headlights out?



Short Term Planning

Short term planning consists of facing the immediate needs of the organization. To ensure those needs have been met you should be asking yourself a number of questions ranging from governance to operations to finance.

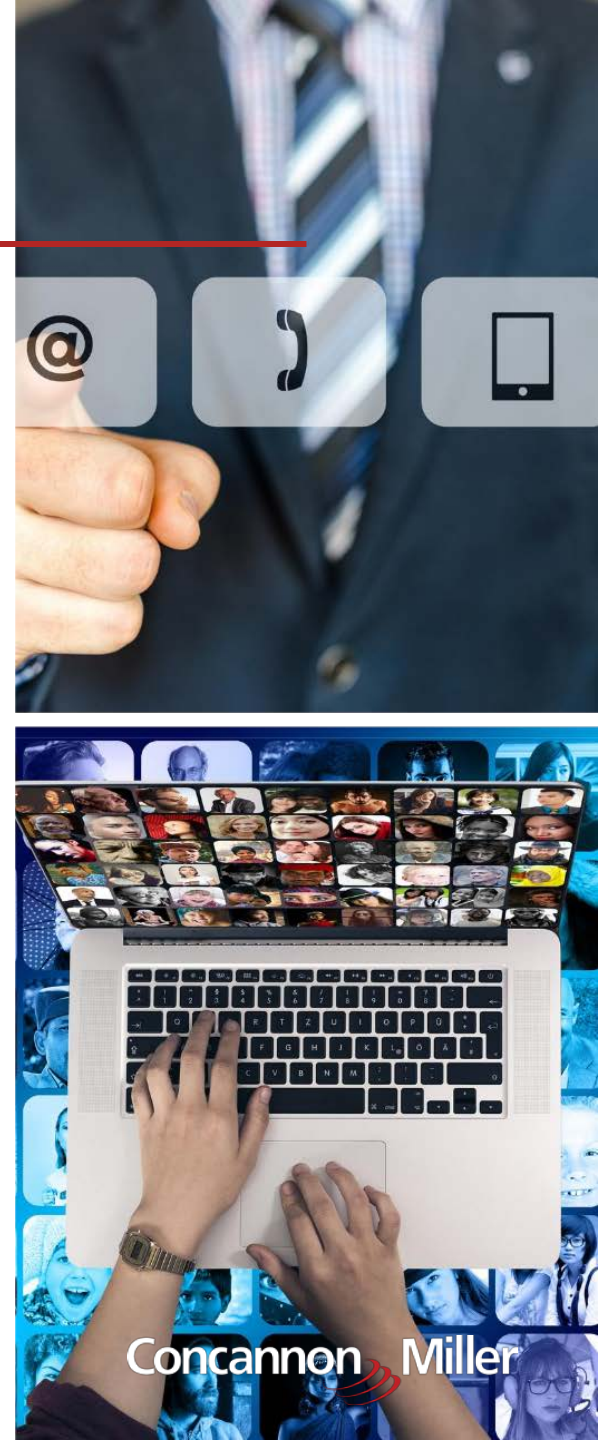
Short Term Planning (Continued)

- Cash is King, have you considered:
 - Cut non-mission critical expenses first?
 - Negotiate rates and payment terms with vendors (insurance, utility, phone, internet providers, etc)?
 - Contracted lenders and creditors for deferred payment plans?
 - How long the cash on hand will last you?
 - Are there restricted funds that donors are willing to release from restriction?
 - Payroll cuts as the final line in the sand?



Short Term Planning (Continued)

- “It takes a village”
 - How have you incorporated all interested parties into your planning? Is each engaged in WHY you were created in the first place?
 - Your staff are your greatest asset and should be your greatest cheerleaders!
- Is your budget out the window?
 - Revise existing budgets
 - Project cash in and out over the next 1, 6 or 12 months?
 - Evaluate ways to communicate financial information for ease of use.



Long Term Planning

Long term planning consists of moving the organization from the “same old thing” or day in day out mindset to a future minded, anticipatory, and ready for something new way of thinking. Every aspect of the Organization must be considered to ensure you are here to continue your mission 1, 10, 100 years from now.



Long Term Planning (Cont'd)



Funding Composition

- Nonprofit organizations don't have to sustain themselves solely on contributions. Seek means of expanding operations to bring in additional revenue.
- Revenue sources include:
 - Fee for Service, Government Grants, Individual Contributions, Investments / Endowments, Foundation Grants, Fundraising Events, Conferences and Meetings, Publications
 - Unrelated Business Taxable Income



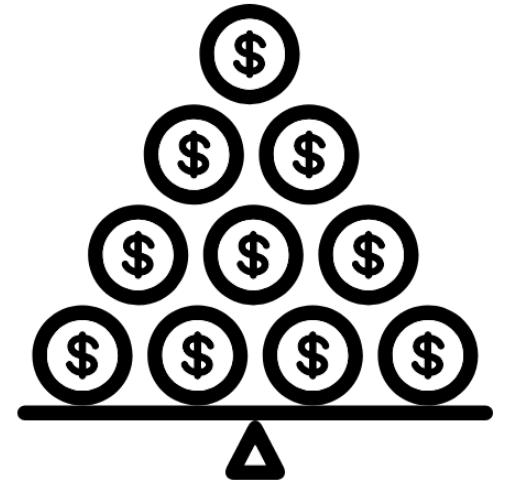
Unrelated Business Taxable Income

- Trade or business,
- Regularly carried on
- Not substantially related to the organization's purpose
 - Regardless of whether the proceeds will be used to further the mission
 - Exceptions include sponsorships, sale of donated merchandise and use of a volunteer workforce
 - Most common example is the rental of your space for unrelated business

Long Term Planning (Cont'd)

Fundraising Considerations

- Use caution before attempting to resume in-person events. Keep the safety of your staff in mind just as much as your supporters.
- Use the success of prior events and related case studies to make a special appeal in lieu of the event.
- Monitor the rules of neighboring states. Perhaps there are better options closer than you think.
- Tell your success stories. Facebook, Twitter, Instagram and newsletters!
- Identify high risk or concentrations of donors and discuss what the future looks like!

