



COVID-19: Moving from Triage to Modeling a Future for your Association

Presenters:

Lisa Stover, CPA, CGMA, CAE

Principal, CLA (*CliftonLarsonAllen LLP*)

Jessica Strelitz

Chief Strategic Partnerships Officer, Online News Association

Objectives

At the end of this session, participants will be able to:

- Describe the importance of scenario modeling in the current environment and how associations can use it as a decision-making tool
- Identify variables for evaluation that provide important financial information without overcomplicating the model
- Use data visualization to communicate the impact of the variables on the association's projected future

Small Group: Big Decisions

Jessica Strelitz, Chief Strategic Partnerships Officer



- World's largest digital journalism association -- focused on education/development
 - Staff of 11 FTE
 - Annual event - 3,000 attendees
-

Conferences + COVID-19: Decision

Each member of our leadership team (3) monitors:

- Health Organizations' Projections – i.e., IHME resources; JHU Map
 - Government Actions: International, National, Regional, State + Local
 - Travel Advisories – What Impacts Attendees, Sponsors?
 - Community + Member Feedback
 - Peer Organizations – What Are They Doing + When
 - Social Responsibility
 - Revenue Projections / Financials
-



“You can’t use an old map to explore a new world” – Albert Einstein

The Headlines

Welcome to the worst economy ever

BREAKING | 2,856 views | Apr 30, 2020, 04:01pm EDT

Stocks Fall, Dow Loses 300 Points After Coronavirus Job Losses Surpass 30 Million

INSIGHT: Associations Face Damage Control After Canceling Convention Contracts

Worst Economy in a Decade. What's Next? 'Worst in Our Lifetime.'

SBA's PPP loan portal opens again – but these business groups are still shut out 🔑

Scenario Modeling



Simulate the impact of changes on financials/cash flow over time

Facilitates discussions on how the association will manage depending on how the variables change

The association can leverage this information to develop plans and act accordingly

