

Nonprofit Finance Fund: Where Money Meets Mission

NFF envisions a world where capital and expertise come together to create a more just and vibrant society

We unlock the potential of mission-driven organizations through

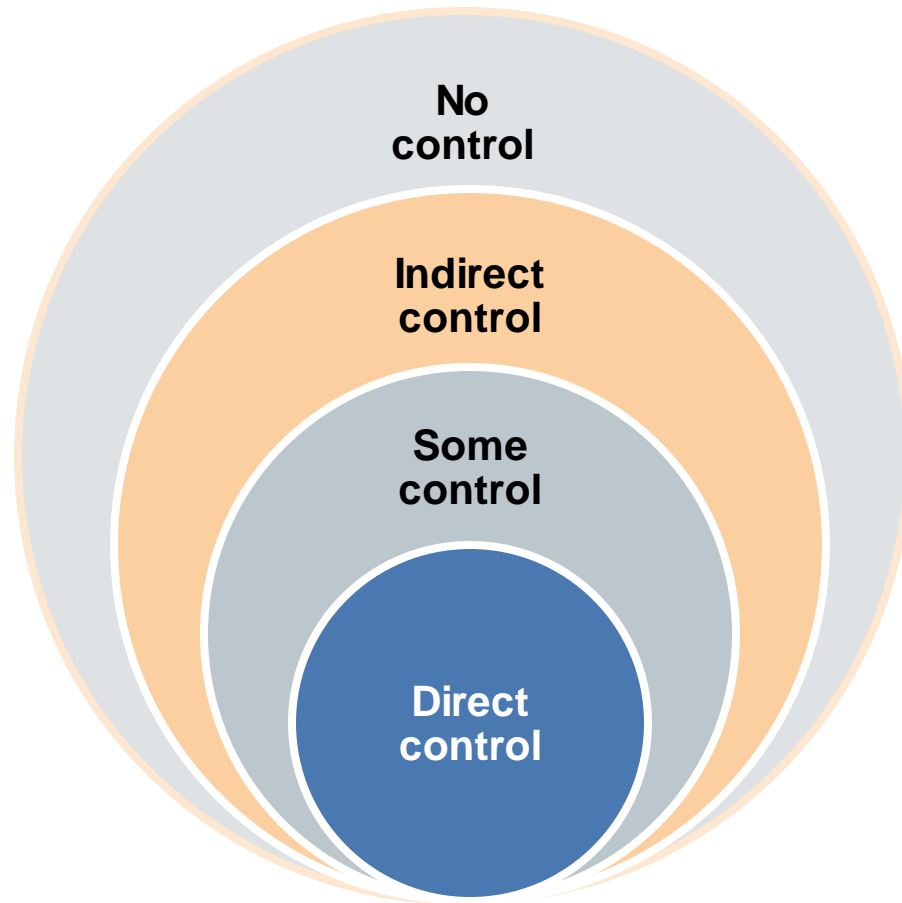
- **Tailored investments**
- **Strategic advice**
- **Accessible insights**

Guided by our Core Values



Understand your Situation and Establish Priorities

What's within your control?