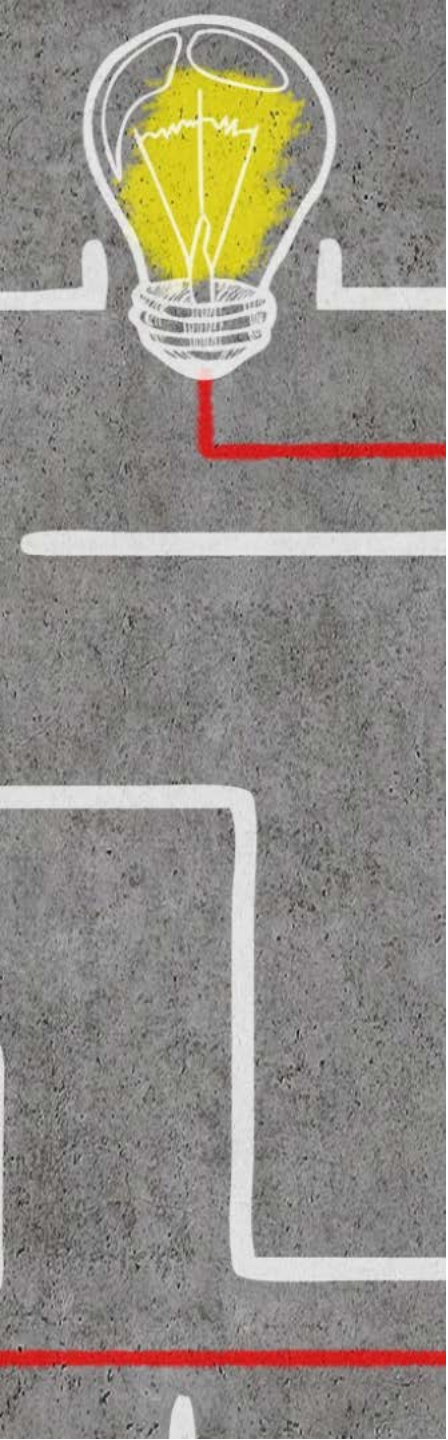


Long Term Planning (Cont'd)

Financial Monitoring

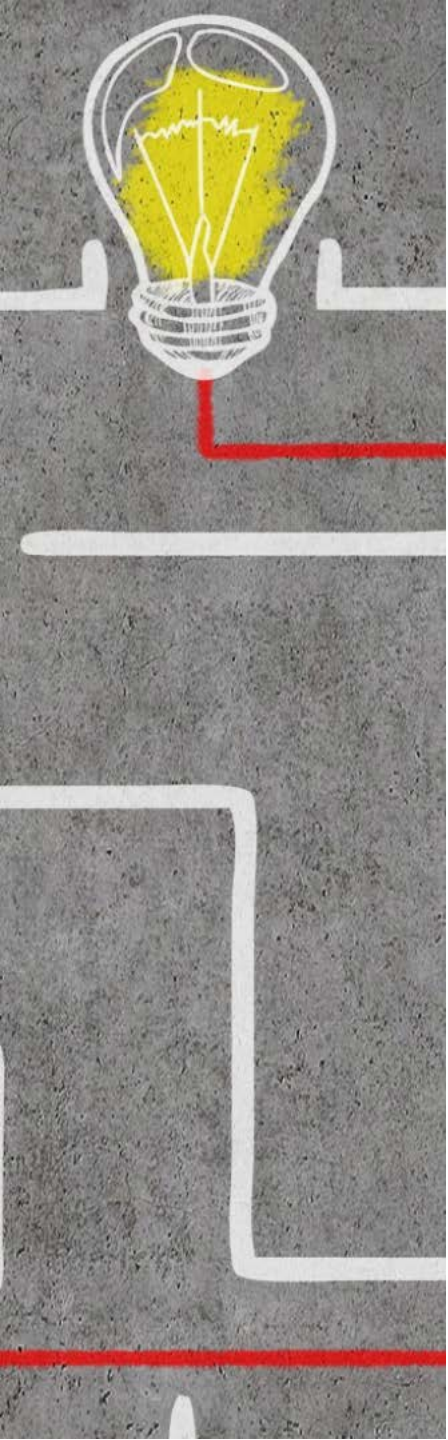
- Monitor Restricted Gifts (if you can't get them unrestricted)
- Communicate during the monthly close (*it takes a village*)
- Monitor individual programs (if fundraising doesn't cover it, is it still viable?)
- Use new methods to share financial information so that everyone can understand and be part of the conversation:
 - Dashboards
 - Communicate pages of financial information in easy to understand graphics and pictures
 - Provide a birds eye view of important detail
 - Can be used for financial information as well as any program metrics established



