



**BAY AREA**  
Community Health  
Advisory Council

**WELCOME**  
**Wellness Where You Are**  
**Online Summer Series**

# Bay Area Community Health Advisory Council (BACHAC)

- ▶ A grass roots community health organization
- ▶ Address health disparities in diverse communities across generations
- ▶ Through awareness, education, access to resources, advocacy
- ▶ In partnership/collaboration with a diverse groups
- ▶ Supporting a culture of Innovation and inclusion

# Session Purpose

- ▶ Support community with relevant information, resources & tools during this challenging time
- ▶ Address unique needs of the community
- ▶ Provide forum to address questions
- ▶ Increase awareness not a substitute for professional advice for specific situations

# Housekeeping

- ▶ Appreciate your patience and flexibility as BACHAC launches into the virtual world
- ▶ BACHAC's steps to protect privacy
- ▶ Everyone is on mute
- ▶ Write Questions to Q and A Section/Text 650-888-4065
- ▶ Session is being recorded
- ▶ Recording/Slides to be posted on BACHAC website

# Meeting Agreements

- ▶ Be engaged
- ▶ Be curious and open
- ▶ Challenge ideas, not the person
- ▶ Seek to understand
- ▶ Stretch yourself
- ▶ Help us....Help you



# Navigating Your Small Business In The New Landscape

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MAY 6, 2020

Wellness Where You Are: Online Summer Series





# SMALL BUSINESS MANAGEMENT

PAYCHECK PROTECTION PROGRAM (PPP)

# AGENDA

- Opening overview remarks
- Paycheck Protection Program
- SBA Updates and Economic Injury Loans
- California and Other Information
- Loan application information
- Digitizing Your Business
- Cash Flow Management Tips
- Innovation and Pivoting
- Tips to Save and Grow Your Business
- Financial Health Checkup



# Determining and Calculating Eligible PPP Loan Amounts

- Under the Paycheck Protection Program (PPP), the maximum loan amount is the lesser of \$10 million or an amount that you will calculate using a payroll-based formula specified in the CARES Act.
- Formula: Average Payroll Costs (Annual Payroll Costs divided by 12) X 2.5

# Calculating Average Eligible Payroll Costs

## What is included

- Payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips);
- Payment for vacation, parental, family, medical, or sick leave;
- Allowance for separation or dismissal;
- Payment for the provision of employee benefits consisting of:
  - Group health care coverage, including insurance premiums,
  - Retirement

# Calculating Average Eligible Payroll Costs

## What is included (cont.)

- Payment of state and local taxes assessed on compensation of employees;
- For an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.

# Calculating Average Eligible Payroll Costs

## What is excluded

- Any compensation of an employee whose principal place of residence is outside of the United States;
- The compensation of an individual employee in excess of an annual salary of \$100,000, prorated as necessary;
- Federal employment taxes imposed or withheld between February 15, 2020 and June 30, 2020, including the employee's and employer's share of FICA (Federal Insurance Contributions Act) and Railroad Retirement Act taxes, and income taxes required to be withheld from employees; and
- Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127).
- Independent contractors do not count as employees for purposes of PPP loan calculations (independent contractors have the ability to apply for a PPP loan on their own, so they do not count for purposes of a borrower's PPP loan calculation).

# Documentation



- Gross Wage and Headcount Support (before exclusions)
  - 2019 YTD payroll register
  - Quarterly 941 Filings and/or Form W3 (tax filings)
- Independent Contractors or sole proprietors – Tax Returns, 1099's or other documentation supporting self- employment income
- Summary supporting exclusion for gross wages to individuals in excess of \$100K annualized compensation (the amount in excess of \$100K) or exclusions of payroll for employees who principal place of residence is not in the US

# Documentation (cont.)

- Summary of retirement payments (i.e., contributions to 401k or other benefit plans)
- Summary of healthcare premiums or costs
- Summary of state and local taxes assessed on compensation of employees
- 2019 financial statements (i.e, balance sheet and income statement) (or personal financial statements if an independent contractor or sole proprietor). Amounts you are reporting should be supported by your financial statements and books and records.

# Paycheck Protection Program – Round I

- 1.66 million loans approved for \$342 billion
  - 74% (by #) < \$150,000
  - 17% (by \$) < \$150,000
- Firms with strong banking relationships prioritized
- Smaller businesses, independent contractors, churches, nonprofits were not well served

*\*Source: Small Business Administration Paycheck Protection Program Report  
4/16/2020*

# Paycheck Protection Program – Round II

- Of \$310 billion in Round II, \$30 billion for:
  - Insured Depository Institutions less than \$10 billion
  - Community Financial Institutions (minority depository institutions, certified development companies, microloan intermediaries)
  - Of ~10,000+ eligible lenders, only 140 > \$10 billion
  - CDFIs and MDIs competing against 9,860 of the nation's 10,000 banks & credit unions