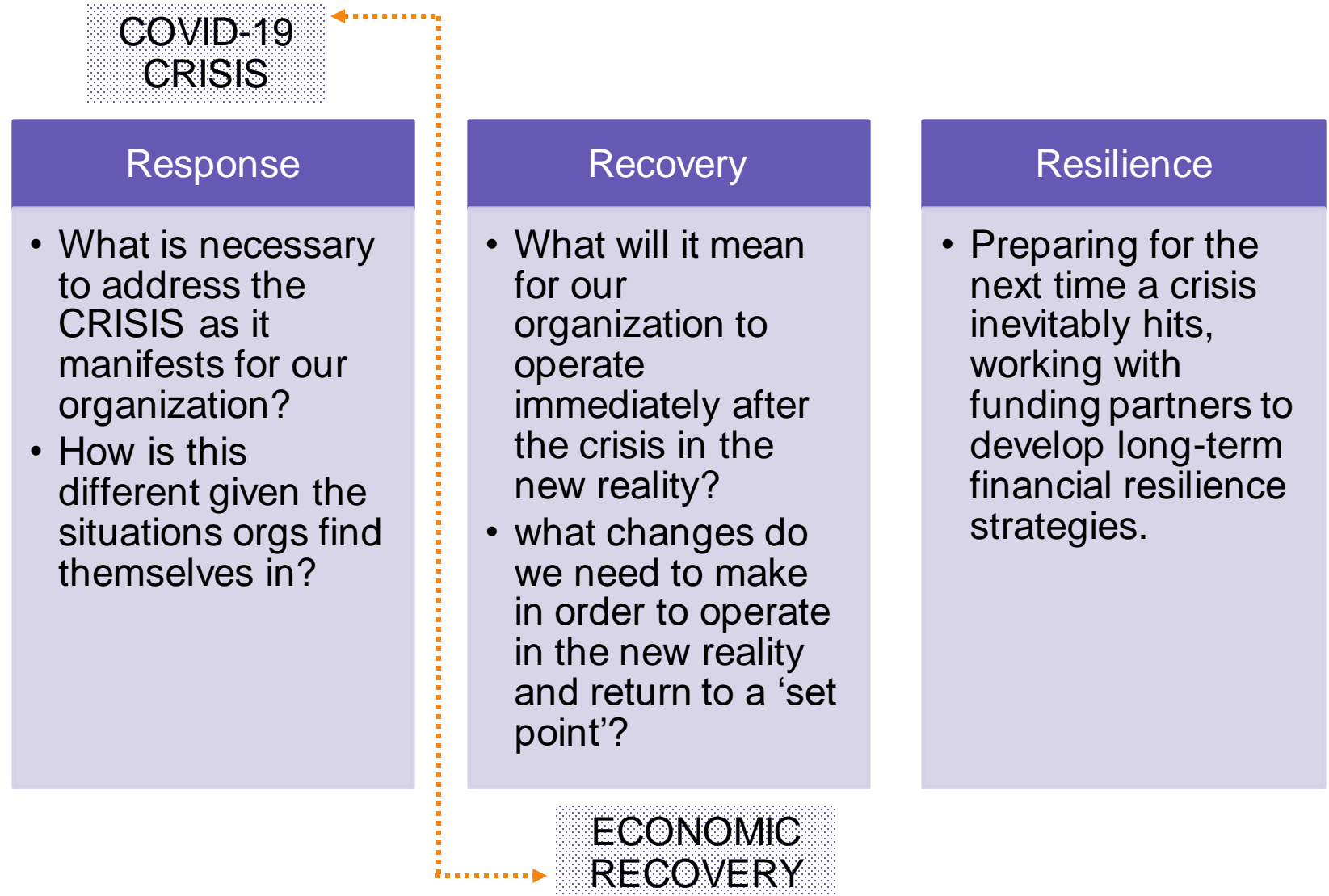


Understand your Situation and Establish Priorities

Impact on Organizational Strengths?



As the sector seeks to react to the current pandemic, nonprofits will have three **concurrent** needs



