Marcum LLP has prepared these materials as part of an educational program. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual, entity or case. While every effort has been made to offer current and accurate information, errors can occur. Furthermore, laws and regulations referred to in this program may change over time and should be interpreted only in light of particular circumstances. The information presented here should not be construed as legal, tax, accounting or valuation advice. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.
SBA LOANS, PAYCHECK PROTECTION AND OTHER RESOURCES FOR YOUR PRACTICE

If you have a question during today’s broadcast...

1. Type your question in the chat box (for technology questions – sound, etc.) or
2. Ask your question in the Q&A box (for CONTENT related questions)

An instructor will either respond in the chat or Q&A, verbally during the presentation, or as a follow-up to the presentation.
Seth A. Rubenstein, DPM
President-Elect
APMA COVID-19
Guidance & Resources

- APMA is the leading professional organization representing every podiatrist and strives to provide timely, informative resources for APMA members in this international crisis
- Resources for small businesses available at apma.org/covid19SBA
- Visit apma.org/covid19 for all updates
INTRODUCTIONS

Mike Trabert, CPA, CVA, CMAP, CEPA, CM&AA
- Partner, Advisory
- Leader in the Value Acceleration/Exit Planning Services
- Exit Planner of the Year - 2017

Dawn Minotas, CPA, MAcc
- Managing Director, Managed Services and Consulting
- 20+ years of experience
- Worked with start-ups to multinational entities

Maryann Czarnota, CPA, MST, CFF, CVA, CDFA, CEPA, MAFF
- Partner, Tax and Business Services
- Marcum’s National Healthcare Group
- Business valuations, compensation, M&A and practice expansion

David Mustin, MBA
- Partner, Advisory
- 25+ years of management consulting
- Business and IT growth and transformation
THE MARCUM CORONAVIRUS RESOURCE CENTER

marcumllp.com/coronavirus

Stay up-to-date on how the coronavirus (COVID-19) will impact your business.
LEARNING OBJECTIVES

After completing the session, participants will be able to...

• Understand the two available SBA loan programs including structure, eligibility, amounts, timing and how to apply

• CARES Act provisions and Paycheck Protection

• Identify impact on tax filings and payments

• Understand how to preserve value in the current coronavirus pandemic

• Understand action steps to weather the tide of practice challenges

“In the long run, men hit only what they aim at.” – Henry David Thoreau
WE LIVE IN INTERESTING TIMES
HOW LONG WOULD YOUR BUSINESS SURVIVE IF SALES STOPPED COMPLETELY?

73% of businesses wouldn’t survive past six months

https://www.womply.com/blog/long-business-survive-sales-dropped/
RESTAURANT BOOKINGS – MAR 4TH – 17TH

OpenTable data: Restaurant Bookings by City, Annual % Change

Source: OpenTable
THERE ARE TWO SEPARATE DISASTER RELIEF LOAN PROGRAMS FOR SMALL BUSINESSES

**ECONOMIC INJURY DISASTER LOAN (EIDL) PROGRAM**

- Suffered substantial economic injury in a declared disaster area (US).
- For-profit or Not-for-profit
- Substantial economic injury means the business is unable to meet its obligations and to pay its ordinary and necessary operating expenses.
- EIDLs provide the necessary *working capital* to help small businesses survive until normal operations resume after a disaster.

**$300B EMERGENCY CORONAVIRUS RELIEF**

- Included in the $2T stimulus relief package
- Part of *Keeping Workers Paid and Employed Act* (CARES)
- Funds used to pay workers, lease and utility payments
### SBA: ECONOMIC INJURY DISASTER LOAN (EIDL) (1)

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong></td>
<td>• Small businesses affected by the disaster</td>
</tr>
<tr>
<td><strong>Criteria</strong></td>
<td>• Credit History: Acceptable to SBA</td>
</tr>
<tr>
<td></td>
<td>• Repayment: Ability to repay</td>
</tr>
<tr>
<td></td>
<td>• Eligibility: Suffered working capital damage</td>
</tr>
<tr>
<td><strong>Borrowing Limit</strong></td>
<td>• Up to $2 Million</td>
</tr>
<tr>
<td><strong>Interest Rate</strong></td>
<td>• 3.75% - For Profit / 2.75% - Not For Profit</td>
</tr>
<tr>
<td><strong>Use</strong></td>
<td>• Fixed debts, payroll, accounts payable, and other bills</td>
</tr>
<tr>
<td><strong>Collateral</strong></td>
<td>• Required where available</td>
</tr>
</tbody>
</table>

