

CHECKLIST:

Items to consider when managing the club's cash flow during Covid-19

There is no question that clubs' cash flow will be impacted directly or indirectly from the effects of COVID-19. Some clubs were fortunate enough to pre-bill their dues for 2020 in late 2019 or early 2020, and they are in stronger cash positions than clubs where dues are billed on a monthly basis or billed on a March fiscal year. The economic impact of operations for these clubs is not determinable, and monitoring cash flow will be critical for those clubs during this crisis. Below are some strategies that all clubs should be considering:

1. Clubs should be developing a "cash forecast" for each month through the end of the year to monitor cash positions and cash flow. This model does not need to be complicated and can be in a simple format that maintains a daily cash position and cash needs to meet outflows.
2. Discuss with the club's respective bank to see if a line of credit facility is available if one is not already established.
3. Review line of credit facility and discuss with the bank any opportunity for increasing the amount available to borrow.
4. Review payroll to determine club requirements and necessary layoffs or furloughs. Review relief programs under "Families First Coronavirus Response Act" and "CARES Act."
5. Review all scheduled capital projects and determine which are essential and which are non-essential. All non-essential capital projects should be put on hold during these uncertain times.
6. Speak with the bank regarding availability of loan modification programs.
7. Review all outstanding credits with vendors to determine if there are flexibility or financing plans available.
8. Speak with the club insurance agent regarding coverages and potential loss of revenue and business interruptions.
9. Speak with an outside auditor with respect to any financial statement considerations.
10. Monitor collectability of receivables and closely monitor potential uncollectable accounts. Consider waiving late fees and financial charges during the crisis.
11. Communicate with members about the plan for addressing cash flow shortages.

Jim Hankowski, CPA, is a partner at Condon O'Meara McGinty & Donnelly LLP. He can be reached at jhankowski@comdcpa.com.