COVID-19 Response

Assessing impact upon organizations

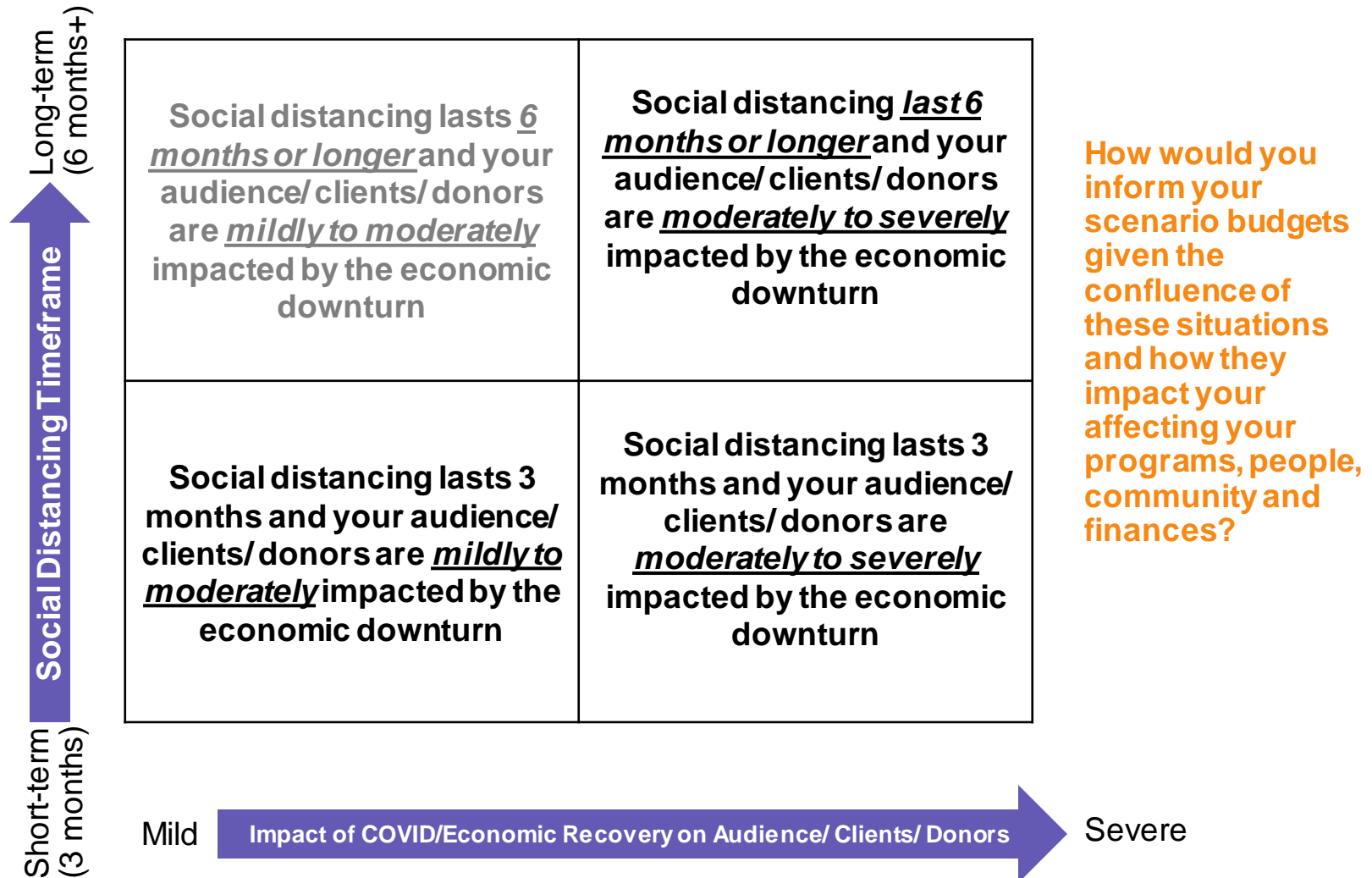
	Operational	Limited/Reduced Service	Paused
Description	Organizations that can continue operations. Typically orgs that keep us alive.	Organizations that can continue SOME operations or modify operations to accommodate SOME clients.	Organizations that must shut down because they are unable to deliver services
Initial Questions	<ul style="list-style-type: none"> • Is there an increase in demand? • Are there emergency resources or reserves available? • Have staff taken on additional personal and organizational obligations? 	<ul style="list-style-type: none"> • Is the organization providing services? Are you getting paid for them? • Is there enough cash on hand? • Has staff been furloughed? 	<ul style="list-style-type: none"> • What impact will this have on staff? • What is health of the organization's balance sheet?
Considerations	Length of crisis and impact on demand.	Restart costs? Viability?	Restart costs? Viability?

