



How to Utilize Federal Aid to Beat COVID-19 In Your Business

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OVERVIEW



WHO

CureVoya's Executives

- **CEO**
 - Tim Shanahan
- **CFO**
 - Erik Freeman
- **VP of Business Development**
 - Jaclyn Freeman

AGENDA

3 Federal Aid Mechanisms

- **CARES Act**
 - Payment Protection Program
- **SBA**
 - Economic Injury Disaster Relief Loan
- **Human Resources**
 - Families First Coronavirus Response Act

Resources for You to Download

Disclaimer: This presentation is intended to acquaint you with these programs, not serve as individual advice. You should consult your lender & attorney for individual advice.

Today's Webinar Provided By **CureVoya:** Specializing in Premier Medical Device Distribution & Innovation

- First, an important thank you.
- We're here to provide insightful information regarding the regulatory landscape we're facing. We're engaging professionals spanning across numerous industries to bring you as much information as possible.
- As the exclusive worldwide distributor of the only FDA cleared cryotherapy device in aesthetics, FROZEN C, we are keenly aware of the challenges many of your offices/locations are facing. We're here to acquaint you with stimulus funding so you can get your needs met as soon as possible.

As of today, how well do you feel you understand the federal stimulus aid options? Rate from 1 to 5 (5 = high level of understanding)

1

2

3

4

5

Which best describes you?

I'm an Independent Contractor **A**

I'm a Doctor/Owner of a single
private practice **B**

I'm a Doctor/Owner/Operator of
a franchise **C**

I'm a Doctor/Owner/Operator of
multiple offices or franchises **D**

None of these **E**

YOUR \$ OPTIONS, PUT SIMPLY

STIMULUS FUNDING 101

OPTION 1

Loan via SBA

- “Economic Injury Disaster Relief Loan” (EIDL)
- Not eligible for forgiveness
- Within 3 DAYS of applying, applicant can receive \$10,000 emergency grant that he/she may retain even if the application is denied
- Little transparency into the process given so far

OPTION 2

Loan via Bank

- CARES ACT “Payment Protection Program Loan” (PPP)
- Forgivable Loan
- “Expedited” Application & Funding Process

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OPTION 1: Economic Injury Disaster Loan

EIDL FACTS SHEET

ABOUT

- 1st Emergency Stimulus Relief allowed to apply to COVID-19 crisis
- Typically for natural disaster relief (tornado, hurricane)
- Since SBA is the lender, a flood of applicants to a single agency = bottleneck
- Application & Funding process like typical SBA loan issuance
- CARES ACT expanded EIDL eligibility:
 1. Sole proprietors or independent contractors
 2. Small businesses w/ up to 500 employees &
 3. Waives personal guarantee when EIDL loan is less than \$200,000

LOAN DETAILS

- NOT eligible for forgiveness
- Funds may be used for working capital for business operations
- Interest Rate = 3.75% (4% max)
- Payments = can defer up to 1 year
- Re-payment can be up to 30 year term w/ principle & interest
- Monthly payments based on financial condition of borrower
- Within 3 days of applying, applicant can receive \$10,000 emergency grant that he/she may retain even if the application is denied

CARES ACT



Coronavirus Aid Relief & Economic Stability Act Authorized "Payment Protection Program" (PPP) Loans via Banks

- Senate Approved: Late March 25
- House Approved: March 27
- President Signed: March 27
- SBA Issued Application & Limited Guidance: March 30
- First Loans Opened for Bank Processing: April 3
- SBA Issued Final Rule: Late April 3
- \$349 Billion Authorized Spending

CARES ACT



Existing SBA Borrowers

- As part of the CARES Act, existing SBA “7(a) Borrowers” are relieved of any obligation to pay the principal, interest and any associated fees that are owed for a 7(a) loan for a 6 month period beginning with the first payment due on a loan after March 27, 2020
- **If you’ve recently paid on your SBA loan, the lender must inform you of these options:**
 1. **Receiving your payment back or**
 2. **Applying the loan payment to reduce the loan balance**

