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Choose DuPage Small Business Forum
May 13, 2020

**Coming out of the pandemic – understanding the
CARES Act and how to begin easing into the new
normal of business**

Introductions



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Agenda

I. CARES Act and PPP Guidance

II. Focus on Compliance

III. Easing into the unknown new normal

Part I.

CARES Act Assistance to Small Businesses



The CARES Act provides assistance to small businesses

Paycheck Protection Program (PPP)

- Provides small businesses with funding to maintain payroll, hire back employees who may have been laid off, and cover applicable overhead
- Allows small businesses to pay up to 8 weeks of payroll costs including benefits
- Can also be used to pay interest on mortgages, rent, and utilities
- Small businesses and eligible nonprofit organizations, Veterans organizations, and Tribal businesses described in the Small Business Act, as well as individuals who are self-employed or are independent contractors, are eligible if they also meet program size standard

Economic Injury Disaster Loans (EIDL)

- Provides economic relief to small businesses that are currently experiencing a temporary loss of revenue
- Small business with fewer than 500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations are eligible to apply for an loan advance of up to \$10,000
- The Economic Injury Disaster Loan advance funds will be made available within days of a successful application, and this loan advance will not have to be repaid

The Small Business Administration and the Department of Treasury are issuing guidance and resources for PPP and EIDL

The Small Business Administration (SBA), in consultation with the Department of the Treasury, is providing timely guidance to questions concerning eligibility and implementation of PPP and EIDL

- **Coronavirus Relief Options:** <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>
- **Disaster Loan Applications:** <https://www.sba.gov/page/disaster-loan-applications>
- **PPP:** <https://home.treasury.gov/system/files/136/PPP%20--%20Overview.pdf>
- **Assistance to Small Businesses:** <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>
- **Frequently Asked Questions (FAQs):** <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>



U.S. Small Business
Administration



Recommendations for Paycheck Protection Program Recipients

1. If you are planning to request forgiveness of the PPP Loan, you will want to build your case today around the “necessity” of the loan based on your access to capital markets and other sources of liquidity to support your business’s ongoing operations (This could be interpreted broadly, and thus we recommend consulting with your legal counsel to document your case, as needed).
2. For any borrowed funds under the PPP Loan program, if the loan is outstanding at your year-end (or interim reporting period), your auditor may:
 - a) Add a representation to the management representation letter (e.g. “We have received a PPP Loan and we have demonstrated our need and qualification for such a loan under the CARES Act”);
 - b) Provide management’s analysis of qualification for the PPP Loan and review it for material misstatements (e.g. incorrect payroll amounts used), and
 - c) Audit the loan balance.
3. The PPP Loan should be part of management’s cash flow analysis as additional debt. Management should not assume there will be forgiveness of the PPP Loan in the cash flow analysis. Also, management may be unable to determine that forgiveness is probable until forgiveness is granted by the Lender or Small Business Administration.

Part II

Focus on Compliance



Compliance & Reporting

CARES Act Section 15011:

- On a monthly basis until September 30, 2021, each [federal] agency shall report on any obligation or expenditure of large covered funds (over \$150k), including loans and awards
- Not later than 30 days after the end of each calendar quarter, the Pandemic Recovery Accountability Committee (PRAC) shall make the information in reports publicly available
- Each agency shall provide user-friendly means for covered recipients to meet requirements
- A covered recipient means any entity that receives large covered funds

Compliance & Reporting

Covered recipient required reporting per Section 15011:

Not later than 10 days after the end of each calendar quarter, each covered recipient shall submit a report that contains:

- a) The **total amount** of large covered funds **received**
- b) The **amount** of large covered funds that were **expended or obligated** for each project/activity
- c) A **detailed list of all projects or activities** for which large covered funds were expended or obligated, including:
 - i. the **name** of the project or activity
 - ii. A **description** of the project or activity
 - iii. The **estimated number of jobs created or retained** by the project or activity, where applicable
- d) Detailed information on any level of **subcontracts or subgrants awarded** by the covered recipient or its subcontractors or subgrantees

Compliance & Reporting

Recommendations:

- Read & Understand- agreements, documents, Questions & Answers, etc.
- Determine if any certifications are necessary in order to receive the loan or award
- Contemporaneously document decisions and activities
- Separately track and account for transactions related to the loan or award
- PPP Loan Forgiveness – document all costs and determine eligibility of costs

Part III.

Easing into the unknown new normal...



Write Your Own Playbook.

1. Identify business needs for survival

3. Pivot & innovative business models (assess products, how they are offered, marketing message...)

5. Communication Plan – employees, customers, prospects vendors/partners, community/govt

2. Identify your customers' current needs (*have they changed?*)

4. Create and work multiple scenarios (staffing, cash + capital, space, supply chain, revenues)

6. Create partnerships

7. Initiate Feedback Loop

Sample Playbook – Build alignment with statewide ***Restore Illinois*** Framework