Most arts and cultural organizations have paused operations and are facing a financial crisis



Considerations during times of uncertainty

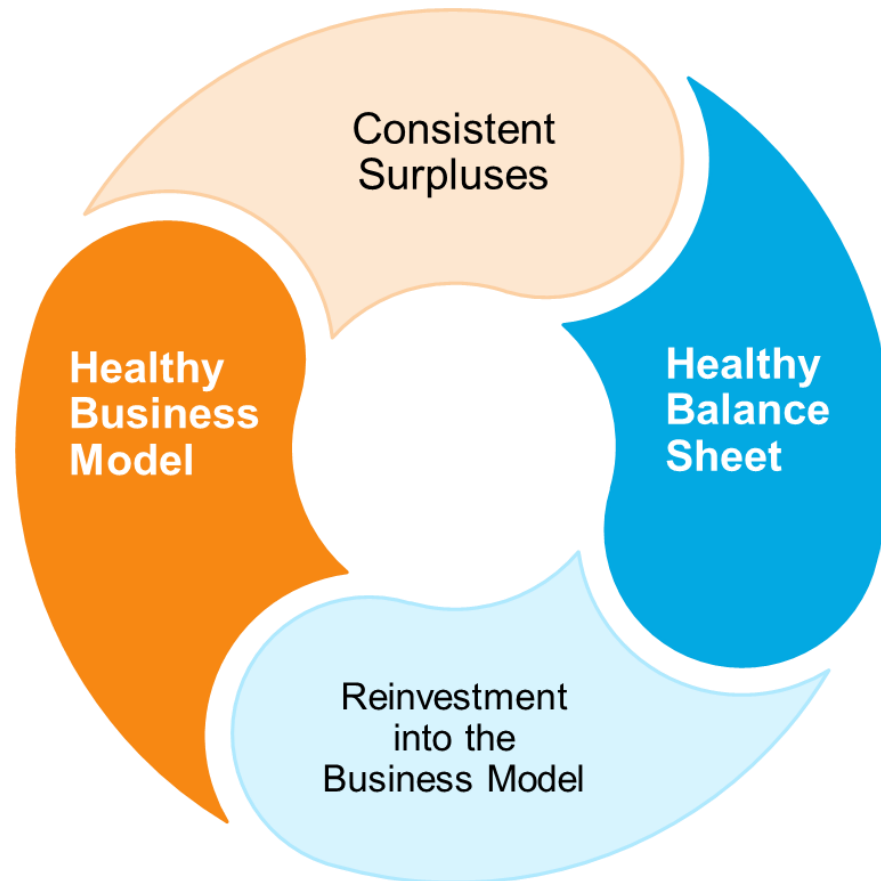
Special Considerations in the age of COVID-19



How would you inform your scenario budgets given the confluence of these situations and how they impact your programs, people, community and finances?

The Ability to Absorb Risk Will Be Different for Each Organization

An organization's ability to **adapt and mitigate** risk is influenced by the resources it has on hand.



Informing your decisions



Now:

Cash flow: Timing of money in and out

Scenarios: Quantifying contingencies

Budgets: 3, 6, 9-month planning & monitoring

Next:

Recovery budget & capital needs:

Assessing what it will take to reengage in operations after the crisis subsides and acknowledging that recovery will require change

Near-Term Goal for Paused Organizations: Safe Harbor

The concept that organizations need a way to ‘anchor’ until it is feasible to reengage in operations.

It will look different for each organization, but at minimum stewarding:

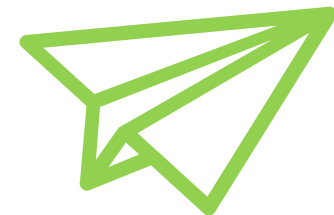
- baseline operations
- essential functions (relationship management, facilities, human resources, artistic/ creative, communications)
- the ‘back-office’



Reality for Some Organizations: Soft Landing

Some organizations are recognizing that returning to normal operations is not a viable option and asking how to the begin the process of 'softly landing' or closing permanently.

- Making the decision
- Calculating the cost
- Communicating the news
- Stewarding the legacy



Prioritizing Opportunities: Where to Focus

Planning Considerations	Focus first on these opportunities:
Mission Impact	High
Degree of Control	Direct control
Capacity Requirements	Easily met
Time Horizon	Immediate/Urgent
Risks	Low
Financial Impact	High

Prioritization will inevitably involve:

Trade-offs: No scenario or opportunity can be on top for all of these considerations, so trade-offs happen when you prioritize high mission impact over easily met capacity requirements for one option, or when you take a chance on a strategy that provides high financial impact over low risk.

Iteration: When you get new information or begin selecting some opportunities over others, you may need to revise certain considerations.