OPTION 2: Payment Protection Program Loan

PPP FACTS SHEET

ABOUT

- For sole proprietors, 1099s, small businesses w/ under 500 employees, & 501(c)(3) nonprofits
- Banks are the Lenders = more distribution points for funds
- Application & Funding process expedited via single UNIVERSAL APPLICATION
- CARES ACT intent: Keep your employees, only spend the money on eligible purposes, & your loan will be forgiven
- Started lending to small businesses on April 3. Start lending to 1099s on April 10th.

LOAN DETAILS

- Eligible for forgiveness
- Funds may be used for payroll, rent mortgage interest, & utilities
- No personal guarantee, no collateral requirement, no affiliation or credit elsewhere exclusions as in SBA 7(a), no bank fees, no SBA fees
- Documentation required = payroll records / bank statements
- Any Unforgiven Balance Terms:
 - 2 year Repayment Term
 - Interest Rate = 1% (4% max)
 - Payments = none for 6 to 12 months & no prepayment penalty

PPP Loan Step By Step



#1 Am I Eligible?

- Sole proprietors, independent contractors, small businesses w/ under 500 employees, & 501(c)(3) nonprofits qualify
- Multi-unit small business owners qualify if fewer than 500 employees per location.
- Must have been in business on Feb 15, 2020 with payroll expenses (Salaries, owners draws, 1099, etc.)
- Business impacted by COVID-19

PPP Loan Step By Step



#2 Calculate Your Loan Amount

- We have a loan amount calculator for you to use to start the conversation with your lender.
- The UNIVERSAL APPLICATION requires you declare the amount and sign to certify its validity, so you'll need to calculate before you can submit an app.

$$\text{Loan Amount} = \text{Average Monthly Payroll} \times 2.5$$

What is my "Average Monthly Payroll" Amount?

- Average over 1 year period before the date on which the loan is made (seasonality adjustments available)
 - Salaries (up to \$100k/yr)
 - Owner's Draws (up to \$100k/yr)
 - Health Insurance
 - State & Local taxes, but NOT federal taxes
 - Paid vacation & sick leave
 - Retirement benefits
 - Separation package
 - 1099s NOT included

EXAMPLE:

Annual Payroll = \$600,000

Average Monthly Payroll = \$600,000 / 12 = \$50,000

Loan Amount = \$50,000 x 2.5 = \$125,000

PPP Loan Step By Step



#3 How Do I Apply?

- 1099 independent contractors can't apply until April 10th
- We recommend you contact your current business banking institution representative
- Don't have a rep? Go to the website of your current business banking institution to find out how they are accepting applications.
 - Larger banking institutions are requiring you to submit an inquiry & then to be contacted by their loan department before submitting. If you bank with a larger bank, submit your inquiry immediately. Then calculate your loan amount and get your records ready while you wait to be contacted.
 - Another Lender to Get in Line Sooner: <https://sbacares.boefly.com>
 - Another Lender: <https://www.kabbage.com>
- Have your Loan Amount Calculated, your [UNIVERSAL APPLICATION](#) filled out & signed when you speak to your lender. Be prepared to quickly provide your payroll / bank statement records as well.
- *NEWS ALERT: According to an article issued the morning of April 6th, Wells Fargo has closed its window for PPP loans as of Sunday evening due to its \$10 billion lending cap. [Find it Here](#)*

PPP Loan Step By Step



#4 How Do I Maximize Forgiveness?

- Remember: Congress' Intent → If you keep your employees & only spend funds on eligible purposes, your loan is forgiven

How does my lender calculate my forgiveness amount?