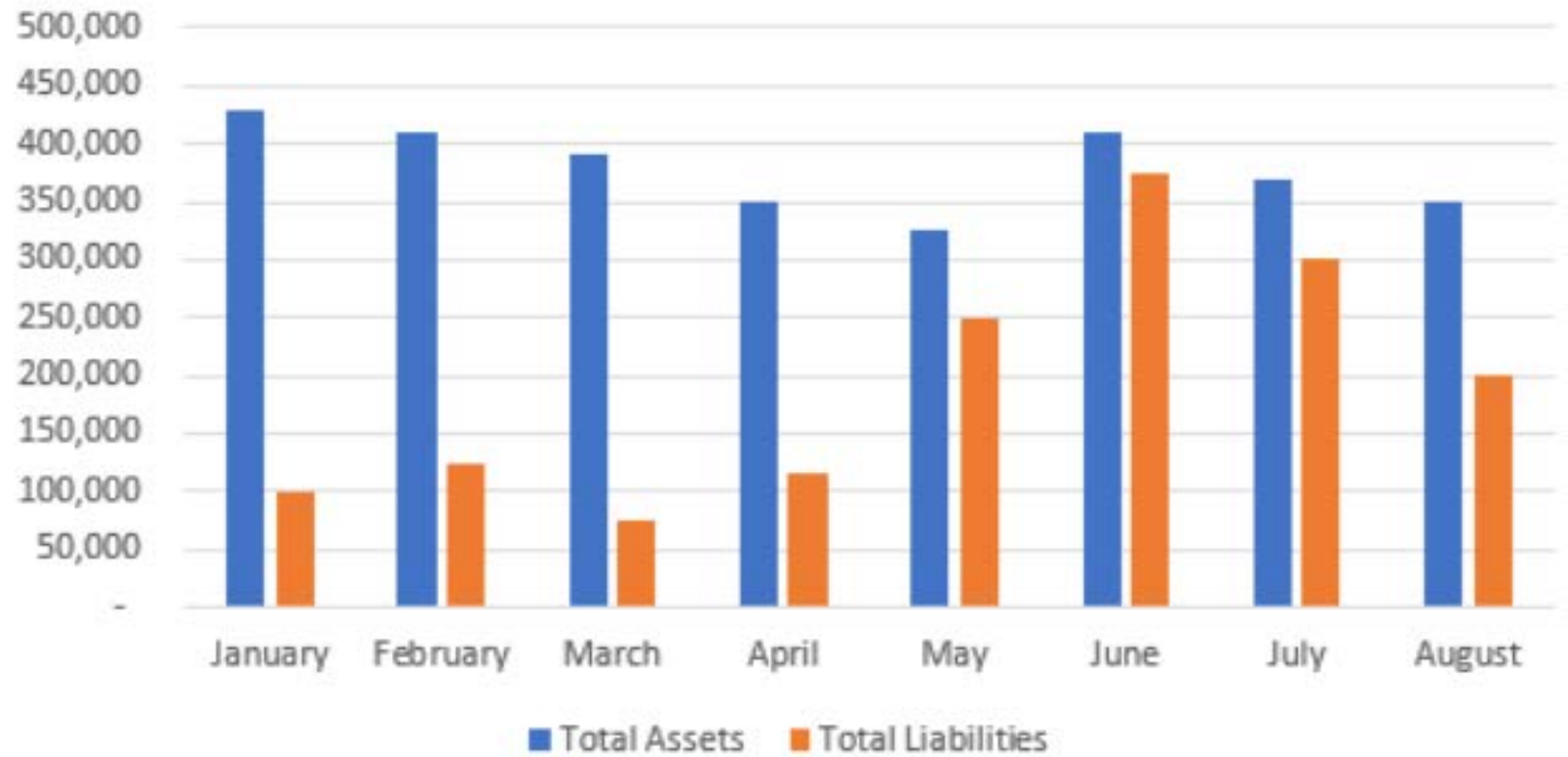


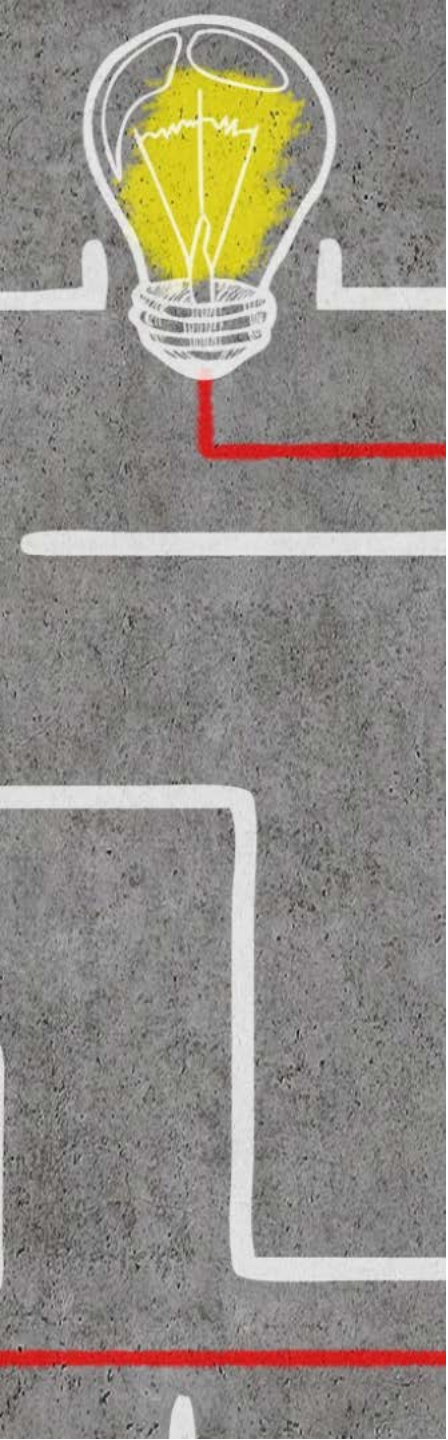
Cash Trends - Calendar YTD vs PY YTD





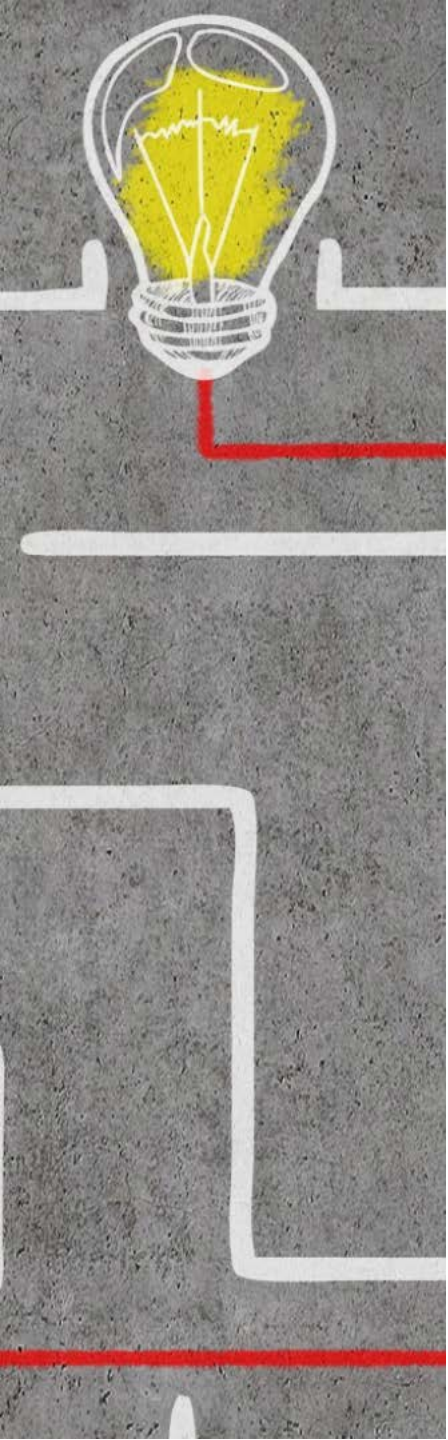
Assets vs Liabilities - YTD



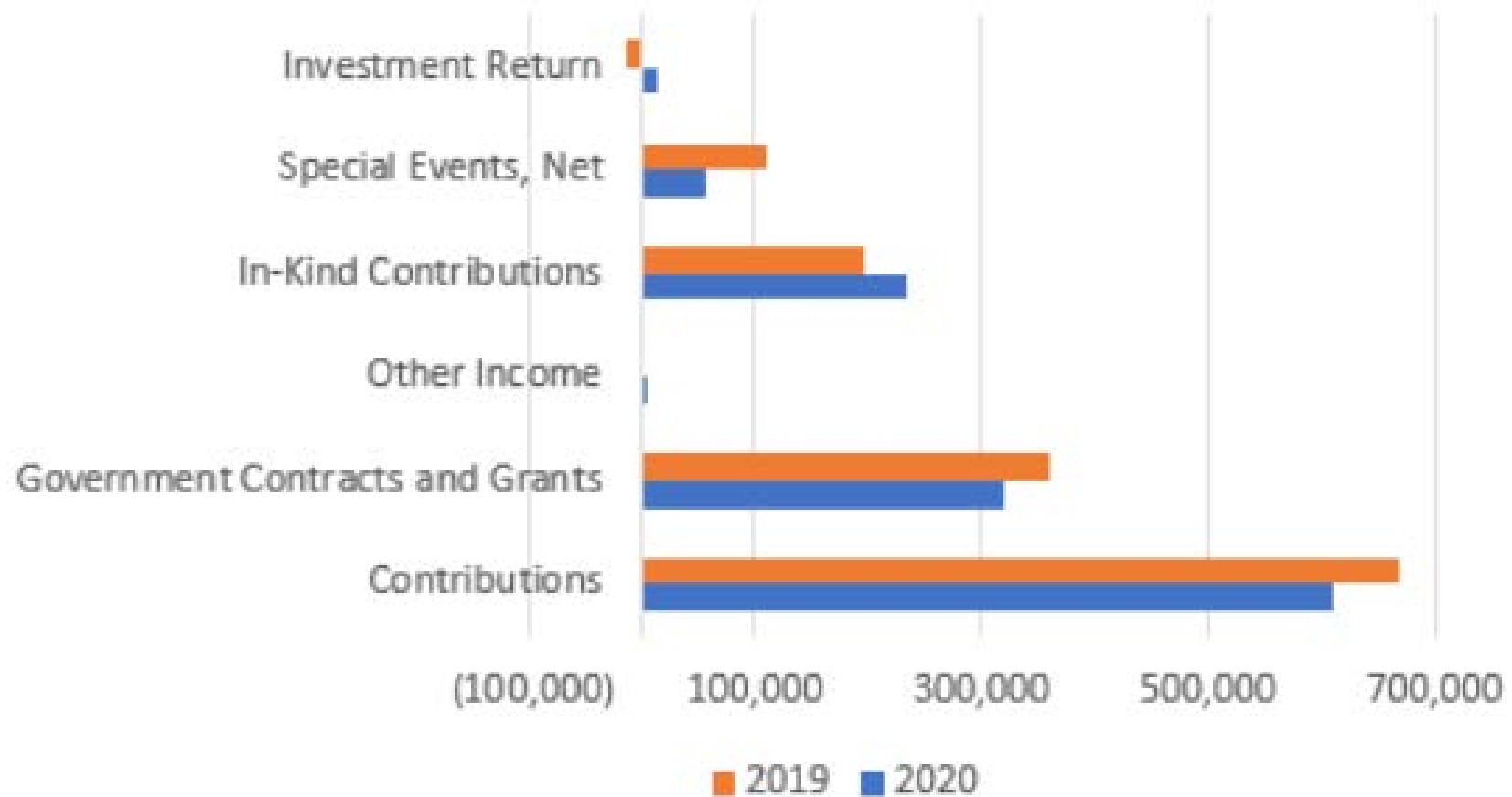


Revenue vs Net Income YTD





Composition of Revenue - Year over Year

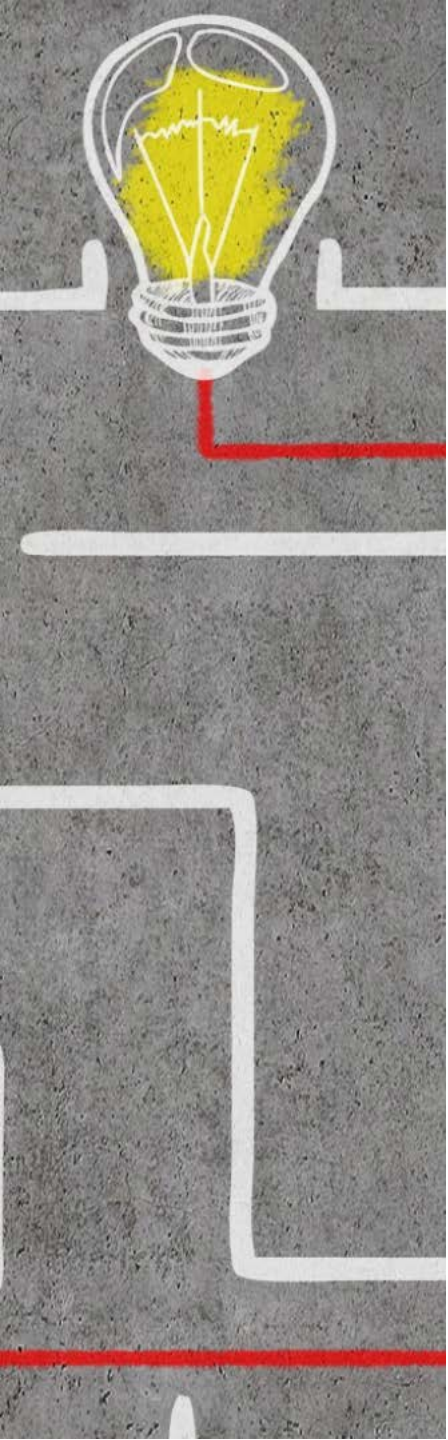


Long Term Planning (Cont'd)

Key Performance Indicators

- Creates metrics to guide all facets of the Organization
- Separates goals versus dreams
- Provides engagement and collaboration between departments
- Provides the ability to track progress
- Customized to your specific facts and circumstances and what is important to the management of your organization and your path forward.