Prioritizing Risks and Options

	Planning Considerations				
Opportunity	Degree of Control	Financial Impact	Mission Impact (E.g., # of People)	Time Horizon Affected	Likelihood to Occur
Focus first on these...	Direct	High	High	Immediate	Definite

Remember, with limited resources focusing on one priority means focusing less on another; trade offs are inevitable.

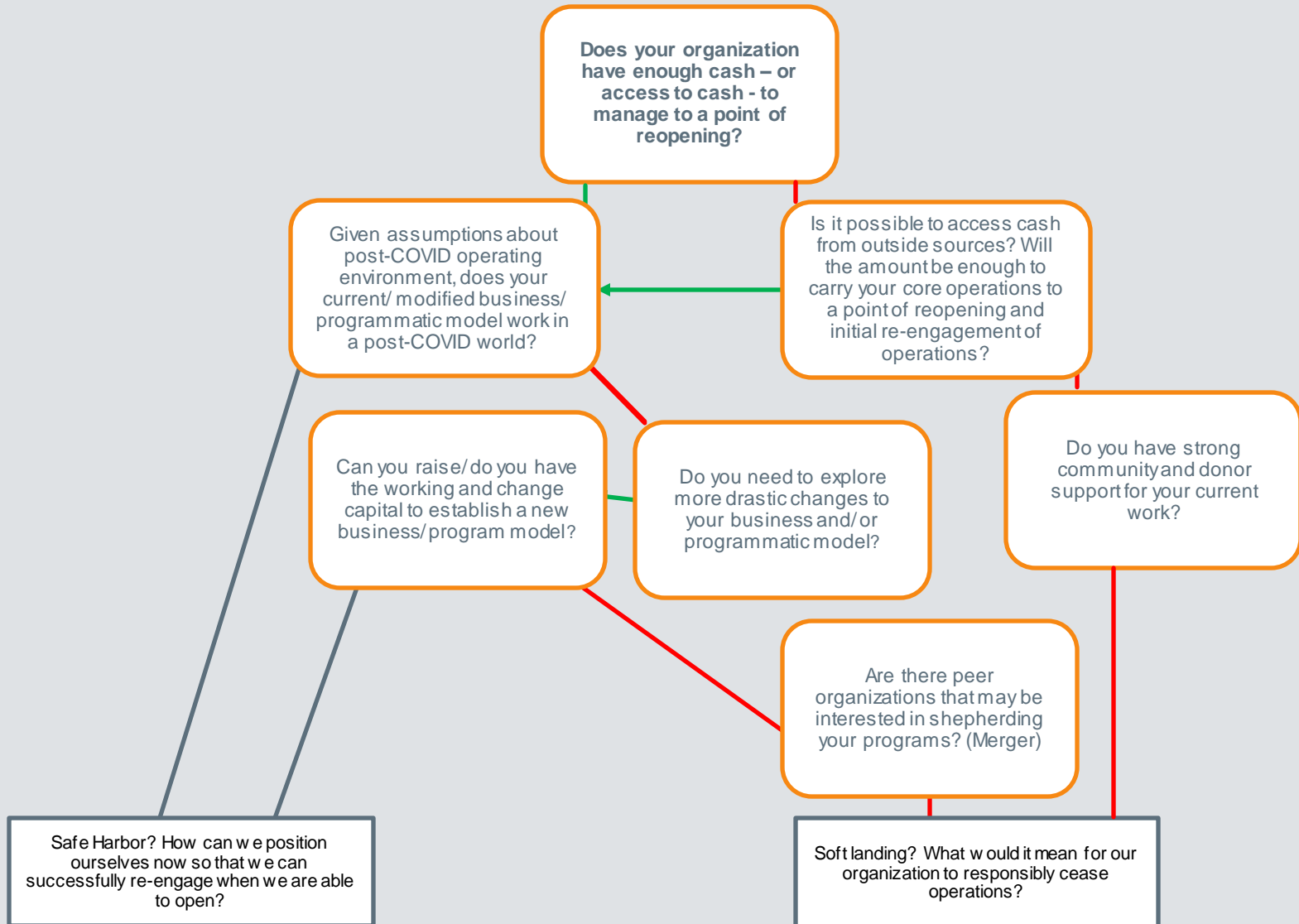
Articulating Opportunities for Change and Mitigating Risk