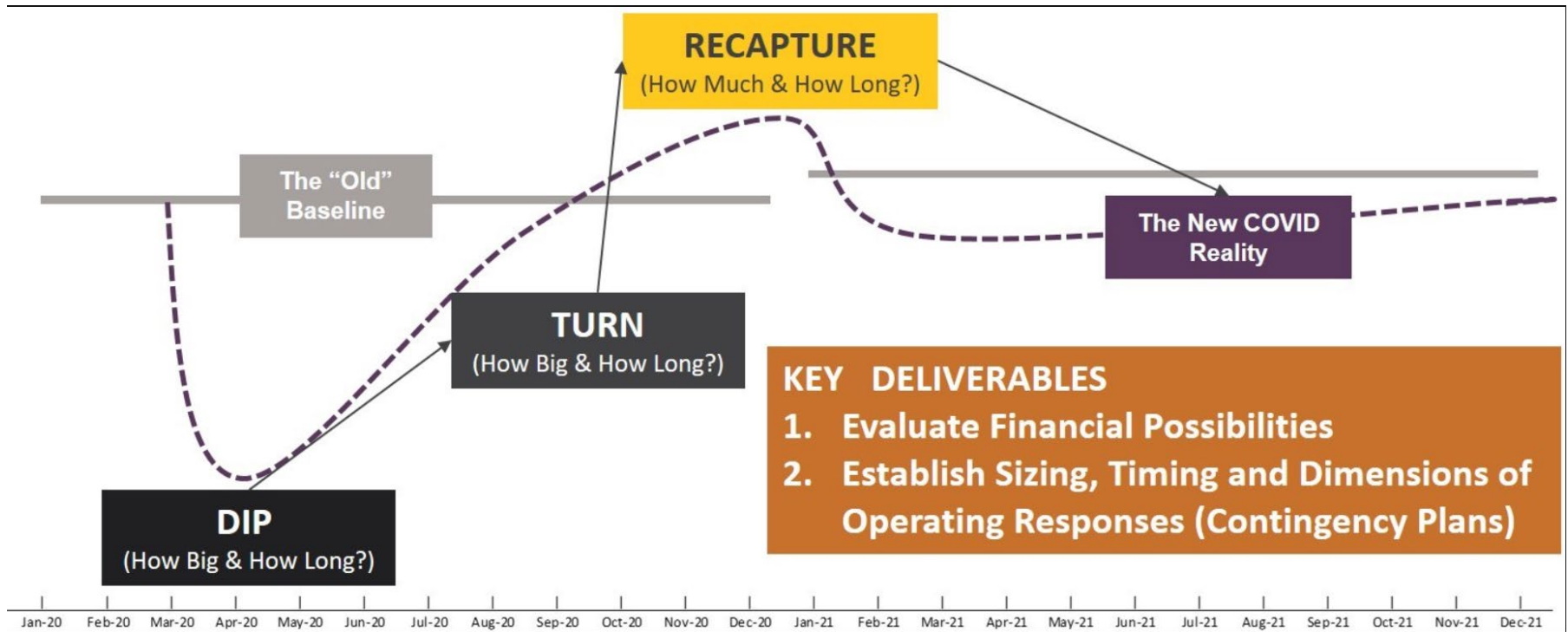
Key Component of a Scenario Model

- The goal is to create **actionable** financial intelligence
- **Consistent** organizational understanding of the economic impacts of many possibilities over an 8 to 12 month horizon
- Supports an interactive, **team-based** approach to financial planning (this isn't just the finance department, folks)
- Keep it **simple**! In the current environment, focus on the big pulleys and levers and avoid the distractions of too many details.



Parts of a Financial Model

- Dip – How deep and how long?
- Turn – When will the rebound begin and how long will it take?
- Recapture – What is the new normal?



Gather Information

Revenues

Operating
Expenses

Non-cash
expenses

Cash expenditures
(capital, debt
pmts etc.)