# Maximize Your Likelihood of PPP Funding

- If you applied in Round I but weren't funded, find out the status of your application
- Make sure your application is complete and ready for submission
- If were not satisfied – apply with a different lender
- Consider a Black bank, credit union or CDFI

**APPLY TODAY**

# Maximize Your Likelihood of PPP Funding

- Demand is triple the supply
- Lenders have pipelines – make sure yours is a priority
- Make sure your application is complete - Follow all check lists

**THE CLOCK IS TICKING**

# Supplemental Facts

- The \$349 billion dollar program, known as the Paycheck Protection Program (PPP), in the two trillion dollar CARES Act was intended as a key initiative to provide needed small business assistance.
- There was a surge in applications for PPP loans and the first \$349 billion was disbursed in less than two weeks as 1.6 million companies secured funding. Many, many businesses were not able to obtain loans. Unfortunately, a number of large hotel and restaurant chains applied and received loans.
- Included in the additional \$321 billion for the PPP is \$30 billion dedicated to community based lenders like Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs) with assets of less than \$10 million and another \$30 billion dedicated to small banks and credit unions with assets between \$10 million and \$50 million. Together, this \$60 billion will help unbanked and underserved businesses to access the PPP, including minority businesses, rural businesses, mom-and-pop businesses, and non-profits.

# Supplemental Facts

- The original PPP also provided \$10 billion in emergency grants in amounts up to \$10,000 for small businesses to pay for operating expenses. These loans can also be forgiven if businesses keep their employees on payroll through June 2020. This allocation of money ran out quickly as well.
- The Senate passed a \$484 billion bill to replenish the PPP program and allocate more money to hospitals and coronavirus testing. The breakout is as follows:
  - \$310 billion for the PPP loans plus an extra 11 billion for administrative costs equaling \$321 for PPP
  - \$75 billion to hospitals
  - \$25 billion to a new coronavirus testing program
  - 60 billion for a separate small business emergency grant and loan program
  - 11 billion for administrative costs

# SBA Updates and Economic Injury Loans

- 3 Levels to watch:

Federal: [SBA.gov/coronavirus](https://www.sba.gov/coronavirus)

State: [www.business.ca.gov/coronavirus](https://www.business.ca.gov/coronavirus)

Local: Your local SBDC and your city/county resources

SBA Economic Injury Loans: [diasterloan.sba.gov](https://diasterloan.sba.gov) – rules of thumb and broad advice

- Just apply
- You can amend your application later, as the economic impacts reveal themselves
- Select “economic injury” when you go to apply
- You can reach out to your local SBDC to help walk through the application
  - [www.sanmateosbdc.org](https://www.sanmateosbdc.org)

# CALIFORNIA AND OTHER INFORMATION

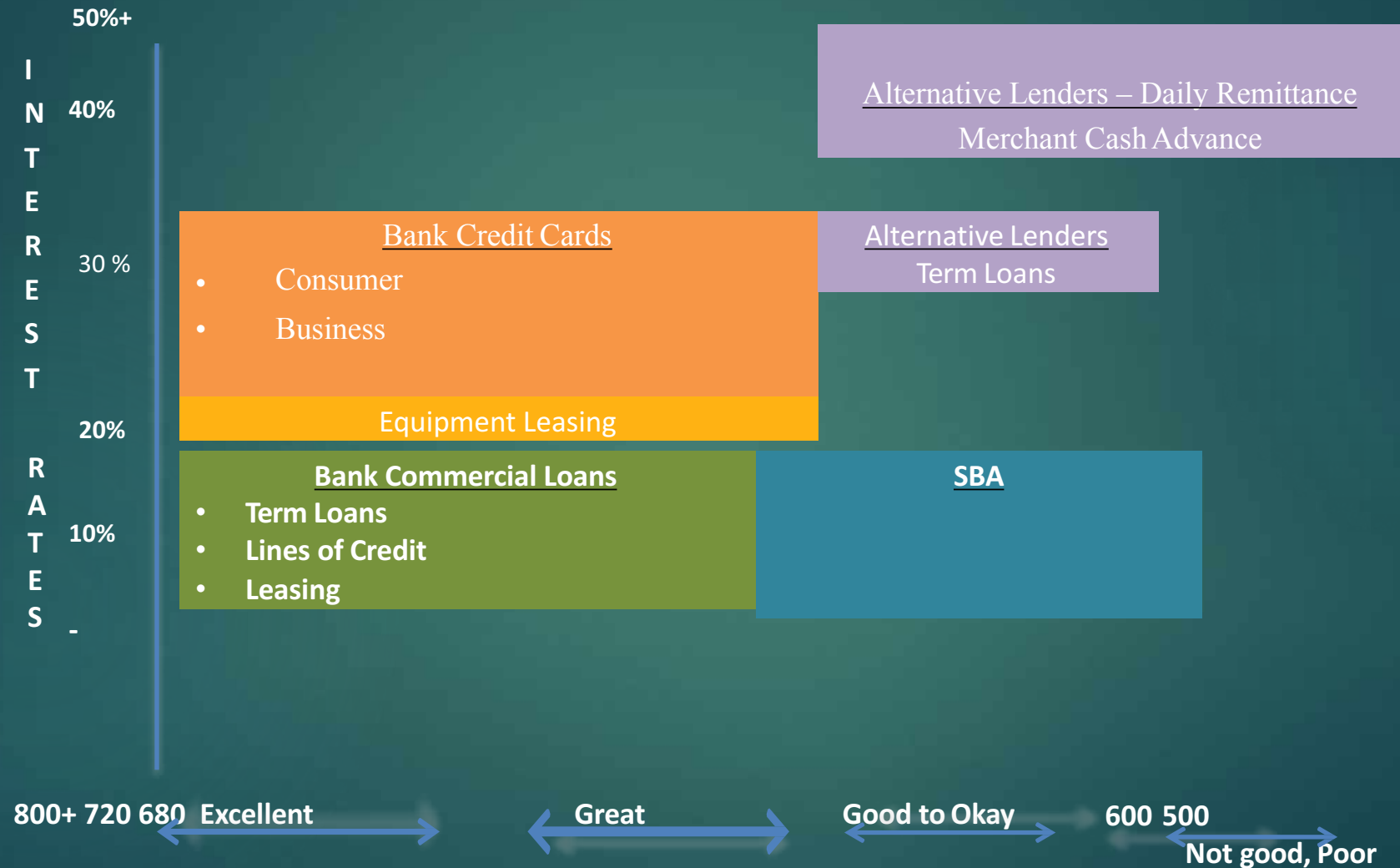
- The state will give small businesses an extra year to pay up to \$50,000 in sales and use taxes
- For small businesses that do not qualify for federal loans, California is setting aside \$50 million in additional funding. Business that have up to 750 employees may apply.
- There is a loan reversal program, called CalCap for small businesses who have defaulted on loan payments.
  - More information available at <https://business.ca.gov/coronavirus> - 2019
- California Employment Development Division is giving a 60-day extension to file state and payroll taxes or to deposit payroll taxes
- Individuals and California businesses affected by COVID 19 have until July 15 to file and pay 2019 taxes.
- IRS – filing due date and payment extended to July 15.