	Planning Considerations				
Opportunity	Degree of Control	Financial Impact	Mission Impact (E.g., # of People)	Time Horizon Affected	Likelihood to Occur
Converting restricted grants to operating \$	Some	Medium (10% of Total Org Reveue,	High	Immediate	Maybe
New online program for students	Direct	Low/none - \$5000 in startup costs + teacher salaries	High (connect with students)	Soon 1 month	High (Funder Interested)

Blank Template

	Planning Considerations				
Opportunity	Degree of Control	Financial Impact	Mission Impact	Time Horizon Affected	Likelihood to Occur

Safe Harbor/ Soft Landing Thought Tree

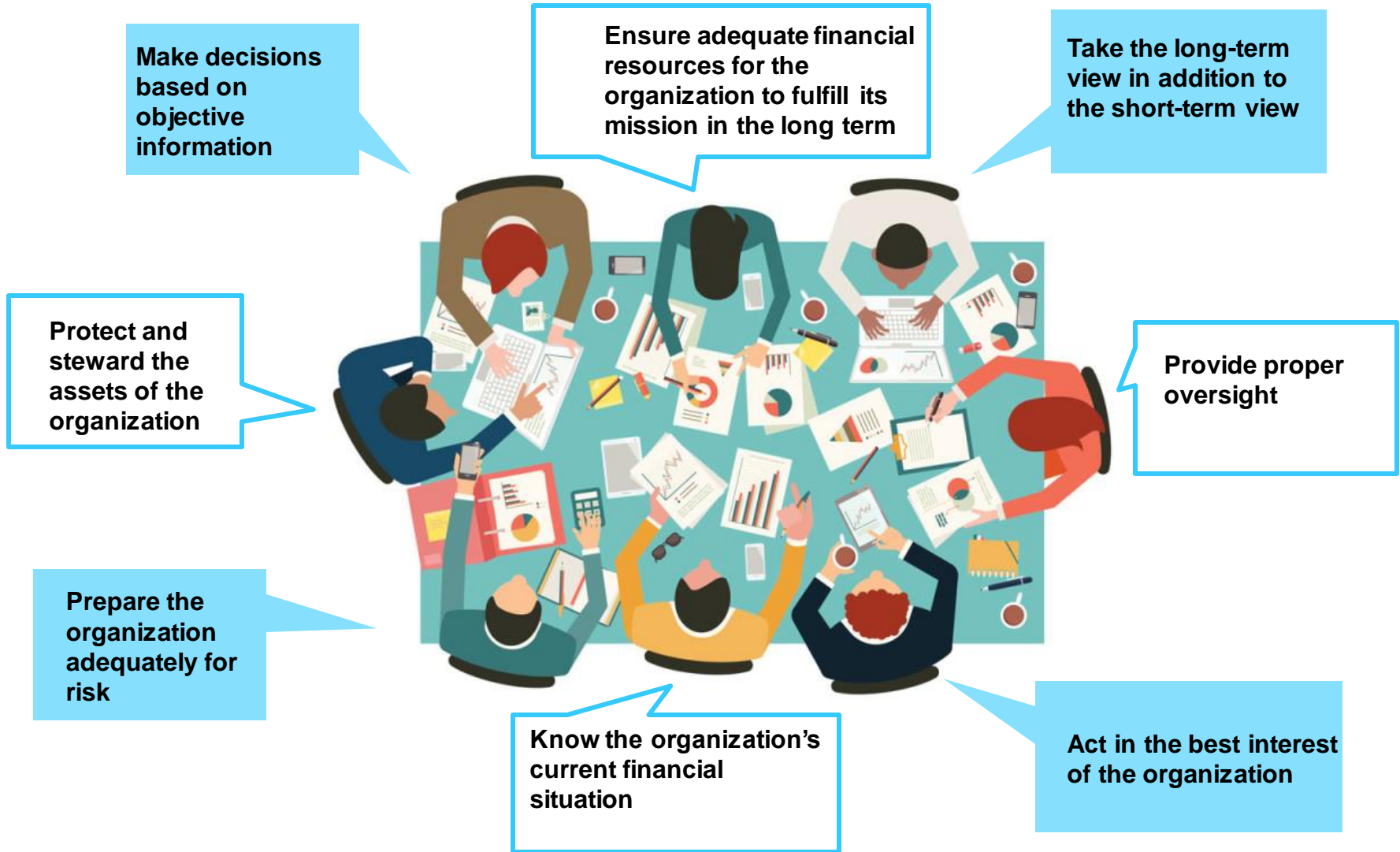


Decision Making in Times of Crisis

When the stakes are high, so are emotions

