COVID-19: Know Your Numbers

May 28, 2020
Today’s Presenters

Children’s Village
Mary Graham, Executive Director

Reinvestment Fund
Bevin Parker-Cerkez, Managing Director
Teri Bell, Program Manager

Public Health Management Corporation
Kerri Lee, Special Projects Manager
Agenda

Immediate Actions – Stabilizing today
1. Maximizing revenue sources
2. Limiting expenses
3. Establishing a reserve

Next Steps – Preparing for reopening
1. Track your numbers
2. Gather, estimate and analyze your data

Available Supports & Resources
Immediate Action: Look at Your Budget

- Standard chart of accounts
- Balanced budget
  \[ \text{Revenue (funding source)} = \text{expense (payroll, bills)} \]
- Liquidity is access to readily available cash
Immediate Action: Maximize Revenue Sources

- PPP
- PEFSEE
- Other Grants/Loans
- Philadelphia COVID-19 Small Business Relief Fund
- CARES Act
Immediate Action: Limit Expenses

Negotiate with vendors to:

• Defer or delay payments
  – Defer rent and extend lease
  – No late payment fees or interest

• Reduce payment based on closure
  – Insurance payments

• Eliminate payment through contract or service cancellation
  – Music or dance class for children
## Immediate Action:
**Limit Expenses**

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<thead>
<tr>
<th>Expense</th>
<th>Vendor(s)</th>
<th>Date of Contact</th>
<th>Specific Request</th>
<th>Result/Status</th>
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<td>Vehicle Lease</td>
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<td>Equipment Rental</td>
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<td>Food Costs</td>
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<td>Program/Educational Supplies</td>
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<td>Cleaning Expense</td>
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Immediate Action: Make a Plan to Establish a Surplus/Fund Balance

- A **fund balance** is a reserved amount of money to be used in times when regular income is disrupted or decreased in order for typical operations to continue.
- **Best Practices** (fund monthly, if you use it you replenish it)
- **Preparation for a second wave(s) of closure**
- **Establishing a LOC with a bank or access to other liquidity**
Track Fiscal Data

• Utilize current budgeting tool, ECE standard chart of accounts template, and/or COVID loss and tracking tool

• Look at historic performance to make informed future predictions (profit and loss statement, tax returns and enrollment activity)
New Fiscal Considerations

- **What is the financial operating capacity?**
  - How will enrollment change?
  - Will it be enough to cover expenses?

- **What are the health and safety implications?**
  - One-time facility costs
    (example: sinks in every classroom)
  - Ongoing operating costs
    (example: more frequent and/or deeper cleaning)
  - Staffing expenses
    (example: paid sick leave, substitute pools)
Track Fiscal Data Frequently

- **COVID loss and tracking tool**
  - COVID grants and loans
  - COVID expenses
  - COVID lost or reduced revenue

- **2020 actual YTD** (January through April)

- **2020 expected/budgeted vs. actual**
  - Enter monthly budget data
  - Enter actual as months pass
  - Calculates variances

- **Calculates monthly and annual net income**
Next Steps: Gather Data on Enrollment

- What is your (new?) capacity?

- What are your (new?) hours/days of operation?

- What are enrolled families saying that they need?

- What are families on your waitlist saying that they need?
Next Steps: Gather Data on Staffing

• Who returns to work (if laid off) or who continues to be employed (if enrollment requires phased staffing)?

• Which staff are available, willing and able to return to work?

• What hours and classrooms need staffing?

• How do CDC guidelines impact staffing needs, orientation, training, etc?
Next Steps:
Estimate Data

Enrollment by month
- When will you open classrooms?
- For what age groups?
- What are likely funding sources for children enrolled?

Staffing costs by month
- How will you staff each open classroom?
- Will you require additional staff to meet CDC guidelines?

Facility costs by month
- One time vs. ongoing costs
Next Steps: Analyze Data

Run several financial scenarios

- Phase up re-opening
- Summer camp
- September opening at capacity

What other options do you have?

- Merge
- Close
Fiscal Hub

- Strategy for Collecting ECE Fiscal Data
- Means to Develop ECE Industry Standards
- Basis for ECE Advocacy
- Includes a Standard Chart of Accounts
- Includes Fiscal Technical Assistance
- Open to all Philadelphia center-based providers open since 2016
# Fiscal Supports & Resources

## Technical Assistance
- PHMC COVID-19 Business and Health & Safety Support
- PCCY
- Fiscal Hub
- FirstUp
- Repositioning Fund - Reinvestment Fund

## Resources
- SEPECC Meetings
- Sustainingquality.org
- SharedSourcePA.org
Questions?

**PHMC**

Kerri Lee  
KeLee@phmc.org

**Children’s Village**

Mary Graham  
MaryG@childrensvillagephila.org

**Reinvestment Fund**

Bevin Parker-Cerkez  
Bevin.Parker@reinvestment.com

Teri Bell  
Teri.Bell@reinvestment.com