* - not for existing debt reduction, replace lost sales or expansion
SBA: ECONOMIC INJURY DISASTER LOAN (EIDL) (2)

Applying
- Online only

Documents
- Loan Application
- Signed and dated IRS Form 4506-T allowing the IRS to provide SBA your tax return information

Payment Terms
- Based on borrowers ability to pay

Timing (Estimated)
- Decision: 2 – 3 weeks
- Disbursement: 5 days

Link
https://covid19relief.sba.gov/#/
ECONOMIC INJURY DISASTER LOAN APPLICATION

Disaster Loan Assistance
Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION

STREAMLINED PROCESS REQUIREMENTS

SBA is collecting the requested information in order to make a loan under SBA’s Economic Injury Disaster Loan Program to the qualified entities listed in this application that are impacted by the Coronavirus (COVID-19). The information will be used in determining whether the applicant is eligible for an economic injury loan. If you do not submit all the information requested, your loan cannot be fully processed.

The Applicant understands that the SBA is relying upon the self-certifications contained in this application to verify that the Applicant is an eligible entity to receive the advance, and that the Applicant is providing this self-certification under penalty of perjury pursuant to 28 U.S.C. 1746 for verification purposes.

The estimated time for completing this entire application is two hours and ten minutes, although you may not need to complete all parts. You are not required to respond to this collection of information unless it displays a currently valid OMB approval number.

ELIGIBLE ENTITY VERIFICATION

Choose One:

- Applicant is a business with not more than 500 employees.
- Applicant is an individual who operates under a sole proprietorship, with or without employees, or as an independent contractor.
- Applicant is a cooperative with not more than 500 employees.
- Applicant is an Employee Stock Ownership Plan (ESOP), as defined in 15 U.S.C. 632, with not more than 500 employees.
- Applicant is a tribal small business concern, as described in 15 U.S.C. 641(b)(2)(C), with not more than 500 employees.
- Applicant is a business, including an agricultural cooperative, aquaculture enterprise, nursery, or producer cooperative, that is small under SBA Size Standards found at https://www.sba.gov/size-standards.
- Applicant is a business with more than 500 employees that is small under SBA Size Standards found at https://www.sba.gov/size-standards.
- Applicant is a private non-profit organization that is a non-governmental agency or entity that currently has an effective ruling letter from the IRS granting tax exemption under sections 501(c)(3), or (e) of the Internal Revenue Code of 1954, or satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law, or a faith-based organization.

Review and Check All of the Following:

Applicant must review and check all of the following (if Applicant is unable to check all of the following, Applicant is not an Eligible Entity):
$300B EMERGENCY CORONAVIRUS RELIEF (1)

Notes: This Bill is different from the SBA EIDL
Businesses are not eligible for both programs

Covered Loan Period
• April 6 – June 30, 2020

Eligible Businesses
• Up to 500 Employees,
• In business on February 15, 2020

Borrowing Limit
• Increases 7(a) loans up to $10 Million thru Dec. 31

Delegated Authority
• Increases decision making of 7(a) lenders without going thru SBA channels
$300B EMERGENCY CORONAVIRUS RELIEF (2)

Repayment Eligibility

• Simply in business February 15, 2020 and employees with payroll

Fees

• Waives borrower and lender fees for 7(a) loans

Loan Guarantees

• Increases government guarantees of loans to 100% through December 31, 2020 (*)

(*) – Returns to normal following December 31, 2020
PAYCHECK PROTECTION PROGRAM

- Lender Authority
  - Loans by banks, not SBA
  - Less SBA oversight

- Eligibility
  - Less than 500 employees (all employees)
    - Based on 12-month average
  - Sole proprietors, self-employed, independent contractors
PAYCHECK PROTECTION PROGRAM

1. Loan Amount – 12 month average monthly PR costs X 2.5 ($10M max)

2. Payroll costs – wages, healthcare costs, retirement benefits, certain taxes
   • Exclude > 100k, residence o/s US, sick/family leave (not FFCRA)