1. Acknowledge the emotion and everyone's interest in the situation
2. Clearly articulate everyone's role (board, management, staff)
3. Agree on the goal
4. If you can't agree on the goal, agree on the guiderails
5. Sleep on it

Board Member Responsibility



Board's Role in a Crisis

Key questions:

- Do I know how we got to these scenarios?
- Do I understand the numbers?
- Do our scenarios align with our mission, strategy?
- Are projections reasonable and attainable?
- Where are the risks to the organization? Are there risks to long term viability?
- How are we monitoring? What are our triggers?

What is a Financial Story?

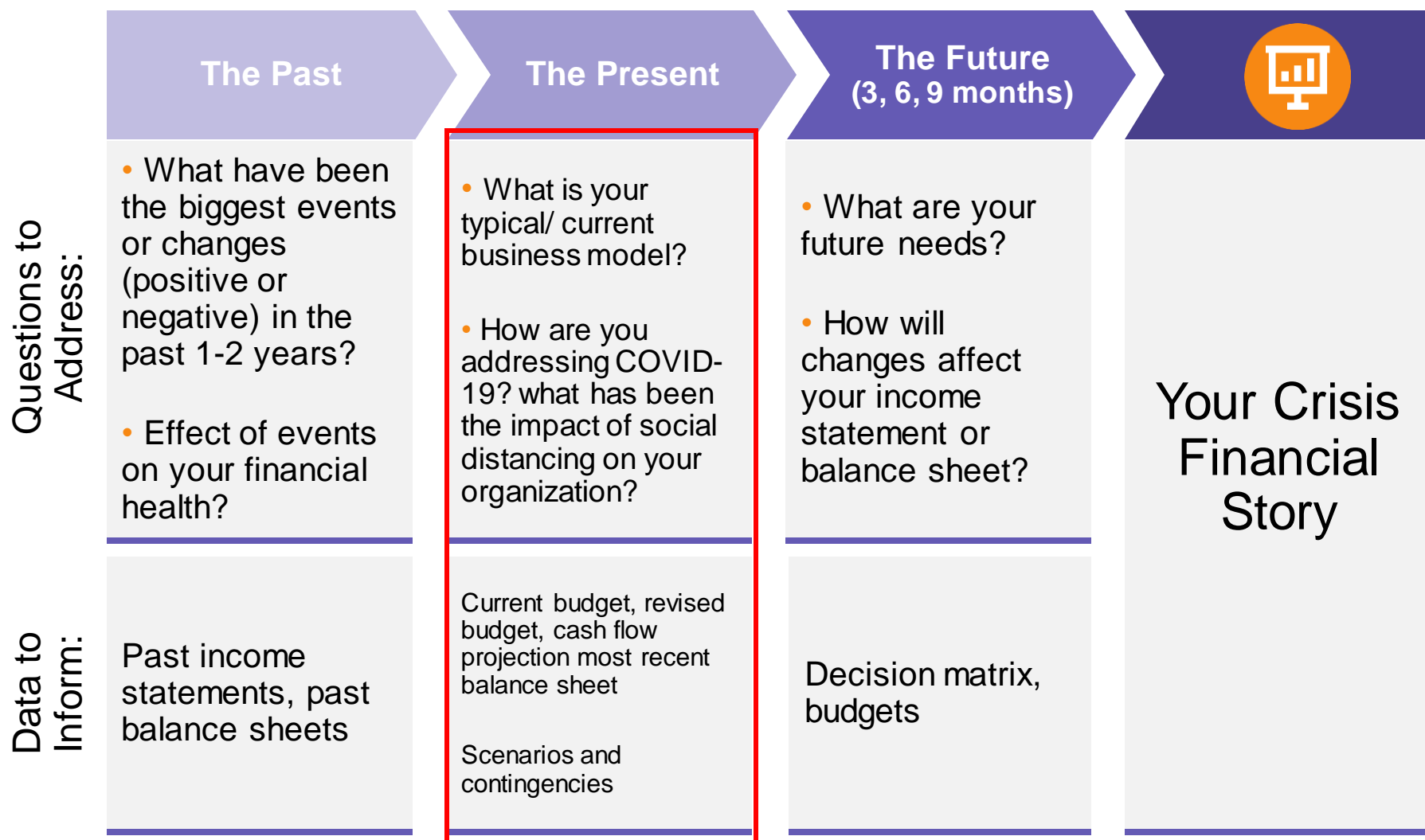
A **Financial Story uses your numbers** to explain where you are today, how you got there, and where you want to go.

