

Beyond The Pandemic: Cash Flow And Strategies For The New Economy



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STRATEGY 1:
LEVERAGE FEDERAL ASSISTANCE

ECONOMIC INJURY DISASTER LOANS

- Eligible profits/nonprofits under 500 employees
- Loan program directly from SBA (sba.gov)
- \$2 million per company...but now limited to \$150K
- 2.75% (non profit), 3.75% (for profit)
- Up to 30 year payback
- \$10K advance made within “days” of filing. Not payable if loan is declined.
- SBA Express Loans - \$25K if you have an SBA relationship already

Paycheck Protection Program

Summary of Paycheck Protection Program Round 2 data as of 5:00 p.m. EDT, Wednesday, May 13, 2020.

Lender Size	Approved Loans	Approved Dollars
>\$50B in Assets	1,250,924	\$101,389,895,902
\$10B to \$50B in Assets	375,095	\$29,356,820,627
<\$10B in Assets	1,060,474	\$61,818,537,658
Total:	2,686,493	\$192,565,254,187
# of Participating Lenders	5,428	Avg Loan Size: \$71,679

Paycheck Protection Program: Getting The Loan

- Big banks, small banks, online lenders (Kabbage, OnDeck, PayPal, Lendio)
- \$10 Million available, 2 year term, 1% interest
Payments deferred for six months
- Formula: 2.5x annual payroll/compensation
 - Use your last 12 months
 - Salary, wages, commissions, tips capped at \$100K per employee
 - Includes business owners, earnings subject to self employment tax
 - Vacation, sick/medical leave, group health care, retirement
 - State and local taxes on compensation
- No collateral. No personal guarantees. No fees. No prepayment penalties.
- Can be used in addition to Economic Injury Loans but no double dip.
- One loan allowed per Tax ID.

Paycheck Protection Program - Forgiveness

- Forgiveness period is 8 weeks after getting loan.
- Forgiveness for payroll, mortgage interest, rents, utilities, with a 25% cap on non-payroll expenses.
- Must restore FTE salaries and headcount by 6/30/20. (FTE is 30 hours per week + Part Timer monthly hours/120).
- Documentation: payroll records, tax returns, invoices, bank statement.
- This is an agreement between you and your banker. Read the document before signing!

Payroll Tax Deferral and Credit

DEFERRAL - Beginning this quarter you can defer employer taxes to 2021 and 2022.

CREDIT -

- 50% of every employee's salary up to \$10,000 from March 20 to December 31
- Refundable credit on payroll tax returns against employer payroll taxes
- Cannot overlap with PPP.
- Partially/fully suspends operations due to COVID-19 or suffers revenue loss which is 50% compared to prior period
- Different than the tax credit received for qualified leave under the Emergency Federal Medical Leave Act. However, the salaries must not be used again.

Unemployment

- Independent contractors, proprietors are covered.
- Eligible for state plus \$600/week federal through 7/31/20
- States are slow

Work Sharing

- Lets businesses temporarily reduce the hours of their employees, instead of laying them off during economic downturns.
- Pros:
 - Businesses retain trained workforce
 - Workers keep their jobs and collect reduced unemployment benefits
 - States save money by paying only partial unemployment claims
- Cons:
 - Only 27 states participating
 - Somewhat obscure
 - Longer term to negotiate

<https://www.ncsl.org/research/labor-and-employment/work-share-programs.aspx>

State, Local, Corporate

- Facebook
- JP Morgan Chase
- Verizon
- Opportunity Fund

2019 Taxes

- Extended to July 15, 2020
- File now for refunds

Main Street Lending Program

- \$600B available by Federal Reserve through banks
- Minimum \$1M (maybe \$500K) - \$150M loans
- Variable interest – approximately 3-4%
- 4 year term
- Working capital, equipment, property but not to re-finance

What Have We Learned?

- There are at least six forms of funding available for companies to help cash flow through the pandemic crisis.