What do I have?
Liquid assets

What do I owe?
Short term
liabilities

Budget for FY2020

Assumptions to include

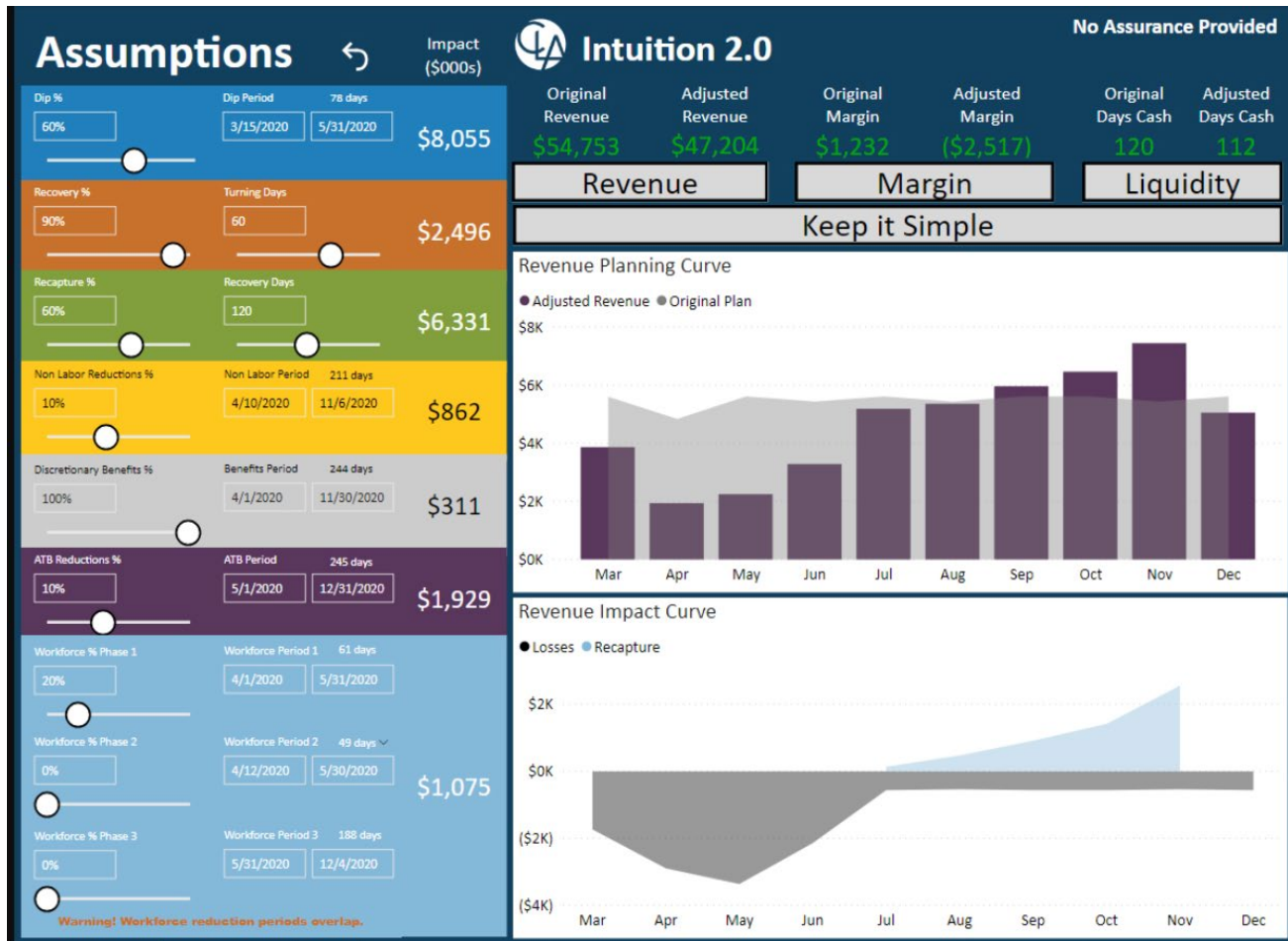
Dip	Dip % 0% <input type="range"/>	Dip Period 108 days 3/15/2020 6/30/2020	\$0
Turn & New Normal	Recovery % (New Normal) 100% <input type="range"/>	Turning Weeks 0 <input type="range"/>	\$0
Recapture	Recapture % 0% <input type="range"/>	Recovery Weeks 5 <input type="range"/>	\$0
Non Labor	Non Labor Reductions % 0% <input type="range"/>	Non Labor Period 254 days 4/22/2020 12/31/2020	\$0
Benefits (Discretionary)	Discretionary Benefits % 0% <input type="range"/>	Benefits Period 275 days 4/1/2020 12/31/2020	\$0
Across the Board (Compensation)	ATB Reductions % 0% <input type="range"/>	ATB Period 254 days 4/22/2020 12/31/2020	\$0
Workforce Reductions (Compensation & Full Benefits)	Workforce Reductions % 0% <input type="range"/>	Workforce Period 1 8 days 4/22/2020 4/29/2020	\$0
	Workforce % 2 0% <input type="range"/>	Workforce Period 2 200 days 6/15/2020 12/31/2020	
	Workforce % 3 0% <input type="range"/>	Workforce Period 3 215 days 5/31/2020 12/31/2020	

Dos and Don'ts

DO	Don't
Understand the possibilities and how they might be solved	Try to predict the future
Understand the action items needed to achieve our performance targets	Get lost by including too many details



