

April 2, 2020 - 10:00am ET

Georgia Manufacturers Alliance - Finance Roundtable

Host: Jason Moss, Founder and Executive Director GMA

Guests: Randy Brunson - Centurion Advisory Group, rbrunson@centurionag.com

Laura Madajewski - HLB Gross Collins, lmadajewski@grosscollins.com

Benny StaRomana - UGA SBDC, Small Business Development Center,

bstaromana@georgiasbdc.org

DISCLAIMER: These notes were taken by one of the participants and have not been approved or endorsed by Randy Brunson, Centurion Advisory Group, Laura Madajewski, HLB Gross Collins, Benny StaRomana, UGA SBDC, the Georgia Manufacturing Alliance, or Jason Moss. These notes serve as a helpful tool. It is the responsibility of the reader to confirm the facts. Resources can be found at www.georgiamanufacturingalliance.com via links and documents provided by guests and posted on the GMA website.

Welcome by Jason Moss - Today's topic is FINANCE

In today's topic we will discover ways to make sure a company has their financial affairs in order, different investments and retirement tools, and how to prepare a business, its books, and employees for all the changes because of the Coronavirus. The CARES Act impacts all of us differently.

First guest, Randy Brunson:

Randy Brunson is the CEO of an independent, fee only, wealth management firm. We listen, plan and guide on tax planning, charitable gift giving and tax matters.

Randy:

Just published: the Equity Market has its worst quarter in decades! Randy's advice:

- DO NOT SELL or cash in your IRA or any personal funds
- DO auto invest in IRA etc, and keep doing so
- DO increase the amount you set aside monthly
- DO: my wealthiest customers are pulling out of the money market and into equities.
- Remember: emergencies - they always rebound!
- CARES act: apply for PPP, do this if you are a manufacturer with less than 500 employees.

Templeton Funds - Sir John Templeton, was a billionaire at time of his death. Over the years, he gave away 95% of his wealth. Remember, lesson learned: markets always go up AND down.

Forecast: The next three years will provide lots of big opportunities in real estate.

Why: Many employers will reconfigure how people work so demand for commercial real estate will go down. Property owners will need to sell. Those with cash, who can work with their bank and the current owner, can buy at a very reasonable price!

Tip: **CARES Act, watch for the law of unintended consequences!**

How: If you have any questions, email me at rbrunson@centurionag.com

Question:

Jason: In this new normal, we will probably never go back to the old normal as digital is influencing the future. Right now we are in survival mode, but what are the opportunities in the future?

Randy: In my bubble of wealth management, over the past 30 years there have been 5 solid rules:

1. Make a choice to spend less than you make (so you'll know what you spend)
2. ALWAYS have a reserve as in: real cash (we won't know what's going to happen).
3. Avoid debt like the <Corona> virus!
4. Make and implement long term plans that require thought, silence, and engagement.
5. Choose to be generous with your time, talent, treasure.

Current scenario: All of us have relatives who are struggling (layoffs, cut hours, asking for money). We are watching clients who have practiced these 5 solid rules relentlessly, ranging from small to large companies. Personally, they are not worried, they are getting ready for the other side of this crisis (improve operations, equipment improvements, who will be our new hires etc). A crisis takes the unprepared out of the game. For those who are still standing, the opportunities will increase. Sam Zell and Warren Buffet are buying: companies!

Recap by Jason:

Fundamental principles never change! GMA is reaching out to advisors to share insights for all its members as an added benefit during this time. Jason is an avid reader and recommends the book, Profit First: Transform Your Business from a Cash-Eating Monster to a Money-Making Machine, by Mike Michalowicz.

Second guest, Laura Madajewski:

Manufacturing and supply chain practice leader and advisor. Laura helps her clients with questions related to accounting and financial consulting regarding the CARES Act, and guides companies through the process.

Laura:

I guide my clients through the CARES Act application process even though the PPP application won't be online until Friday, April 3rd.

Tip: Run calculations on your payroll information. Don't just compare figures from one report to the next. Find out whether PPP or tax advantages are the better solution. You can apply for both, PPP and EIDL, but you cannot double dip! Laura's biggest job is education and transparency.

CARES Act - 3 tools available for business owners:

- EIDL, Economic Industry Disaster Loan, and \$10,000 emergency
- PPP, Paycheck Protection Program
- Payroll tax credits.

Laura recommends PPP, you have to calculate 2.5 month' of payroll related costs (salaries, state tax, health care benefit employer side, retirement contributions) - see formula and forms online. 2.5 is what you are going to apply for. Remember, if you have multiple ownerships, each owner with 20% or greater share has to certify that they are eligible! Banks will ask. Once you have applied for the loan, put the money in seperate checking account. Acceptance date of your loan is your loan origination date. Eight weeks later you can ask for forgiveness of the loan.

Comment from Jason: as always, ask your financial advisor or trusted advisor for advice.

