Addressing Financial Management in a Crisis & CARES Act Summary

April 7, 2020 - 3:00 - 4:00 PM EST
AGENDA

● OPENING REMARKS
  DAN FABER, Executive Director - USTA Foundation

● FINANCIAL MANAGEMENT IN CRISIS
  ROB HOWLAND, Director Programs & Services - USTA Foundation

● CHAPTER ACTIONS IN THE FIELD
  *Dallas Tennis Association / DTEA - Laura Worsham, Board Member
  *Atlanta Youth Tennis & Education Foundation, Torrey Hawkins, ED & Eric Schmook, Chair
  *East Palo Alto Tennis & Tutoring, David Higaki, ED

● CARES ACT SUMMARY
  Joe Healy, Managing Director & Corporate Controller - USTA

● Q&A - Via Chat Box
OPENING REMARKS

DAN FABER
Executive Director
USTA Foundation
Financial Management in Crisis Immediate Actions

● **Assess your chapter’s situation**
  ○ Understand the full picture of the chapters’ current operations
  ○ Determine and monitor your options
  ○ Over communicate and reflect often - participants and your donors

● **Understand your Chapter’s situation: Cash flow**
  ○ Monthly Cash flow projection - maps actual cash and expense as it is received and used
    ■ A good projection includes cash on hand at the beginning of the month, expected revenue, and projected expenses
  ○ RESTRICTED DOLLARS - Request to Funders for FLEXIBILITY in crisis

● **Determine and monitor your Chapter’s options**
  ○ Build realistic scenarios
  ○ Devil in the details - yearly programming is cut X months and we only receive 50% of donations, had to cancel annual gala or have to serve additional/less kids
  ○ Fact based assumptions allow management and leadership to inform the programmatic and financial narrative rather than relying on ‘gut feeling’ and ‘best guesses’
3 Steps to Take Now

Step 1 – Identify priorities
- Health and safety of volunteers, staff, and the community
- Protect long-term sustainability of your organization
- Our customers, NJTL kids & families; be sensitive to their challenges and take the long-term approach to maintain and/or build relationships
- If you have debt, identify any restrictions/debt covenants
- Manage expenses, identify must-have expenses, nice-to-have, and not necessary. Use this list to make decisions on all immediate and mid-term spending.
- Identify critical suppliers, partners and/or consultants and get aligned with them on the best way to work together and what is realistic in the short-term and mid-term on contracts.
- ENGAGE YOUR BOARD AND STAKEHOLDERS

Step 2 – Review attached CDC checklist and create responses to questions that apply to your organization.
Step 3 – Review your liquidity by completing the attached cash flow template and consider using the following hypothetical scenarios:

- **Scenario one** – Business as usual...using your organization’s cash and investments, assume you receive no revenue and determine how long you will be sustainable with your status quo budgeted expenses.

- **Scenario two** – Changing Lanes...using your organization’s cash and investments, assume chapter programming and fundraising events are closed 4-5 months (through July/Aug) and recreate your budget making high level assumptions reducing revenues for 4-5 months and assuming a 30% to 50% decrease through year end. In this scenario, take a disciplined approach for expense reductions. As part of this scenario, identify critical partners, consultants and contractual commitments, if any.

Recommendation: Review scenario two and update monthly based on changing circumstances and be sure to engage your finance committee!
Dallas Tennis Association / DTEA
Laura Worsham, Board Member

ORG OVERVIEW

CTA/ (DTEA-NJTL) STRUCTURE
* DTEA programs funded 50% by USTA league revenue which is shut down.

ORGANIZATION BUDGET & OPERATING RESERVES

PROGRAMMING - Kiest Tennis center which is the headquarters for DTEA programs.