- We have a forgiveness calculator to help you speak with your lender
- Your UNIVERSAL APPLICATION asks, “How many employees do you have?”
 - The loan forgiveness amount is calculated based on average count of “full time equivalent” employees you employed pre-crisis (as noted on your application & certified by your payroll records or bank statements) versus the average count of “full time equivalent” employees you employ post-loan (judged by the lender after 8 weeks from your loan date by your payroll records or bank statements).
 - Ex. Headcount Before Crisis = 7
 - Headcount @ 8 Weeks After Loan = 7
 - Loan Forgiveness Amount – 100%

PPP Loan Step By Step



#4 How Do I Maximize Forgiveness? (Cont.)

- Remember: Congress' Intent → If you keep your employees & only spend funds on eligible purposes, your loan is forgiven

The Fine Print:

- Only spend on eligible purposes: Payroll (same broad definition as used in the loan amount calculator); Rent; Mortgage Interest; Utilities
- Spending Requirements: Currently unclear guidance about spending with respect to "8 Week Period" following loan:
 - Some guidance says any amount you do not spend in the first 8 weeks will not be forgiven
 - Some guidance says if 75% of your spend is on payroll for the 8 week period, and your headcount is the same, the entire loan amount will be forgiven
- Do NOT decrease an employee's salary by more than 25% over the 8 week period or it will impact your forgiveness amount.
- Consult with your lender regularly over the 8 weeks to ensure you have the most up to date guidance



The Fine Print Cont.:

- If you have already laid off or fired employees due to coronavirus at the time of applying, you may include those fired employees in the calculation of average monthly payroll.
 - However, the deadline to rehire or replace those jobs is June 30th otherwise you risk your forgiveness rate.
- This may mean owners could need to pay employees to stay home if mandates worsen in order to maximize forgiveness

EIDL vs PPP, Where do they meet?



- **NO CONFLICT:** If you have a ***pre-existing*** EIDL Loan, you can incorporate it into your PPP application. (The UNIVERSAL APPLICATION makes this clear.)
- **CURRENT CONFLICT:** If you are choosing between OPTION 1 (EIDL) & OPTION 2 (PPP), some guidance says you CANNOT receive stimulus funding from both the PPP and EIDL, whereas other guidance says you can—but what you're allowed to spend each of the loans on differs.
- **OUR RECOMMENDATION:** Proceed with caution regarding the EIDL if you are intending on applying for the PPP. Talk with your lender in detail regarding this subject and get multiple sources of confirmation.
- **IMPORTANT NOTE ABOUT PPP:**
DO NOT APPLY MULTIPLE TIMES WITH MULTIPLE BANKS. **This will result in your application being flagged for fraud & may result in NO funds being distributed.**

How do I pay for “Paid Sick & Family Leave”?

COVERING THE COST OF COMPLYING WITH FAMILIES FIRST CORONAVIRUS RESPONSE ACT

OPTION 1

Do Not Pay Under the Small Business Exemption

- Under 50 employees
- Compliance would “jeopardize the ability of the business to continue”
- US Department of Labor has yet to issue interim rules
- Limited Guidance: [Here](#)

OPTION 2

Cover the Cost of Coronavirus Related Paid Sick & Family Leave

- Dollar for dollar tax offset against payroll taxes
- Employers receive 100% reimbursement for paid leave pursuant to the act.
Includes → Health insurance costs & Self-employed individuals receive an equivalent credit.

Resources for You



EIDL Loan:

- Apply [Here](#)

CARES Act:

- [Full Text](#)
- SBA Issued Final Rule: [Late April 3](#)
- [Universal Application](#)
- Lenders:
 - <https://sbacares.boefly.com>
 - <https://www.kabbage.com>
 - <https://www.nymbus.com/>
- Loan Amount & Forgiveness Amount: [Calculator](#)

Families First Coronavirus Response Act:

- [Full Text](#)
- US Department of Labor: [Initial Guidance](#)

Struggling to Pay Rent?

- [Landlord Rent Deferment Request Letter](#)
- [Landlord Notice of Intent Not to Pay](#)



QUESTIONS?

This presentation will be available within an hour to download from:

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