3. Payment Terms – Payments deferred 6-12 months
   • Interest rate of 1% on unforgiven, 2 years

4. Uses – Payroll costs (75%), Interest, Rent, Utilities

5. Other – SBA disaster loans 1/31 – 3/27 – can refinance as 7a(P3)
   • No Fees
   • Cancelled debt – not taxable
   • No collateral, no personal guarantee
   • “No credit elsewhere” waived
PAYCHECK PROTECTION PROGRAM

• Loan forgiveness – cost during 8 week period beginning on loan date
  • Payroll Cost (75%)
  • Interest
  • Rent
  • Utilities

• Forgiveness reduction
  • FTE eliminated 8 week before loan funded
  • Total wage reduction > 25% (Ees < 100k)
  • No reduction if rehired by 6/30

• Need proper documentation for loan forgiveness
PAYCHECK PROTECTION PROGRAM
Borrower Application Form

Check One: ☐ Sole proprietor ☐ Partnership ☐ C-Corp ☐ S-Corp ☐ LLC
☐ Independent contractor ☐ Eligible self-employed individual ☐ 501(c)(3) Nonprofit ☐ 501(c)(4) Social Purpose Organization
☐ Tribal business (see 31 CFR §124.601 of Small Business Act) ☐ Other

Business Legal Name:

Business Address:

Business TIN (EIN, SSN): Business Phone:  [ ]

[ ] Primary Contact [ ] Email Address

Average Monthly Payroll: $ [ ]

= 1.5 x EIDL Not of Advance (if Applicable) $ [ ]

Equity in Request: $ Number of Employees:

Purpose of the Loan:

[ ] Payroll [ ] House/Mortgage Interest [ ] Utilities [ ] Other (explain):

[ ] Select more than one:

Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

<table>
<thead>
<tr>
<th>Owner Name</th>
<th>Title</th>
<th>Ownership %</th>
<th>TIN (EIN, SSN)</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If questions 1 or 2 below are answered “Yes,” the loan will not be approved.

1. Is the Applicant or any owner of the Applicant presently suspended, denied, proposed for denial, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?

2. Has the Applicant, any owner of the Applicant, or any business owner or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or defaulted in the last 7 years and caused a loss to the government?

3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as attachment A.

4. Has the Applicant received an EIDL Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as attachment B.

If questions 3 or 4 are answered “Yes,” the loan will not be approved.

5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole?

6. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on posttrial diversion, or 5) been placed on any form of parole or probation (including probation before judgment)?

7. In the United States the principal place of residence for all employees of the Applicant included in the Applicant’s payroll calculation above?

8. Is the Applicant a franchise that is listed in the SBA’s Franchise Directory?

SBA Form 2483 (04/20)
OTHER CONSIDERATIONS

• Discuss with your lender options:
  • Payment deferment options (principal and interest for three months)
  • Interest only payments
  • Fee suspension programs
  • Refinance current debt

• Business Interruption Insurance
  • Most BII policies exclude interruptions for viruses
  • Check your policy for specific exclusions
CARES ACT – TAX PROVISIONS

• Cash rebates - $1,200-single; $2,400-married; $500/child
  • If income less than 75,000; 150,000

• Employee retention credit-50% credit up to $10,000 wages/employee
  • Eligible if mandated shutdown or 50% decrease in revenue
  • Not if debt forgiveness under CARES

• Delays payroll tax payments for 2020 until 2021 and 2022
  • Employer social security (6.2%), 3/27-12/31, not if debt forgiveness under CARES

• NOL from 2018-2020 can be carried back 5 years

• Qualified Improvement Property 100% bonus depreciation retro to 2018

• Retirement Plan Distribution, up to 100k, pay tax over 3 years; loan up to 100k
CARES ACT – UNEMPLOYMENT RULES

• Expands benefits to self-employed and independent contractors

• $600/week increase to 7/31

• Additional 13 weeks of benefits beyond what states allow for those needing it

• Jobless claims

  • 2 weeks ago were 3.3M – 4X PREVIOUS RECORD

  • Last week were 6.6M
TAX RELIEF – FEDERAL INCOME TAXES

• Automatic Extensions to File and Pay Federal Income Taxes until 7/15
  • Applies to individual, partnership or corporation, and gift returns
  • No interest or penalties
  • Does not apply to payroll or excise taxes
  • Applies to first quarterly estimated payments due 4/15
  • Most states to follow
FAMILIES FIRST CORONAVIRUS RESPONSE ACT