EMPLOYEES
All Salaried Employees are being paid
2 FT / 2 PT at Kiest Tennis Center & Additional 3 Employees
15-25 pros depending on the program/time of year.
Monthly Burn rate without pros - $22-$25k a month
Dallas Tennis Association
Laura Worsham, Board Member

COVID ACTIONS

STAFF SUPPORT & ENGAGEMENT: Helping pros with employment applications w/ pending PPP loan and clarification and 3 zoom meetings.

CARES ACT/PPP LOAN: Our Board made its disaster plan centered around the PPP loan.

The SBA CHANGES last Thursday -- Contractor language will determine how long we can pay

FUNDRAISING IMPACTS:
*February Event Executed but need contingency for auction items sold (Indian Wells, Volvo Open, Us Open?)
*5/31 Awards banquet possible reschedule -- may lose deposit and payments to venue

WHAT DTEA IS DOING IN LOCKDOWN?
*Participant Engagement - Videos w/ suggested activities and questions requiring responses from each child
*HS Seniors - ensure scholarship materials/grants for college on track
*All players encouraged to use GoNoodle every day for exercise
*USTAF/NJTL Essay Contest
ORG OVERVIEW

- History - formed in 2002, currently a 2-star NJTL

- # of Staff (2 Staff members; 5 main independent contractors; 25+ volunteers, 14 member board)

- Operating Budget - $220,000 / Operating Reserves - $105,000

- Operating out of City of Atlanta parks (3+ parks)
COVID ACTIONS

• Expense Reductions (Sites closed, IC’s on leave)

• Applied for Payroll Protection Plan

• Fundraising Impacts
  Rescheduled May event & might move August

• USE DOWNTIME TO TACKLE THOSE ITEMS THERE IS NEVER BANDWIDTH FOR
  Upgrades (Website, CRM, Social Media, etc)
East Palo Alto Tennis & Tutoring
Dave Higaki, Executive Director

ORG. OVERVIEW

● 32 Years old

● $1 million Operating Budget

● 5 Full Time Staff Salaried

● 3 Hourly FTE

● 5 Part Time hourly

● $1.2 Reserves
COVID ACTIONS

- Closed Programming
- Our quasi Endowment lost approx. 300K
- We announced the cancelation of our annual Dinner - 600k
- Fall Pro-AM in jeopardy - 100k
- Paying staff through the Spring Quarter
- Communication to staff, donors, volunteers and families
- Applied for Payroll Protection Plan
Work with outside counsel and or CPA firm for assistance completing loan application

Contact your bank:
- Confirm they can process application
- Potential banks requirements, different for each bank:
  - Checking account
  - Doing Business As
  - Know Your Customer
  - Certification of Ownership on file with bank

If your bank does not process application:
- Contact intermediary loan processor
- Search for another approved processor (e.g. square)

Information to gather:
- 2019 941 Payroll Tax filings
- Tax return (e.g. Form 990)
- Ask bank if there is anything else needed
Executive Summary - Cares Act
Payroll Protection Program

Loan terms:
- Interest rate 1%
- Term 2 Years
- Loan forgiveness up to 8 weeks, subject to terms

Loan application:
- Work with outside counsel and or CPA
- Accuracy important, otherwise risk rejection
- Typically based on 2.5x monthly average payroll over last twelve months

Loan proceeds:
- 75% must fund payroll costs
- 25% can fund other qualified payments (e.g. rent, utilities, interest, etc…)

Review, understand and ensure compliance with loan certifications

Loan compliance program:
- Prepare schedule to track “use” of loan proceeds (75%/25% spend)
- Prepare schedule to track loan forgiveness
QUESTIONS & ANSWERS

*PLEASE SUBMIT QUESTIONS USING THE TEXT BOX

*PLEASE INDICATE WHO THE QUESTION IS FOR

*A RECORDING OF THIS WEBINAR AND ASSOCIATED MATERIALS WILL BE PROVIDED.

*IF YOU HAVE ANY ADDITIONAL QUESTIONS PLEASE EMAIL NJTL@USTA.COM and the appropriate individual will respond.