

May 2020

## Private Foundations Bulletin

# Time to Get Creative – Save Money and Leverage Impact

Just as certain insurance companies have given credits or refunds for car insurance premiums because of the lack of usage resulting from the COVID-19 lockdown, there are similar inquiries and steps that can be taken by a foundation and/or its grantees to potentially save money now and in the near-term. We brainstormed how our foundation clients and their grantees may save money and maximize the amount that gets to those who need it most. Here are some ways we came up with and which may prove helpful to your foundation. As the old adage says: If you don't ask, the answer is always "no."

**Business Interruption Insurance Claims:** Some grantees may not have looked at their insurance policies for business interruption coverage or have been initially denied on their business interruption policy claims for economic losses due to the effects of the COVID-19 virus. Many could potentially contest these insurance company denials and do a cost benefit analysis on pursuing such a strategy.

**Insurance Premium Refunds or Credits:** If operations or service lines were cancelled (no students, no employees, no customers), organizations should consider reaching out to their insurance brokers to inquire if there can be a reduction in premium (whether by means of a refund or credit) since operations have ceased in the workplace and with the public for a specific timeframe.

**Rent Escalation Charge Waivers:** Contact landlords about electricity/utility escalation waivers for the time an organization's office has been closed or not in use.

**Cleaning Services and Other Recurring Charges:** Contact the various service providers that perform contracted office services not currently being done or needed for either refunds or credits toward future months. These recurring services might include: confidential shredding pick-ups, copy machine service, HVAC preventive maintenance services, etc.

**Utilizing Resources in Donor-Advised Funds:** For private foundations that maintain advisory privileges over a DAF, consider using those resources first to accomplish grantmaking or additional disaster response funds.

**Collaboration with Common Programmatic Service Providers for Discounts:** If two or more foundations are using the same programmatic consultant to work on a particular cause, consider contacting the program consultant to see if there is enough common ground or common reporting/directives that could allow for fee reduction; or, when identifying new relationships, find another foundation with which to collaborate in this manner.

**Virtual Fundraiser Guidance or Sponsorship:** If a particular grantee was/is potentially looking at substantial declines in revenue due to the cancellation of large in-person galas or other special events, consider providing a grant to help them put on a successful and professional "virtual" fundraiser which will allow them to leverage your grant dollars that much further by preserving and possibly expanding their reach and impact.

**Invest in Cybersecurity Analysis and Training:** Organizations are vulnerable with employees working remotely and an investment in sound cybersecurity precautions and education is far less expensive than dealing with a potential breach or large loss due to cyber fraud.

**Consider Offering Employee Work Sabbaticals:** Organizations may have an opportunity to offer employees the chance to take a fixed-term sabbatical (under the foundation's parameters) whether it be half pay or unpaid for them to either pursue a degree or for other reasons.

**The Office of the Future:** If your lease is expiring, start to think about how the pandemic has hastened the move to remote work, office locations and changed what the office of the future may look like. A reduction in square footage and the type of layout companies choose can significantly reduce occupancy costs which are often one of the highest costs – after personnel and benefits – for many organizations.

## Recommendations?

We would like to welcome and encourage you to contact us if you know of other unique ways in which either your foundation or your grantees have prudently saved funds in the wake of the pandemic lockdown or otherwise so that we can continue to share them with the foundation community in a future bulletin.

## Contact Us

We welcome the opportunity to answer any questions you may have related to this topic or any other accounting, audit, tax or advisory matters relative to private foundations. Please call 212.286.2600 or email any of the Private Foundation Services team members below:

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