It connects the numbers to mission, context, actions, and needs.



When stakeholders understand your financial story, they can make better decisions to support your organization.

Communicating Financial Situation, Priorities, and Need



Conveying Your Safe Harbor Story

1) Lead with mission

Wonderland Community Arts Center provides high quality performances and classes to the towns of Aville, Bville and Cville. Our stellar staff is made up of part time teachers, actors and artists, we have 2 professional administrators and a small facilities team that cares for our accessible, welcoming space.

2) What happened?

COVID-19 brought our operations to a standstill – we aren't able to conduct classes or hold performances. Our revenue has dried up and 60% of our clients have asked for refunds. Our facility is closed.

3) How did you respond?

While we have a modest facilities and operating reserve, in order to meet cash flow needs our board made the tough decision to furlough or lay off most of the staff, except for one administrator, one facilities person and one back office staff. Meanwhile, we applied for the PPP and have planned contingency budgets to get us through the next 3, 6, and 9 months. At 9 months, though, we are completely out of funds, fully tapping our line of credit. The board is monitoring this closely and meeting weekly

4) Effect on mission?

We are concerned that we will not be able to reopen or attract back our audiences once we do because of fears of social distancing. Our community may be incredibly impacted by a looming recession because of our high population of new Americans and immigrants.

5) What do you need?

We are looking for two things: operating dollars to keep us going while we are closed and funds to help us pivot so we can think through how we might pivot programming so that when are able to open we can meet the clients at place that is comfortable and safe.

Conveying Your Soft Landing Story

1) Lead with mission

Wonderland Regional Dance is a 30-year old school and regional traveling dance troop that provides accessible instruction to children and adults and, in the summer months, brings dance to unconventional spaces and places throughout the tri-state region.

2) What happened?

COVID-19 brought our operations to a standstill – we aren't able to conduct our spring classes, our entire summer schedule was cancelled. We are an organization that relies almost entirely on earned revenue and our summer touring subsidizes our school scholarships.

3) How did you respond?

Wonderland Regional Dance has a beneficial agreement with our landlord who has agreed to release us from our lease and we have notified our families that we are no longer able to offer instruction this year and are taking a pause. Our board is considering our options. Our founder, Mr. Glick, is nearing retirement age and is believes that it may be time for the organization to retire as well. The board is considering its options for placing its assets such as dance and music equipment, as well as videos and memorabilia.

4) Effect on mission?

The board recognizes that the absence of our organization means that many children and adults may not be able to receive dance instruction. We are working with the local cultural council and community foundation to meet with other dance groups to see if they would be interested in hearing about our programmatic model and the success we've had, with hope that they could steward our approach.

5) What do you need?

While we could close our doors tomorrow and walk away, we want to close responsibly. We are seeking \$15,000 to ensure that we close responsibly, file all the necessary paperwork, and steward our assets and legacy.

Communicate Early and Often

Engage **staff** in conversations about options

Bring alternatives to the **board** for decision-making

Stay in front of **funders** — don't pull back



Questions? What else do you need?



Thank You!

nff.org

payforsuccess.org

investinresults.org

webinars@nff.org

[@nff_news](https://twitter.com/nff_news)

[@NFFSocialImpact](https://twitter.com/NFFSocialImpact)

