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
  o Working capital loan up to $2 million; based on 6 months operating expenses
  o Term up to 30 years, 3.75%

• Uses for the loan proceeds include:
  o Payroll, working capital, operating expenses that can’t be paid because of the disaster impact
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**
  o Businesses with up to 500 employees in operation as of Feb 15, 2020
  o 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**
  o Average 2019 monthly payroll expenses PLUS 25%, up to $10m
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
Paycheck Protection Program 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
  o What is essential versus discretionary?
  o Identify what spending can be eliminated, reduced or deferred

• For fixed expenses like:
  o Rent/leasing costs
  o Interest and principal, i.e., loan payments
  o Utilities
  o Others

Be proactive, contact provider to negotiate a reduction and/or deferral
Minimize Cost and Maximize Cash Flow

• Aggressively manage your working capital
  o Collect outstanding receivables, explore using credit cards and cash in advance terms for future sales
  o Find creative ways to sell excess and obsolete inventory, minimize raw materials and finished goods on hand
  o 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