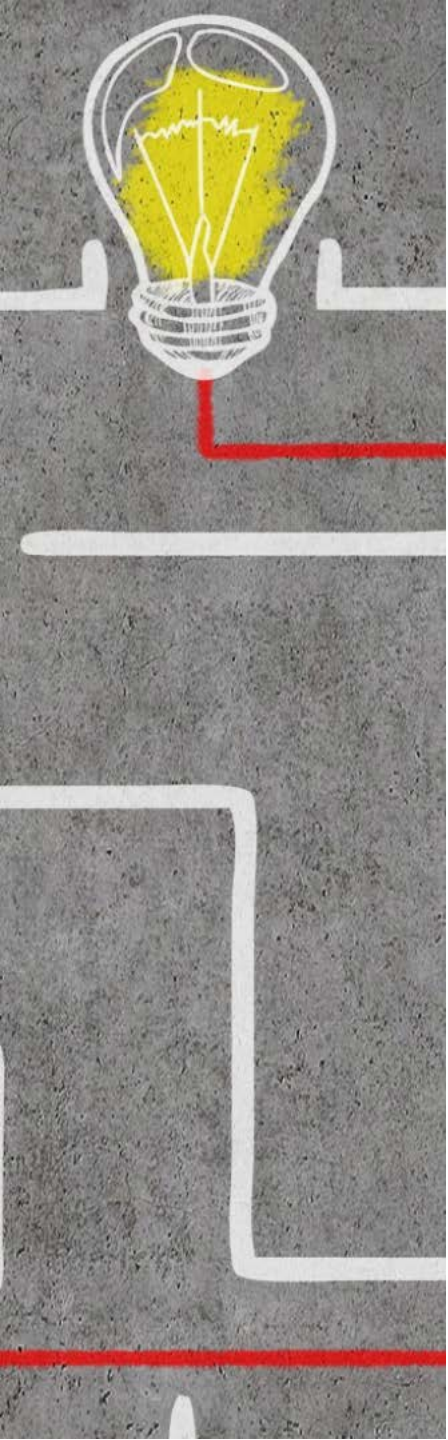
Key Performance Indicators	Target	Exceeds	In-Range	Below	Actual
Financial					
Cash on Hand	30 Days	> 75 Days	25-75 Days	< 25 Days	60
Current Ratio (Assets over Liabilities)	2:1	2.2 : 1 or more	1.5 - 2 : 1	1.49 : 1 or less	2.15 : 1
Revenues with 10% of Budget	within 10%	> 10%	-2 % - + 10%	< 10%	2%
Expenses within 10% of budget	within 10%	< 10%	-2 % - + 10%	> 10%	+ 8%
Program					
Number of New Students	15 +	> 15	2 - 15	< 2	8
Retention of students/participants	> 85%	> 85%	70% - 85%	< 70%	69%
Number of Families Served	100 +	100 +	80 - 100	< 80	81
Number of case studies publicized	10+	10 +	2 - 10	< 2	4
Fundraising					
New Donors Reached	10+	10+	0 - 10 +	< 0	3
Last Year but Not this Year (LYBUNT)	Less than 10%	< 10%	0 - 10%	> 10%	12%
Board giving	100%	1	75% - 99%	< 75%	0.85
Total Contributions					
Other KPI area's to consider - Board Engagement, Staff Engagement (& Satisfaction), Human Resources, Marketing, Volunteers, Membership, Facility Management, Accident Rate, etc					

Long Term Planning (Cont'd)



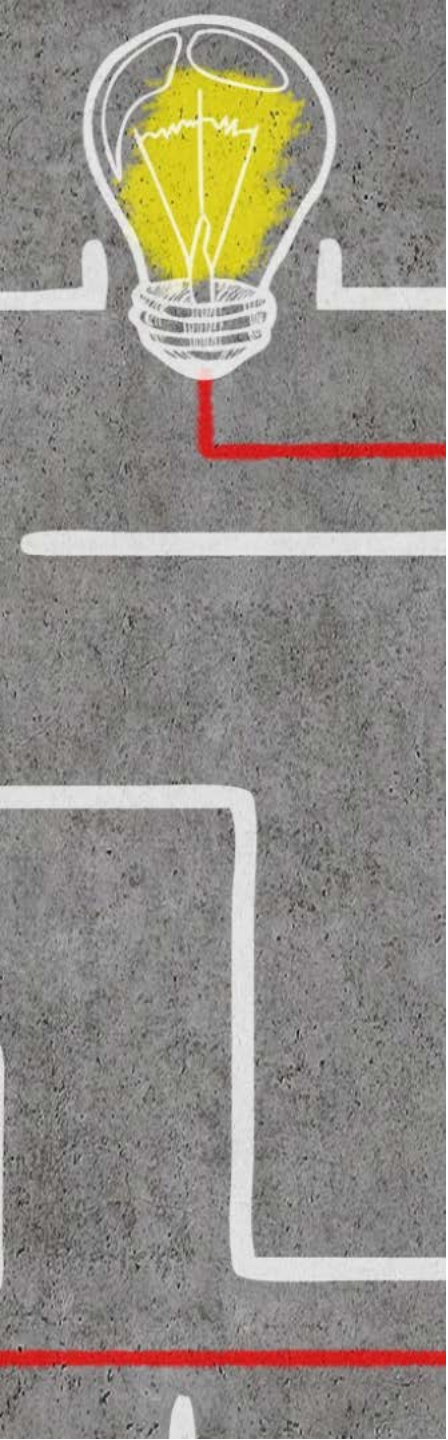
Cash Flow Forecast

- Future focused
- Not dependent on expectations that went into the budget
- Fluid and easy to change based on actual results and new information
- Predicts how long existing cash will last and supports the actual timing of receipts and expenditures