STRATEGY 2:
MAKING YOUR WORKPLACE SAFE

Families First Coronavirus Response Act (FFCRA)

Employers with less than 500 employees

Must post/display all benefits

Available through 12/31/20

Sick Employee:

- is subject to a Federal, State, or local quarantine or isolation order related to COVID-19
- is experiencing COVID-19 symptoms and is seeking a medical diagnosis;
- has been advised by a health care provider to self-quarantine related to COVID-19;

EMPLOYER MUST PAY:

80 hours paid at regular rate or the applicable minimum wage, whichever is higher, up to \$511 per day and \$5,110 in the aggregate (over a 2-week period).

Employee Caring for Family Member:

- caring for an individual subject to an order described or self-quarantine as described previously;
- experiencing any other substantially-similar condition specified by the Secretary of Health and Human Services;

EMPLOYER MUST PAY:

80 hours paid at $\frac{2}{3}$ their regular rate or $\frac{2}{3}$ the applicable minimum wage, whichever is higher, up to \$200 per day and \$2,000 in the aggregate (over a 2-week period).

Additional Paid Extended Family Leave:

- caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19;

EMPLOYER MUST PAY:

10 Additional Weeks: employees taking leave shall be paid at 2/3 their regular rate or 2/3 the applicable minimum wage, whichever is higher, up to \$200 per day and \$12,000 in the aggregate.

Tax Credit

Dollar-for-dollar reimbursement through tax credits for all qualifying wages paid under the FFCRA. Qualifying wages are those paid to an employee who takes leave under the Act for a qualifying reason, up to the appropriate per diem and aggregate payment caps. Applicable tax credits also extend to amounts paid or incurred to maintain health insurance coverage.

Your Workplace

- Frequent temperature checks and testing
 - TrueCare: Onsite nursing, 60,000 provider network
 - EasyBadges: Temperature checking kiosks
 - 986Labs: Checks, screenings by scans
- Hand sanitizer, gloves, cleaning schedule
- Social distancing, masks, no meetings, minimize break room

Working from home: technologies

- Collaboration: Microsoft Teams, Slack, Box.net
- Communication: Zoom, Microsoft Teams, Google Meet, GoToMeeting
- CRM: Salesforce, Zoho, Microsoft Dynamics
- Managed Services: Right Networks
- Documents/Processing: Adobe, DocuSign, Receipt Bank/Bill.com
- Security: Upgrade OS, KnowBe4, MalwareBytes

Working from home: Best practices

- Upgrade written policies
- Trial period
- Balance work from home with in office
- Demand availability
- Use as a recruitment tool

401k Benefits for Your Employees

- March 27, 2020, and lasting for 180 days thereafter, the CARES Act doubles the amount that a participant can borrow to the lesser of \$100,000 or 100% of the participant's vested account balance in the plan.
- For plan participants with outstanding loans at the time the CARES Act is passed, any payments due through December 31, 2020, can be deferred for one year.
- Withdrawals if affected by CV19 financially, of up to \$100,000 without the 10% penalty.

What Have We Learned?

- There are at least six forms of funding available for companies to help cash flow through the pandemic crisis.
- Successful strategies for re-opening will include having a safe workplace, abiding by paid leave regulations and expanding your work from home options.

STRATEGY 3:
CONSIDER NEW OPPORTUNITIES

New Opportunities

- Labor market disruption
- Real estate
- Equipment and inventory
- M&A
- Bankruptcy as a cash flow strategy

Lessons Learned

- Cash
- Supply Chain Diversification
- Technology
- Profitable/Unprofitable Product Lines

What Have We Learned?

- There are at least six forms of funding available for companies to help cash flow through the pandemic crisis.
- Successful strategies for re-opening will include having a safe workplace, abiding by paid leave regulations and expanding your work from home options.
- Look to take advantage of labor market disruptions, deals on property and equipment and potential M&A opportunities.
- Learn your lessons: always have cash, diversify your supply chain, lean on tech and abandon less profitable product lines.

Email me with questions!



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