TAX RELIEF – REFUNDABLE PAYROLL TAX CREDITS

• Business Tax Credits for Paid Sick Leave and Paid Family Medical Leave

• Private Companies with Less than 500 Employees
FAMILIES FIRST CORONAVIRUS RESPONSE ACT (2)

- Sick Leave
- Pay employees full wages up to $511 for 10 days ($5110 total) if unable to work:
  - Employee subject to quarantine
  - Employee advised by health care provider to self-quarantine
  - Employee experiencing symptoms
FAMILIES FIRST CORONAVIRUS RESPONSE ACT (3)

• Pay employee 2/3 of full wages up to $200/day ($2000, total) if unable to work
  
  • Employee caring for individual subject to quarantine or advised to self-quarantine

  • Employee caring for child when school/care facility is closed
FAMILIES FIRST CORONAVIRUS RESPONSE ACT (4)

• Family Leave
  • Employee unable to work due to care for child when school/care facility closed
  • Paid leave - 10 week maximum
  • 2/3 of regular pay, $200/day, $10,000 total

• Credit for health insurance coverage during leave period

• Paid Sick Leave $5,000 $10,000
• Payroll tax liability $8,000 $ 8,000
• Pay/(refund) $3,000 ($ 2,000)
1. BE PREPARED: HAVE A PLAN

- Develop/Refine a Plan
- Conduct Scenario Planning
- Identify Risks / Risk Management
- Identify New Services that are Recession Resistant

www.strategyzer.com
2. **MANAGE CASH FLOW**

<table>
<thead>
<tr>
<th>Annualized Expenses after startup costs</th>
<th>3.50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billing Expenses</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Marketing</td>
<td>$ 2,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>2%</td>
</tr>
<tr>
<td>Medical Equipment</td>
<td>$ 5,000</td>
</tr>
<tr>
<td>Legal</td>
<td>$ 12,000</td>
</tr>
<tr>
<td>Accounting</td>
<td>$ 6,000</td>
</tr>
<tr>
<td>Answering services</td>
<td>$ 1,200</td>
</tr>
<tr>
<td>Rent</td>
<td>$ 66,000</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
</tbody>
</table>

**EHR / PM cost (as % or flat rate)**

- Flat amount or a percent of collections

**Square feet times annual rent per square foot**

**Other Expense as a % of volume or revenue**

<table>
<thead>
<tr>
<th>Startup Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment Fees</td>
</tr>
<tr>
<td>Medical Equipment</td>
</tr>
<tr>
<td>Legal</td>
</tr>
<tr>
<td>Marketing</td>
</tr>
<tr>
<td>Supplies</td>
</tr>
<tr>
<td>Insurance</td>
</tr>
<tr>
<td>Accounting</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Occupancy Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square feet needed</td>
</tr>
<tr>
<td>Annual Rent per Square Foot:</td>
</tr>
<tr>
<td>Rent</td>
</tr>
</tbody>
</table>

- Develop 13-Week Rolling Cash Flow Forecast
- Accelerate A/R
- Decelerate A/P
- Expand Lines of Credit
- Eliminate Expense
3. ATTEND TO PATIENTS

- Prioritize Critical Patients
- Address Patients Needs
- Seek New Patients
4. ATTEND TO STAFF

- Retain Valuable Staff
- Address Low Performers
- Utilize Temps for Demand Fluctuations
- Train, Train, Train

Common Response is Fear
Drop Everything (Including Staff) and Run
5. FOCUS ON MARKETING

MARKETING STRATEGIES

- Continue Marketing
- Understand Your Value in Times of Crisis
- Train/Retrain Office Staff
- Increase Communications with Key Patients
6. UTILIZE A DASHBOARD AND TRACK EARLY WARNING INDICATORS

- Monitor, Monitor, Monitor
- Track What Drives Your Practice
- Include Early Warning Indicators
SOURCES OF ADDITIONAL INFORMATION

apma.org/covid19


marcumllp.com/coronavirus
QUESTIONS

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