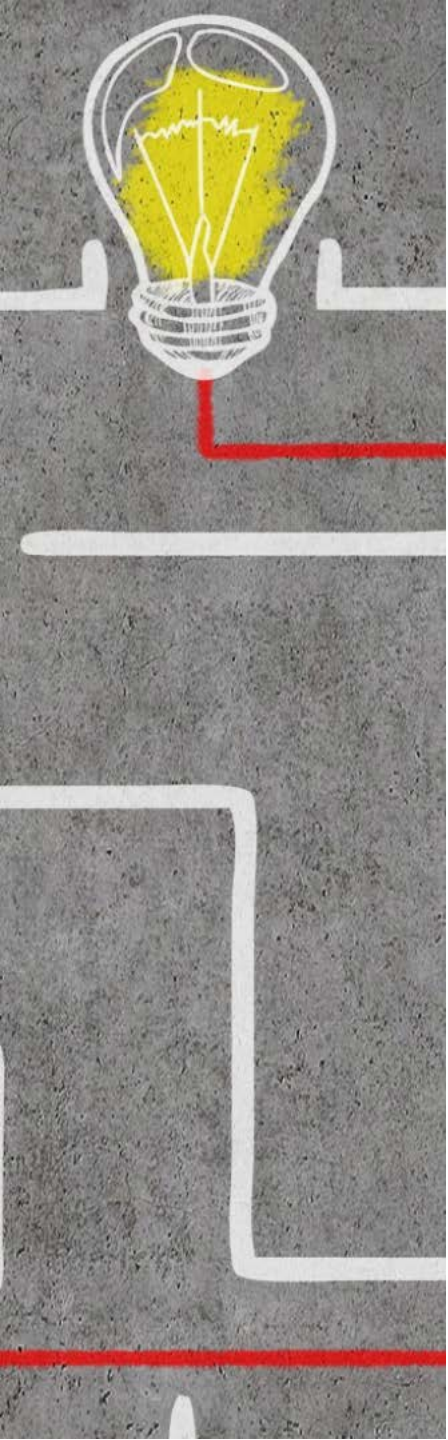
	Sep	Oct	Nov	Dec	TOTAL
CASH RECEIPTS					
<i>Contributions & Support</i>					
Foundations	10,000			20,000	\$ 80,000
Corporations	5,000	5,000	5,000	7,500	\$ 52,500
Individual contributions					\$ -
<i>Government Contracts</i>					
Federal					\$ -
State/Local	35,000	35,000	35,000	35,000	\$ 420,000
<i>Other Revenue</i>					
Investment income					\$ -
Program service fees	7,500	7,500	7,500	7,500	\$ 90,000
Special events				15,000	\$ 40,000
Miscellaneous					\$ -
Total Cash Receipts	\$57,500	\$47,500	\$47,500	\$85,000	\$ 682,500

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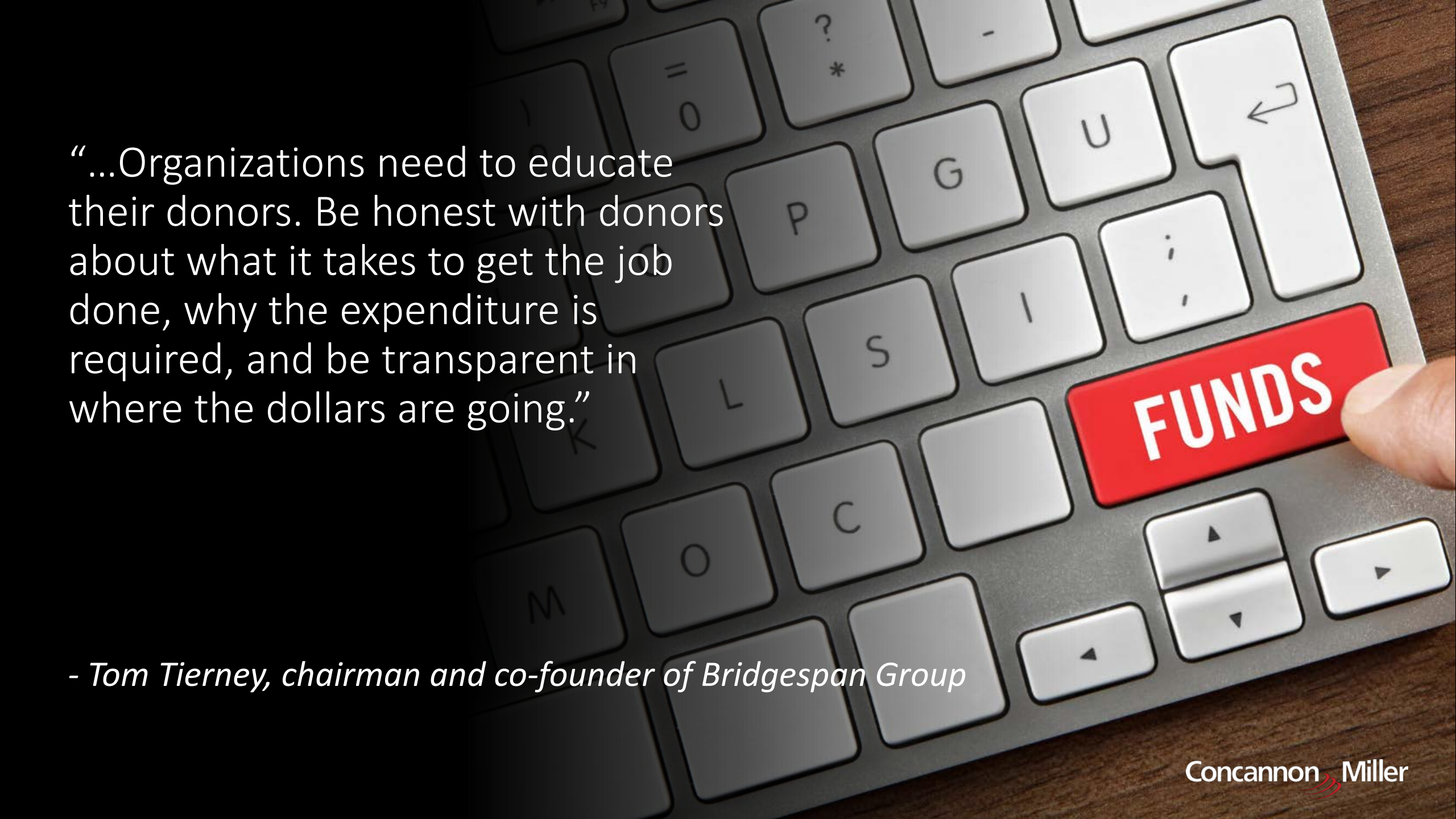
CASH DISBURSEMENTS					
Monthly operating expense estimate	52,083	52,083	52,083	52,083	\$ 625,000
Adjustments (+ / -)					\$ -
Total Cash Disbursements	\$52,083	\$52,083	\$52,083	\$52,083	\$625,000
Excess (Shortfall) from operations	\$5,417	(\$4,583)	(\$4,583)	\$32,917	\$57,500

