

Coronavirus & 2020 Budget

Board Meeting

May 12, 2020



Deterioration in outlook since last Board mtg, but PPP funds provide huge temporary lift

Recap from March 24 Board meeting:

- Projected deficits led Board to approve budget reductions of ~\$0.75M
- Scenarios show estimated new budget surplus/(deficit) of \$0.3M or (\$0.2M) or (\$0.7M)

Continued economic disruption results in downgraded scenarios

- Scenario A set aside as too optimistic; created a new, still-worse scenario, D
- Significantly lower earned income forecasts due to deteriorating business climate
 - No longer assuming full restoration of income in any scenario
 - Scenario B: 50% of income, starting July 1
 - Scenario C: 40% of income, starting August 15
 - Scenario D: no add'l earned income
- Philanthropic scenarios each boosted slightly by emergency grants (e.g., NEA, NEFA)
 - All scenarios require active fundraising by staff and Board to meet new goals

With ~\$0.46M in forgivable PPP, immediate outlook is dramatically better

- No further budget reductions currently proposed
- Structural budget imbalance of \$0.1-0.2M per month likely
- Enormous fiscal uncertainty remains for 2020 and beyond

2020 scenarios show importance of \$464K PPP; structural deficit likely to persist

2020, \$K	<u>Scenario B</u>	<u>Scenario C</u>	<u>Scenario D</u>
Forecast surplus as of 3/24/20	216	216	216
Reductions approved 3/24/20	716	716	716
Forecast earned income change	(925)	(1,136)	(1,356)
Forecast philanthropy change	(476)	(656)	(802)
Subtotal	(470)	(862)	(1,226)
PPP forgivable amount	464	464	464
FORECAST SURPLUS / (DEFICIT)	(6)	(398)	(762)

OK for 2020,
but structural
deficit remains

Could use reserves
instead of cuts - but
structural deficit remains

Would need cuts

Appendix



Recap:

3 scenarios from March 24th Board meeting

<i>\$K</i>	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
Budget status, as of mid-March	216	216	216
Forecast earned income change	(361)	(668)	(945)
Forecast philanthropy change	(308)	(505)	(697)
Subtotal	(453)	(957)	(1,426)
Budget reductions	771	771	771
FORECAST SURPLUS / (DEFICIT)	317	(187)	(656)