

SCORE Richmond

Virtual Town Hall Webinar

April 8, 2020

Welcome!

The Program Will Begin Shortly
(all attendees are on audio mute)

Virtual Town Hall Agenda

- 9:00 – 9:05 Welcome & Introductions
- 9:05 – 9:20 Loan Programs & Financial Assistance
- 9:20 – 9:30 Reducing Costs & Improving Cash Flow
- 9:30 – 9:35 Reinvent Your Business
- 9:35 – 10:00 Q&A

Economic Injury Disaster Loan (EIDL) and EIDL Grant Expanded in CARES Act

EIDL

- **Eligibility**
 - Businesses with up to 500 employees in operation as of Feb 15, 2020
 - Nonprofit organizations with fewer than 500 employees – 501c,d,e
 - Independent contractors, sole proprietors, Tribal business concerns, ESOPs
- **Loans from SBA directly**
 - Advances and loans under \$200,000
 - Waives personal guarantees and one year in business; no need to have sought capital elsewhere
 - No collateral for \$25k or less
 - Up to 12-month deferral

Economic Injury Disaster Loan (EIDL) and EIDL Grant Expanded in CARES Act

EIDL

- **Loan Amounts**
 - Working capital loan up to \$2 million; based on 6 months operating expenses
 - Term up to 30 years, 3.75%
- **Uses for the loan proceeds include:**
 - Payroll, working capital, operating expenses that can't be paid because of the disaster impact

Economic Injury Disaster Loan (EIDL) and EIDL Grant Expanded in CARES Act

EIDL Grant

- Same eligibility as EIDL
- Submit EIDL application, ask for the advance – check box on EIDL application
- Up to \$10,000 three days after submitting an EIDL application
- Does not need to be repaid under any circumstance

Additional SBA Loan Options

Express Bridge Loan Pilot Program

- In business by March 13, 2020
- For businesses with an existing relationship with an SBA Express Lender
- Up to \$25,000
- Repaid in part or full by proceeds from the EIDL Loan

Small Business Debt Relief Program

- Immediate relief to small businesses with non-disaster SBA loans
- SBA will cover payments for six months
- Available to new borrowers who take out loans within six months of the bill's signing
- Funds are used to support the survival and/or reopening of the business

CARES Act / Paycheck Protection Program

Starts APR 3 (small biz) APR 10 (independent contractors and sole proprietors)

Paycheck Protection Program (PPP)

- Eligibility
 - Businesses with up to 500 employees in operation as of Feb 15, 2020
 - Nonprofits, independent contractors and sole proprietors
- Loans from SBA approved banks, credit unions, and some nonbank lenders
- No collateral; no personal guarantees; no need to have sought capital elsewhere
- Loan Amount
 - Average 2019 monthly payroll expenses PLUS 25%, up to \$10m

CARES Act / Paycheck Protection Program

Paycheck Protection Program (PPP)

- **Uses for the loan proceeds include:**
 - Qualified payroll costs, rent, utilities, and interest on mortgage
- **Loan forgiveness**
 - For funds used to pay 8 weeks of payroll (excluding salaries > \$100,000), mortgage interest, rent and utilities
 - 75% should be used for payroll
 - 8 weeks begins on the loan origination date
- **Loan amount that is not forgiven**
 - Will owe money if staff and payroll are not maintained
 - Interest rate is 1% with 2-year term
 - Principle and interest deferred for 6 – 12 months after loan disbursement

CARES Act / Paycheck Protection Program

Paycheck Protection Program (PPP)

- Additional documents
 - Payroll documents
 - 3 years of personal tax returns
 - 3 years of business tax returns
 - Financial statements
- Apply/request for forgiveness
 - Required to keep good records of payroll and other eligible expenses

Minimize Cost and Maximize Cash Flow

- Cash is king, protecting it is critical to weather the storm
- Analyze your costs
 - What is essential versus discretionary?
 - Identify what spending can be eliminated, reduced or deferred
- For fixed expenses like:
 - Rent/leasing costs
 - Interest and principal, i.e., loan payments
 - Utilities
 - Others

Be proactive, contact provider to negotiate a reduction and/or deferral

Minimize Cost and Maximize Cash Flow

- **Aggressively manage your working capital**
 - Collect outstanding receivables, explore using credit cards and cash in advance terms for future sales
 - Find creative ways to sell excess and obsolete inventory, minimize raw materials and finished goods on hand
 - Negotiate longer payment terms with vendors
- **Take advantage of local, state and federal relaxed requirements to pay payroll, self employment and income taxes**

Minimize Cost and Maximize Cash Flow

- Develop specific actions to put your cost reduction and cash flow improvement plan in place
- Forecast your revenue, cost, income and cash flow on a monthly (if possible weekly) basis
- Track your performance versus financial projections and develop additional actions as needed

Reinvent Your Business

Talk to your SCORE mentor!

Be Creative

- Expand your product offerings
- Virtual yoga for parents and kids at home
- Banquet caterer to home delivery
- Farmer's Market to e-commerce site

Reinvent Your Business

Think Outside the Box

- Cafe now an online general store
- Distilleries and breweries making hand sanitizer
- Gyms with virtual workouts and training programs
- Pre-school providing virtual story hours

Questions???

- www.richmond.score.org
- www.sba.gov
- www.score.org/coronavirus
- www.covid19relief.sba.gov