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CAPITAL AND FINANCING					
<i>Cash Receipts</i>					
Cash received from loans/financing				\$	-
Cash received from credit line				\$	-
Transfers from savings/investments				\$	-
<i>Cash Disbursements</i>					
Capital purchases				\$	-
Repayment of loan principal	1,250	1,250	1,250	1,250	\$ 15,000
Repayment of credit line principal				\$	-
Transfers to savings/investments				\$	-
NET CASH EXCESS (SHORTFALL)		\$4,167	(\$5,833)	(\$5,833)	\$31,667
ROLLING CASH BALANCE		\$247,500	\$241,667	\$235,833	\$267,500

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A close-up photograph of a computer keyboard. A finger is pressing a red key that has the word "FUNDS" written on it in white capital letters. The keyboard is dark grey or black, and other keys like "P", "G", "U", "I", "S", "L", "C", "O", and "M" are visible. The background is a dark wooden surface.

“...Organizations need to educate their donors. Be honest with donors about what it takes to get the job done, why the expenditure is required, and be transparent in where the dollars are going.”

- Tom Tierney, chairman and co-founder of Bridgespan Group



Overview of The Paycheck Protection Program (“PPP”)

Created by the CARES Act, which authorized \$349 billion in forgivable loans to qualifying businesses, including nonprofits, to pay their employees and cover certain other core expenses during COVID-19 crisis.

Flexibility Act

CARES Act substantially amended on June 5, 2020 with the enactment of the Paycheck Protection Program Flexibility Act of 2020 (“Flexibility Act”)

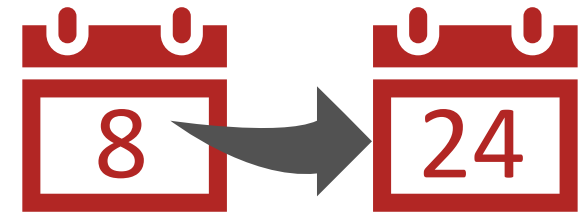
Extension Act

Further amended on July 4, 2020 with the Paycheck Protection Extension Act (“Extension Act”)

What's Changed

Covered Period

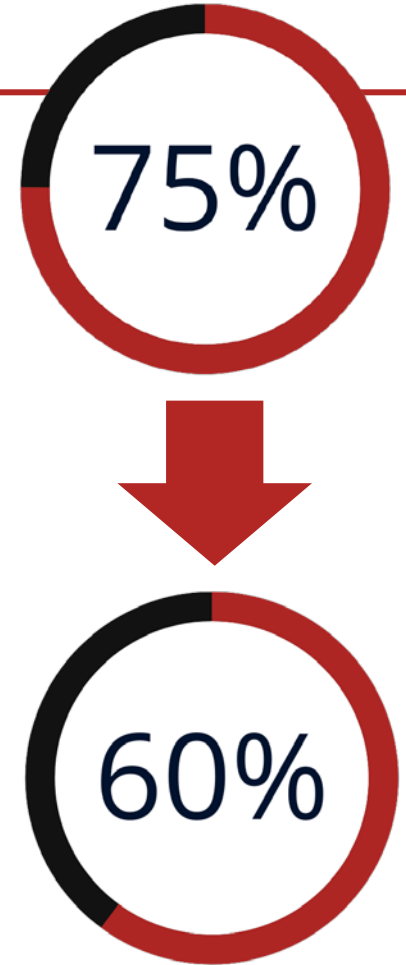
- Extended from an 8 week period to 24 weeks, or until December 31, 2020, whichever is earlier
- Borrowers already with loans as of June 5th have the option to keep the original 8 week period if preferable
- Borrowers with bi-weekly or more frequent payroll can use the “alternate covered period”



What's Changed (Cont'd)

Payroll Percentage

- Originally, 75% of the loan proceeds had to be used for payroll costs
- Flexibility Act reduces that percentage to 60% to qualify for forgiveness
- No more than 40% of loan proceeds can be used for non-payroll expenses



What's Changed (Cont'd)



FTE/Wages Reduction

- If FTE headcount or wages are reduced during the covered period, the amount eligible for forgiveness is reduced.
 - Have until December 31, 2020 to restore headcount and wages to pre-February 15th level
 - Additionally, forgivable amount can now be determined without regard to a reduction in FTEs if the borrower is able to document it is:
 - Unable to rehire individuals who were employees on February 15, 2020, and also is unable to hire similarly qualified employees on or before December 31, 2020; or
 - Unable to return to a pre February 15th level of business activity due to compliance with federal requirements or guidance related to COVID-19

What's Changed (Cont'd)



Deferral Period

- For loans entered into after the enactment of the Flexibility Act, businesses have five years, instead of two, to amortize any balance due on the loan.

Employer-share of FICA Tax Payments

- Permits all borrowers to defer the employer-share of FICA tax payments for periods through December 31, 2020.
- Repayment terms remain the same:

50%

December 31, 2021

December 31, 2022

Reminder of Eligible Costs



— What are eligible payroll costs?

- Wages, commissions, bonuses, salaries, and vacation (up to \$100,000 annualized salary)
- Group health benefits including insurance premiums, health and dental
- Retirement benefits
- State & local employer taxes paid by employer (e.g. SUTA)
- Family, medical, and sick leave (***other than*** COVID-related required paid sick leave/FMLA under the FFCRA)



Minimum of 60% of loan funds must be used on payroll costs to be considered for full forgiveness

Reminder of Eligible Costs (Cont'd)



— What non-payroll costs qualify?

