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## PREPARING FOR STIMULUS

Dear Chefs & Restaurateurs,

It is so difficult to process all of the information that is out there regarding COVID-19 & the appropriate operating procedures regarding closure, furloughing, messaging, and financial. We are all writing that playbook as we go.

However, there are standard operating procedures for loans governed by the SBA, and with Congress moving forward with a stimulus bill, now is the time to for due diligence on how to prepare, apply, and access potential funds so you can receive them in a timely fashion. All of these steps should worked in parallel, these are steps, but don't take them one at a time.

### Step 1: Understand your current position and needs

Once cash flow is turned off, most restaurants need a loan just to get them back to a positive balance. The first thing to do is figure out your current cash position by calculating aggregate A/P, impending or due payroll, PTO/Sick pay due, health insurance costs, rent/mortgage that is due, and all other expenses versus cash on hand.

### Step 2: Talk to your bank

Contact your bank, confirm they are a qualified SBA lender, schedule a phone meeting with a commercial banker if you don't have one already

### Step 3: Call your accountant

Contact your CPA, have them put 3 years tax returns in a folder for you, business and personal, a balance sheet, and P&L statements for the past 12 months.

### Step 4: Personal financial statement

Fill out a personal financial statement and make sure it is current within the past 90 days.

### Step 5: Contact your partners

Have any partner that owns 20% or more get their K-1s and tax returns together for the last 3 years & have each fill out a personal financial statement.

### Step 6: Build projections

Build pro forma projections for the rest of 2020 and beyond. Assume you will reopen in June with 50% of your normal sales and ramp up from there. Build cash flow statements for one year & put a budget together so you know how much funding to request. Estimate high where you don't know, you don't want to have to go through the application process a second time.

### Step 7: Utilize this congressional bill to bring back employees

The amount you can borrow from your local bank is 250% of an employer's average monthly payroll & business related expenses & other debt obligations over the previous year. The current language of the bill allows businesses to turn a portion of this loan money in to grants, on payroll costs, rent obligations, mortgage interest, and utilities if employers retain certain payroll levels under the covered period.

Your local bank will be the conduit between SBA and the restaurant. The local bank will audit that these expenses have been used for payroll & prior debt obligations to activate loan forgiveness.

This Congressional bill allows for restaurants to pay employees lost wages, and also carry payroll and expenses for several weeks even if no sales are coming in.



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