Sharing the Information



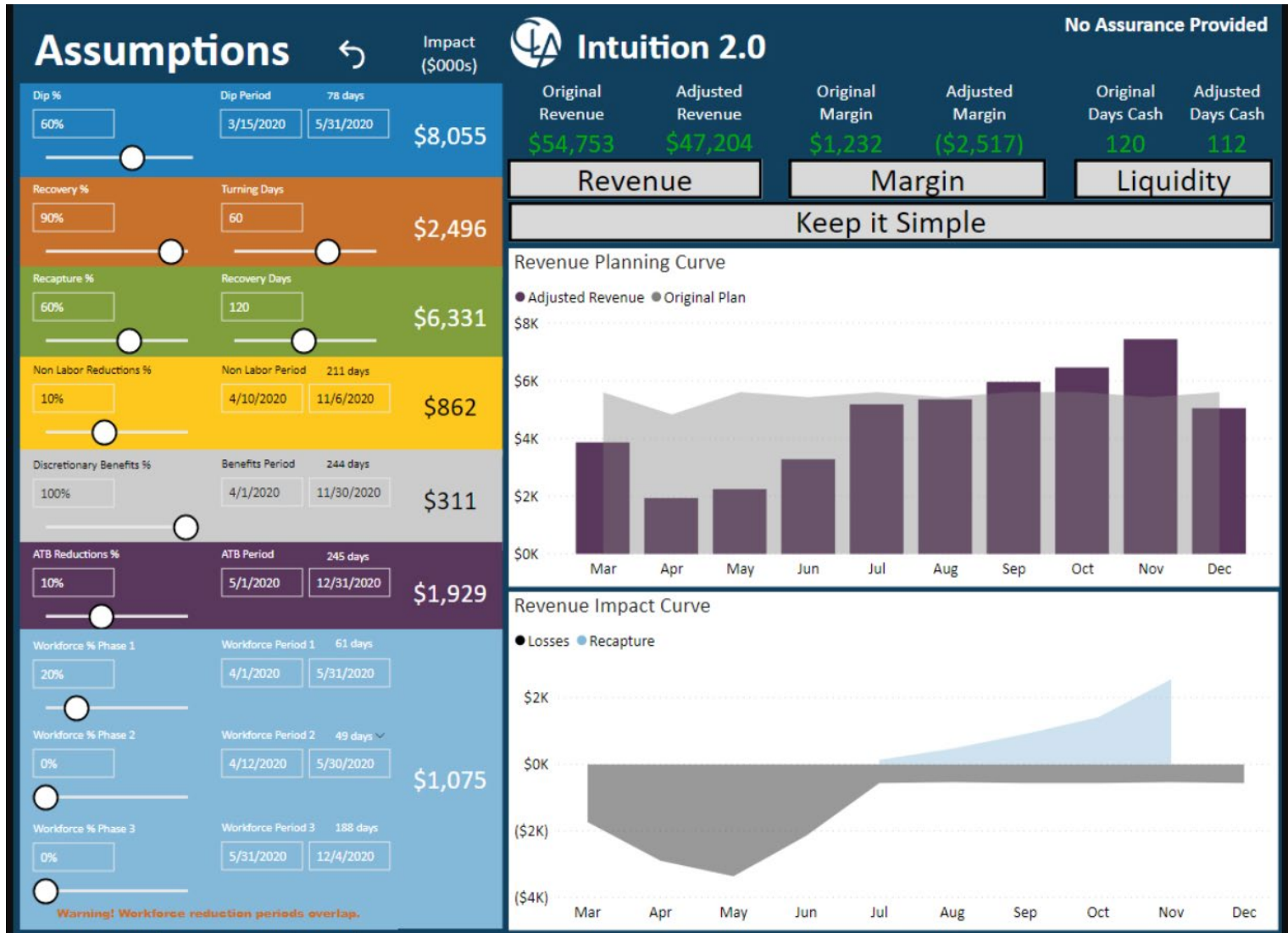
Tips for Reporting the Information

Make the model interactive so assumptions can be tweaked in real time

Share the information using charts and graphs so it is easy to digest quickly

Stay focused on the scenarios – avoid tangents

Reporting



Dilemmas where scenario modeling can help

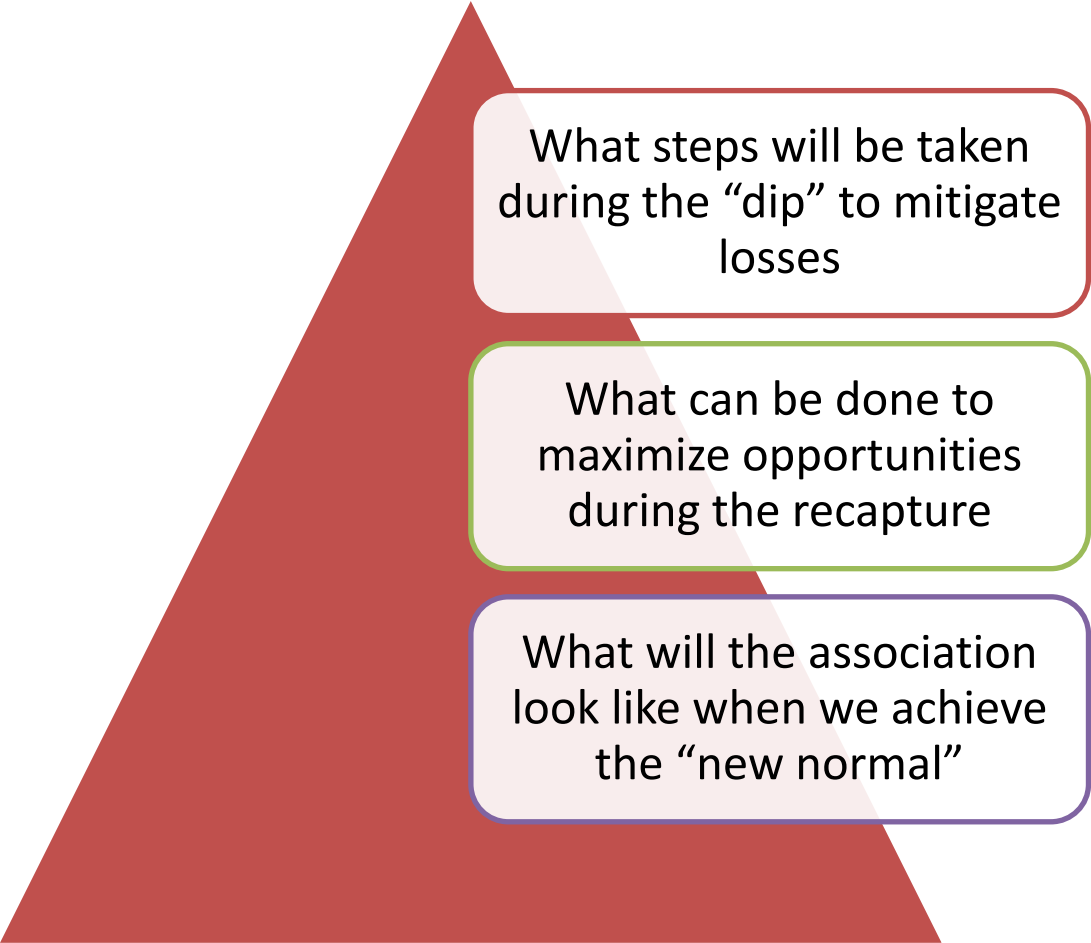
Conferences/Events –
Cancel? Virtual?
Postpone?

Challenges with
membership retention
and acquisition –
discounts, payment
terms etc.

To borrow or not to
borrow – Reserves or
borrow?

Staffing – Furloughs, lay
offs etc.

Leverage the Model: Operational Action Plan



What steps will be taken during the “dip” to mitigate losses

What can be done to maximize opportunities during the recapture

What will the association look like when we achieve the “new normal”

Questions

Lisa M. Stover, CPA, CGMA, CAE
Principal, Nonprofit
CLA (CliftonLarsonAllen, LLP)
703-825-2136
Lisa.stover@claconnect.com

Jessica Strelitz
Chief Strategic Partnerships
Officer
Online News Association
jessica@journalists.org



Thank you for participating!

If you have any suggestions for additional COVID –
19 webcast topics, please email them to Karen
Bernstein, ASAE senior learning manager at:
kbernstein@asaecenter.org