Phase 1 Rapid Spread	Phase 2 Flattening	Phase 3 Recovery	Phase 4 Revitalization	Phase 5 Illinois Restored
<p>Strict stay at home and social distancing guidelines are put in place, and only essential businesses remain open.</p> <p>Every region has experienced this phase once already and could return to it if mitigation efforts are unsuccessful.</p>	<p>Non-essential retail stores reopen for curb-side pickup and delivery.</p> <p>Illinoisans are directed to wear a face covering when outside the home and can begin enjoying additional outdoor activities like golf, boating & fishing while practicing social distancing.</p>	<p>Manufacturing, offices, retail, barbershops and salons can reopen to the public with capacity and other limits and safety precautions.</p> <p>Gatherings of 10 people or fewer are allowed.</p> <p>Face coverings and social distancing are the norm.</p>	<p>Gatherings of 50 people or fewer are allowed, restaurants and bars reopen, travel resumes, child care and schools reopen under guidance from the Illinois Department of Public Health.</p> <p>Face coverings and social distancing are the norm.</p>	<p>The economy fully reopens with safety precautions continuing.</p> <p>Conventions, festivals and large events are permitted, and all businesses, schools and places of recreation can open with new safety guidance and procedures.</p>

Define specific operations criteria in each phase:

Staffing

Supply

Marketing message

Economics



Sample Tactical Questions to consider

Regulations

Federal, State, Local restrictions (Restore Illinois Plan); OSHA guidance, etc

Safety

Sanitation practices, employee safety, new procedures, PPE availability

Social Distancing

Physical barriers, change layouts, closing communal spaces, re-organizing / staggering shifts and breaks

Monitoring

Data and tracking, employee health monitoring, customer monitoring, action plans to respond to scenarios

RESTORE IL SCORECARD: NORTHEAST REGION

May 11, 2020

% Positivity



% Positivity Change Last 14 Days



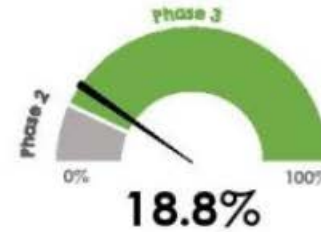
Hospital Admission Change Since May 1



Med/Surg Bed Availability



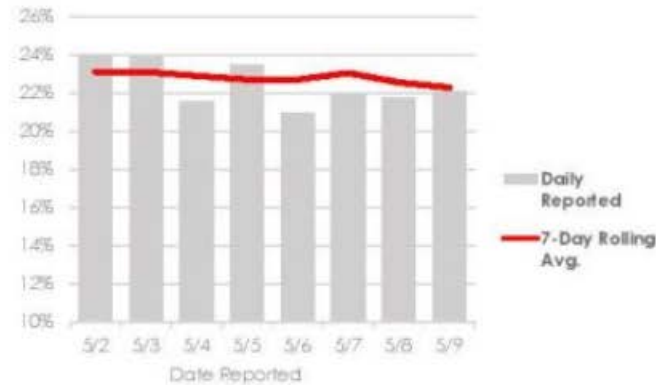
ICU Bed Availability



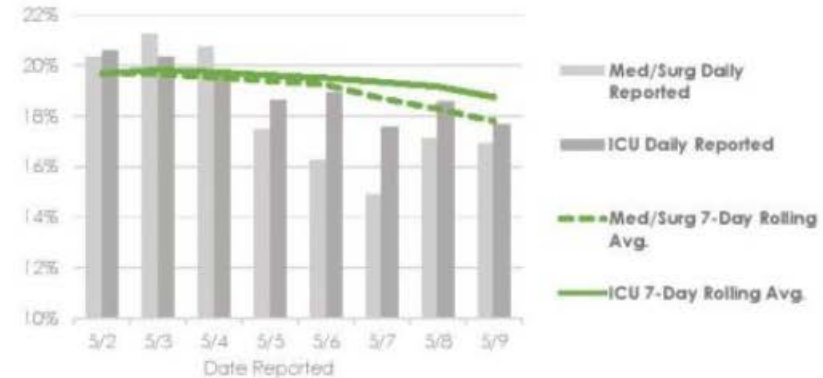
Ventilator Availability



% Positivity: Time-Series



Med/Surg & ICU Bed Availability: Time-Series



Each metric is based on a 7-day rolling average of daily-reports since May 1, 2020 to smooth volatility in the daily metrics and to better inform the overall time trends. Data as of 2 days prior to Scorecard date.

Small business considerations to ~~survive~~ thrive



- Accept and embrace where the model may need to change.
- Focus on the customer more than ever:
 - Communicate, connect, and reengage
 - Reward loyalty
 - Identify and engage with new customers
- Find where the captive customers are (Online? Social media? New media?)
- Personalize the experience and welcome feedback
- Utilize technology for each step.
 - Collect and use data wisely.
 - Use tools available

Resource Center



- U.S. Small Business Administration: <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>
- U.S. Chamber of Commerce: <https://www.uschamber.com/co/small-business-coronavirus>
- Center for Disease Control – Guide for Small Businesses: <https://www.cdc.gov/coronavirus/2019-ncov/community/organizations/businesses-employers.html>
- Center for Disease Control – Tips for Protecting Employees: <https://www.cdc.gov/coronavirus/2019-ncov/community/guidance-small-business.html>
- Illinois Dept of Public Health – guidance for businesses on Restore Illinois Plan - <http://www.dph.illinois.gov/businesses>



Thank You

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<https://www.crowe.com/insights/issues/covid-19-response>

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