

Coronavirus (COVID-19) Economic Relief Opportunities for Small Businesses

Panelists: Robert Wright, JD, MBA
Adam Minow, CPA, MBA

Moderator: Florence Lowe
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tl;dr - not meant to be legal or tax advice

Panelists



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Adam Minow, CPA, CVA, CFF, MBA

- President, MinowCPA Corporation
- CFO & CPA to closely-held corporations and LLCs
- University of Chicago Booth MBA
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- Expert witness on topics including business damages

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Moderator



Florence Lowe

- COO, Synerzip
- Mentor at Capital Factory & VMS NTX
- Founder, Insider Edge
- Former CFO, executive at EZLynx, iSight Partners
- Leadership positions in finance at PE firm Hudson Advisors, Capital One, American Airlines
- Software engineer at UBS Warburg, IBM Global Services

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Bob Wright

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When not tickling the ivories, Bob is an attorney, enterprise strategist, community activist, and teacher. Thirty-six years ago, Bob began his legal career at Jenkins & Gilchrist, P.C., where he specialized in leveraged buyouts, M&A, and bank regulatory law. In 2000, Bob began a run as General Counsel for three software companies – two public and one private – directing their worldwide legal affairs and, ultimately, their sale. In between versions, Bob played games – as in organized, built, ran, and sold three computer game companies.

Bob founded and serves as Chairman Emeritus of Social Venture Partners Dallas, an initiative that seeks to apply venture capital principles to philanthropy. Bob also helped imagine, then chaired, and continues to serve on the advisory committee of The GroundFloor, United Way of Metropolitan Dallas' social innovation fund and impact accelerator program, which provides seed-stage funding for social enterprises. In 2017, Bob joined the board of UWMD and serves on its Executive Committee. By gubernatorial appointment, he chairs the OneStar Foundation, whose mission is to build a better nonprofit sector for a better Texas, and formerly served as a member of the Texas Emerging Technology Fund Advisory Committee.

In addition to practicing law, Bob is a Senior Lecturer in Entrepreneurship and Social Entrepreneurship in the Naveen Jindal School of Management at the University of Texas at Dallas.

Adam Minow, CPA, CVA, CFF, MBA

Partner, MinowCPA Corporation



Adam S. Minow is a graduate of the University of Chicago (M.B.A., 1999) and the University of Southern California (B.S., Accounting, 1992).

He is a member of the American Institute of Certified Public Accountants, California Society of CPAs, National Association of Certified Valuation Analysts, and Forensic Expert Witness Association.

Over the course of his career, he has controlled the finances, reported financial results, raised capital, analyzed business strategies, and supported the negotiation of major business deals, for some of the most prestigious companies worldwide, including: Ernst & Young, Bank of America, KB Home and Genentech (Roche).

Mr. Minow advises closely-held and publicly-traded companies on financial reporting, financial planning, internal control, capital raising, corporate strategy, acquisitions, and information technology, by applying Wall Street financial expertise and Big 4 accounting acumen to solve complex business problems and increase returns to business owners.

In a litigation support capacity, he has represented business owners, corporations, insurance companies, and governmental agencies in dispute resolution. Mr. Minow has testified as an expert witness in deposition, trial, arbitration, and mediation on a variety of valuation and business damages issues.

Five things to do now

- Contact your banker. Prepare loan applications
 - Paycheck Protection Program Loan (PPP Loan / CARES Act)
 - Economic Injury Disaster Loan (SBA Disaster Loan)
- Manage risk
 - Contact your attorney. Understand contracts and human resources issues
 - Review insurance policies coverage and potential claims
 - Analyze impact to financial statements (2019 and 2020)
- Understand your revenues and costs during pandemic. Review forecasts, develop projections, and manage cash
- SWOT Analysis (identify internal and external opportunities and threats)
- IRS and SEC have delayed filing requirements
- Keep employees healthy and productive. Embrace remote work environments. Engage workforce with SMART goals and targets.

ECONOMIC INJURY DISASTER LOANS SUMMARY

- Loans up to US\$2 million
- Coronavirus-related declared-disaster areas, where EIDLs will be available, include **all fifty states**
- Funds may be used to:
 - + Pay fixed debts
 - + Payroll
 - + Accounts payable
 - + Employee sick leave
 - + Other bills that cannot be paid due to the disaster's impact
- Funds may not be used to:
 - + Refinance debts incurred prior to the disaster event
 - + Make payments on other loans to another federal agency or the SBA
 - + Pay tax penalties or non-tax criminal/civil fines
 - + Repair physical damage, or
 - + Pay dividends or other disbursements to owners or partners except as related to their performance of services for the business

Payroll Protection Program Summary

Some highlights

- Loan size = The lesser of \$10million or 2.5x Average Monthly Payroll
- Limits to employees with annual salary of \$100,000 or employees residing outside the US
- Feb 15, 2020 - June 30, 2020 -- apply no later than June 30, 3030
- Provides catch-up period to employers to rehire displaced employees and opportunity for salary reduction up to 25%
- Could be entirely or partially forgiven

What should you do today?