Third guest, Benny StaRomana:

Benny is a business consultant for manufacturers, and really any business, at no charge. The CARES Act is a lifesaver for business. True good to be true? It is real. Benny will share several documents, see GMA website. See screenshot, below:

OVERVIEW	EIDL	EIDL ADVANCE	PPP
Lender	SBA	SBA	SBA 7(a) Approved Lender
Maximum Loan Amount	\$2MM	Advance of up to \$10,000	2.5x average monthly payroll costs capped at \$100K per employee, maximum of \$10MM per borrower
Application Deadline	December 31, 2020	December 31, 2020	June 30, 2020
Eligible Borrowers	Businesses that meet the SBA size standards	<ul style="list-style-type: none"> - 500 or fewer employees - Sole proprietorship (with or without employees or as independent contractors) - Cooperative of 500 or fewer employees - ESOP (500 or fewer employees) - Tribal small business concern (500 or fewer employees) 	<ul style="list-style-type: none"> Businesses with <500 employees Businesses in NAICS 72 with <500 employees per individual location.
Use of Proceeds*	<ul style="list-style-type: none"> - Payroll - Rent - Utilities - Interest on debt occurred - Accounts payable 	<ul style="list-style-type: none"> - Payroll - Rent - Utilities - Interest on debt occurred - Accounts payable 	<ul style="list-style-type: none"> - Payroll - Interest on mortgage payments (principal or prepayments excluded) - Rent - Utilities

Re: PPP

These loans will be implemented by pre-approved banks who are partners of SBA. Benny will share this list of banks as well. The PPP is up to 100% forgivable and it is a non-recourse loan, if you default then the SBA will not collect. There is a non-forgive amount, see details on Benny's document, but it has a great fixed interest rate of .5%! Collateral is waived and you do not have to use up your available credit elsewhere before you use these funds. So, everyone, regardless of credit worthiness, can apply. The application deadline for PPP is June 30th but apply as soon as possible because of its limited amount of funds, it may run out.

Re: EIDL and \$10,000 emergency

Benny encourages everyone to apply. Just Google "SBA EIDL" and it will take you to the SBA site. It should only take 3 days for your bank to deposit money but more likely it will be one week. EIDL has a \$2 million max, and is not forgivable but the payment terms are 30 years, great for cashflow!

Note: PPP and EIDL will be combined by SBA into one loan. It's best practice to isolate PPP for Payroll and EIDL for other operating expenses (rent, utilities, interest on debt, AP, etc).

Questions by Jason:

1. Many companies have filed temporary unemployment applications for their employees already, before the CARES Act came into effect, how does that work if you want to take advantage of PPP?

Answer Benny: you will very likely find that answer in the fine print. You can probably re-hire the employee for the PPP, I will find out and get back to you.

2. Based on early information, if you had credit available to you somewhere else, you cannot qualify. You have to deplete that first, is that true? However, I think Congress waived that.

Answer Benny: unused credit lines, will get back to you.

Side Note by Benny: The IRS Dept of Labor and the U.S. Treasury have incentives for employees of businesses who are told to implement work from home, but they cannot (ie machine operators). That employer can pay the employee for time off and the IRS will reimburse through tax credits. The employer does not have to remit payroll taxes and withholding taxes to the IRS = savings. If the expenses are more then ask for a refund. The question becomes whether that is double dipping with PPP. No, the forgiveness element, those tax credits will be backed out from PPP. It is an incentive to keep the employee employed, and no layoffs.

3. Who qualifies for \$10,000? How about 1099 contractors, they qualify for the grant but not PPP. What are the base qualifications?

Answer Laura: yes there are rules, the size of the company, its roles. Sole proprietors, yes go and apply. But companies can pick up the 1099 for regular contractors versus, for instance, a painter on a 1099.

Answer Benny: SBA publishes information on sole proprietors. The IRS regards a LLC with two members as employees so then those two members are on a W2, and they are really

employees of their own companies. Single LLC are not paycheck or salaried. So, independent contractors or sole proprietors apply for EIDL \$10,000. It is a grant, it does not have to be repaid.

Comment Randy: Contractors with a 1099, have to file Schedule C, look at the unemployment insurance of the CARES Act, section: pandemic unemployment insurance is for 1099 people and it provides 39 weeks of unemployment insurance - Federal funded but State administered. Connect with the Department of Labor. Randy will email a summary on how to do that. Regarding employee layoff: you can help file the unemployment insurance claims for them, that way the DOL knows they have been unemployed. Actually, that is mandatory!

Comment participant Beau Groover: thanks for the 1099 info! Very helpful for his workers, and Benny thanks for the great chart!!!

Comment Benny: Governor Kemp has asked his organization to work with the State government to help businesses. The Chart was a result of that task.

Resources:

Jason: if you are doing several zoom calls on a regular basis, let me show you the tools I use: Go to www.georgiamanufacturingalliance.com, click on Resources tab, Recommended Equipment - Web Meetings tab. We added Amazon links for easy ordering.

Randy: I'm hosting a CARES Act webinar on Friday, 4/3 at 1:30pm ET. A link will be posted on my personal LinkedIn page ([linkedin.com/in/centurionag](https://www.linkedin.com/in/centurionag)), tomorrow, 4/2. GMA will have the link too.

Closing comments from guests:

Randy: Nothing outperforms good habits!

Benny: Conquering business crisis - I will send information for distribution and access by all your members.

Laura: There is a lot of information out there. We can help you with business strategies and several available credits. We share your concerns and provide you with peace of mind.

Closing comments by Jason:

We will post all the information that was mentioned today online as we strive to serve the manufacturing community as best as we can. Thank you Benny, Laura, and Randy. Resources are available to everyone. If we have not discussed a topic that you'd like to hear, please let me know. We will share our group picture on LinkedIn, please "like" and "share" so others can see and hopefully participate.

Pray for our elected leaders, for all they do, regardless of political party, pray for our country and work to build as a community. Reach out to those who are isolated. Let us know how we can serve you in any way.

Brittany, GMA Staff: Reminder that tomorrow is Fun Friday. Jump on the call at 4:00pm to recap the week and remember: breathe!