- Rent (on leases in place prior to 2/15/2020)
- Related party rent – limited to the amount of mortgage interest the related party owes on the property during the covered period that is attributable to the space being rented by the PPP borrower
- Utilities including water, gas, electricity, telephone, internet, and transportation (for service agreements entered into prior to 2/15/2020)
- Interest on mortgages on real or personal property (on loans incurred before 2/15/2020); not eligible if related party mortgage



No more than 40% of the forgiveness amount can be for non-payroll costs

Tracking of Eligible Expenses



- Establish a clean trail, gather supporting documentation
- Keep track of how every dollar is spent
- Monitor staffing and salary levels
- Refer to our COVID Resource Center for tracker spreadsheet

Applying for Loan Forgiveness



- Submit a request to your lender
- Include documents verifying your FTE's and pay rates (payroll reports, payroll journal)
- Include proof of payments on utilities, rent, and interest
- Certify that the documents are true
- Certify that the funds were used to keep employees
- Lender will review documents and must make a decision on forgiveness within 60 days of application



Beware that you could be taking on a loan, some of which has the potential to not be forgiven. Don't count on it until it's forgiven.

Applying for Loan Forgiveness (Cont'd)



- Might be eligible for the simplified 3 page EZ loan forgiveness application if borrower satisfies any of the following requirements:
 - The borrower did not reduce salary or wages for any employee by more than 25% during the covered loan period as compared to the period between January 1, 2020 and March 31, 2020, AND did not reduce the number of hours of employees between January 1, 2020 and the end of the covered loan period.
 - The borrower did not reduce salary or wages for any employees by more than 25% during the covered loan period as compared to the period between January 1, 2020 and March 31, 2020 AND was unable to return to the same level of business activity it was operating at before February 15, 2020, due to compliance with official requirements related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.



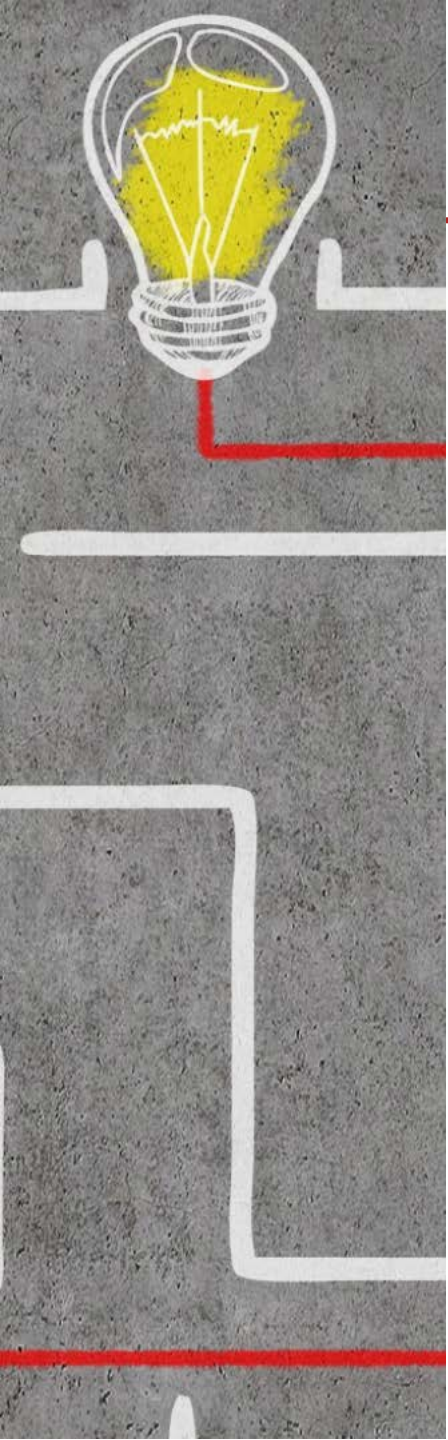
Documents required to submit with application for forgiveness

Payroll Documentation

Cash payments to employees	3rd Party Payroll Provider Reports or Bank account statements
Federal and state payroll tax filings that have been reported or will be reported	Must provide quarterly payroll tax returns for the period(s) that overlap the Covered Period or Alternative Period - 941's and state Unemployment returns
Non-cash employee benefit payments	Employer contributions to employee health insurance and retirement plans

FTE's – Look Back Periods

Last year FTE's	Average number of monthly FTE's on payroll between February 15, 2019 and June 30, 2019
Current Year FTE's	Average number of monthly FTE's on payroll between January 1, 2020 and February 29, 2020
Seasonal Employer FTE's	Average number of monthly FTE's on payroll between February 15, 2019 and June 30, 2019; January 1, 2020 and February 29, 2020; or any consecutive 12 week period between May 1, 2019 and September 15, 2019



Documents required to submit with application for forgiveness

(Cont'd)

Non-Payroll Documents

Business mortgage interest payments

Copy of monthly invoice or loan statement, amortization schedule verifying eligible payments

Business rent or lease payments

Copy of monthly PALS report highlighting Rent Payments - Base and Percent Rent; copy of current lease agreement / cancelled checks for office rent

Business utility payments

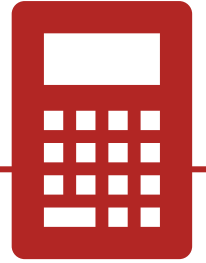
Copy of monthly invoices for electricity, gas, water, telephone, internet



Documents required to maintain but don't need to submit

- ➔ Documentation supporting the listing of each individual employee in PPP Schedule A Table 1, including the “Salary/Hourly Wage Reduction” calculation, if necessary.
- ➔ Documentation supporting the listing of each individual employee in PPP Schedule A Table 2; specifically, that each listed employee received during any single pay period in 2019 compensation at an annualized rate of more than \$100,000.
- ➔ Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule.
- ➔ Documentation supporting the PPP Schedule A Worksheet “FTE Reduction Safe Harbor.”

Accounting for Your PPP Loan



- Record as a long term liability
- When forgiveness is approved by your lender, debit the long term liability and credit other revenue
 - Recommendation would be to present this as nonoperating revenue on the statement of activities
- If a portion is not forgiven, it remains as a long term liability; will need to consider short term portion based on when payments become due
 - Interest rate will be 1%



[U.S. Small Business Administration \(SBA\)](#)

[AICPA – State Provisions](#)

[U.S. Department of the Treasury](#)

[PPP Expense Tracker](#)

**Check Concannon's Resource page
for helpful information for your business.**



Concannon Miller's

COVID-19 Resource Center

Up-to-date information on how it affects
your business and you.

Thank You

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