

Follow the Numbers: Tactics & Action Steps for the Next 90 Days

AO Webinar Series

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Topics of Discussion

- Highlights and Nuances of PPP
- Did you/should you go for EIDL?
- Tax Provisions of CARE & FFCRA Acts
- Integrating All the Options, What Should You Use?
- Managing Your Cash → A Preservation Perspective
- Tool Kit & Resources
- Q & A

Highlights and Nuances of PPP

- Ultimately there were 3 versions of applications based on posted guidance that changed
- Banks still misunderstood their oversight/verification role
- Mixed messages from national versus regional SBA
- Ultimately the computation of eligible components is on you
- If you have already filed, they'll lend what you applied for
- If you haven't applied yet, you should and be aggressive on how to compute
- Pick the best of three allowed methods to calculate your "payroll" to multiply by 2&1/2 times. See template

Highlights and Nuances of PPP

- You get to pick the 8-week measurement period for calculation of forgiveness
- Plan using the spreadsheet calculation ahead of time as to the optimal period to measure, and items to include
- Accelerate payments and assure items that you want “covered” are expended in the target 8-week period
- Remember, you should do PPP, The “credit elsewhere” test and collateral and personal guarantee requirements are being waived, worst case a 1% loan for 12 months? Who can beat that?

How About EIDL

- Did you/should you go for EIDL? Hell yes, if for no other reason to get your free \$10,000 under the Emergency EIDL Grants
- The law is clear, you can have both EIDL & PPP. Just need to not replicate use of proceeds
- Where else can you get the terms offered in an EIDL, nothing precludes you from reorganizing your debt, relieving high debt with EIDL, a number of great “moves” available

How About EIDL

- You have to do the work, uploading specific documents and being accurate with your application
- Process is bogged, and communication is poor due to SBA overwhelmed, but no reason not to do it
- You may need help with application if you struggle with all things accounting, but get the help, don't forgo the loan

FFCRA Act

- Sick and Family Leave
 - Paid sick or paid family and medical leave
 - Credit in the full amount of the required sick leave and family leave, plus related health plan expenses and the employer's share of Medicare tax on the leave, for the period of April 1, 2020, through December 31, 2020. The refundable credit is applied against certain employment taxes on wages paid to all employees.
- Employee Retention Credit-Eligible employers can claim the employee retention credit, capped at \$5,000 per employee and applies against certain employment taxes on wages paid to all employees. Eligible employers can reduce federal employment tax deposits in anticipation of the credit paid after March 12, 2020 and before January 1, 2021.

Tax Changes in the CARES Act Worth Taking a Look At

- Deadlines to FILE and PAY federal income taxes are extended to July 15, 2020.
- The Retail Glitch Fix-may consider filing an amended return to claim that additional depreciation if you have a QIP
- Net Operating Loss Carrybacks- The CARES Act restores and enhances the ability to carry back net operating losses (NOLs) to prior tax years. If your business had NOLs in 2018 and 2019, you should work with your tax advisor to create a tax strategy that helps you optimize those NOLs over the 2018–2020 period.

Tax Changes in the CARES Act Worth Taking a Look At

- Excess Business Loss Limitation-Non-corporate taxpayers will need to evaluate whether they should file amended returns for 2018 in order to claim associated income tax refunds.
- Business Interest Deductions-You should work with your tax advisor to understand the optimal choices under the CARES Act changes with respect to the business interest deduction limitation.

Integrating All the Options

Integrating All the Options, What Should You Use?

- In a word, everything
- Difficult to measure how long the impact will last, many will lose their entire season
- Survival means draw on all resources
- Try for everything, you can always modify
- Do your projections to determine the need



Creative Ideas

- Use Unemployment to keep staff going, then hire Just-In-Time (JIT) for use of PPP within a targeted 8-week period
- Accelerate payments for certain things that qualify for forgiveness during 8-week PPP measurement period, this could include prepayments: Healthcare premiums, HSA or other Retirement based contributions, catch up for rent (related party rent is eligible), utilities, etc.
- If you employ/pay family members you have some opportunities

Managing Your Cash

- A Preservation Perspective
- Be a cash hoarder, use everyone else's cash, interest free
- Don't strain relationships, hurt others, lean on the bigger institutions for relief, e.g., utility companies, insurance underwriters, etc.
- Be deliberate, integrate cash management with your scenario planning and set mile posts to trigger actions



What is Your Strategy?

Begin with the end in mind:

- Survive the impact of crisis
- Stabilize and coast
- Build Value
- Maintain Hobby or Lifestyle
- Exit

Strategy should drive your financial decisions



So What Are We Supposed To Do?

- Make Sure You Have Calculated Burn
- Create a checklist, have you availed yourself of everything?
- Get to the right resources
- Get the right kind of help
- Monitor this like Huston Control Center



Tool Kit & Resources

- Check AO's site often, new tools contributed daily
- A lot of quality free tools out there
 - <https://www.faire.com/impact-calculator>
- Recruit your “team,” advisors that have your back and won't run up large amounts of fees
- Monitor Treasury and SBA websites, information flow has been impressive
- Don't burn your self out looking at everything out there, narrow in on trusted sources that are relevant to your business model

Questions?



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Thanks

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