- Talk to your banker
- Start gathering required data and documentation

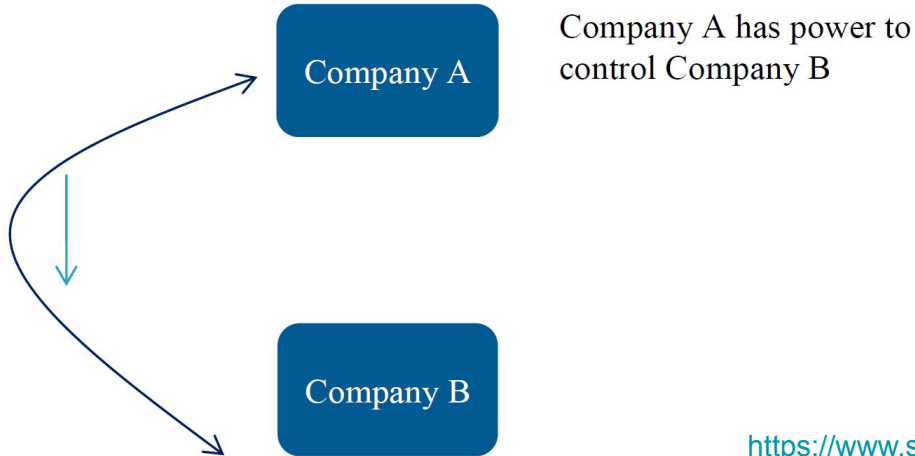
Comparison of the two SBA loan programs

SBA Disaster Loan	Paycheck Protection Loan
Apply simultaneously. Learn more at SBA.gov .	
Direct loan from SBA	Apply with SBA 7(a) Lender, FDIC-insured institution, or other
Easy online application https://covid19relief.sba.gov/#/	Simple two-page application
Initial \$10,000 direct deposit from SBA that may be forgivable	Focus on 2.5x average monthly payroll including benefits & taxes
SBA can qualify solely on credit score (approximately 620+)	Bank requests 2019 Form W-3 as support
May require additional information (2019 financials, 2018 tax returns)	Allows for rehiring of employees and salary reductions
May require personal guarantee or collateral. 30 year repayment.	No personal guarantee (limited). May be forgivable (total or partial)
Other Conditions and Limitations	
Check that you qualify according to SBA Size Rules (https://www.ecfr.gov/cgi-bin/text-idx?rgn=div5;node=13%3A1.0.1.1.17#se13.1.121_1104)	
No owner may have misdemeanor or felony	
No owner may have bankruptcy	
Beware of affiliate issues	
The above analysis is a generalization of rules being set for loan programs in the process of being implemented. Actual policy may differ. Contact your CPA, attorney, banker or professional advisor.	

Beware of Affiliation Rules

What are the general principles of affiliation?

Generally, affiliation exists when one business controls or has the power to control another or when a third party (or parties) controls or has the power to control both businesses. Control may arise through ownership, management, or other relationships or interactions between the parties.



Company A and Company B are affiliates for size purposes.

https://www.sba.gov/sites/default/files/affiliation_ver_03.pdf

Resources

<https://www.sba.gov/>

<https://www.sbc.senate.gov/public/index.cfm/guide-to-the-cares-act>

<https://covid19relief.sba.gov/>

https://www.ecfr.gov/cgi-bin/text-idx?rgn=div5;node=13%3A1.0.1.1.17#se13.1.121_1104

https://www.sba.gov/sites/default/files/affiliation_ver_03.pdf

<https://minowcpa.com/covid-19/>

About Synerzip



Your trusted outsourcing partner for Agile software product development.

- Accelerate the delivery of your product roadmap
- Address technology skill gaps
- Save at least 50% with offshore software development
- Augment your team with optional on-site professionals

“Synerzip makes the timezone difference work FOR the customer, enabling a positive experience for us. ‘Seeing is believing’, so we decided to give it a shot and the project was very successful.”

RON WATSON Centric Software





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Thank you!