# Client Questions to Ask

## Questions for yourselves:

- How much money do I think I need?
- What will I use the money for?
- How long will it take me to break even?
- What type of capital/loan do I need?
- How much control am I willing to give up?

# ILLUSTRATIVE LENDING MARKET





# Small Business Loan Triggers

Need	Definition
Emergency	An unforeseen problem occurs with the business, such as equipment breaking down. The business needs money quickly.
Opportunity	The business has an opportunity to make money quickly with an opportunistic purchase, such as low cost inventory.
Startup	Funding to get the business started.
Working Capital	The business has a timing difference between receiving cash and paying creditors.
Equipment	Planned purchase of equipment that can be financed for the life of the asset.
Project	The business has a particular project that needs financing, such as opening a new store or expanding.
Peace of Mind	Funds available in case there is an opportunity or an emergency.

# Financing Options Businesses

## New Business

- Friends, Family & Fools
- Angels/Equity
- SBA 7A loans
- 401K Rollover
- Peer to Peer
- Micro Lender

## Existing Business

- Traditional Term Loans
- Traditional Revolving Loans
- Owner Occupied Mortgage
- SBA 504 Loan
- Alternative Options
  - Asset Based Lending
  - Purchase Order Financing
  - Export / Import Financing

# Micro-lenders

- Specialists in lending small amounts of money to smaller companies
- Combination of asset based and cash flow lending
- Organized in many different ways
- Can also have specific social and need based lending criteria
- Credit standards are often more flexible
- Cost of capital is generally higher
- Loans would be personally guaranteed
- Several are part of the SBA Micro-loan program
- Loan amounts can be from \$5K-\$50K

# DIGITIZING YOUR BUSINESS



- Online Sales
- Choosing the right selling platform
- Right social Media platform for you

# ONLINE PLATFORM OPTIONS

- Amazon - \$39.99/month plus per item selling fee (professional accounts)
- Ebay – listing fee of 35c/listing plus value fee between 0-12%
- Etsy - .20x/listing plus 5% transaction fee.
- Facebook/Instagram Stores – Through FB catalog or Shopify – Transaction fees vary
- LinkedIn Profinder – limited free/unlimited with premium membership

# CASH FLOW MANAGEMENT TIPS

- Last 12 months expenses – high ticket items, COGS – payroll – rent-advertising & debt
- Landlords negotiating tactics
- Suppliers terms tips – account payable – push out payable
- Accounts receivable aging
- Inventory – pushing out faster – selling online

# CASH FLOW MANAGEMENT TIPS



- Credit card utilization – Negotiating tactics
- Feds Rate Decrease – Refinancing Homes & Cars
- Using Line of Credits
- How will using your affect chances of approval

# INNOVATION AND PIVOTING



- Pivot because your original business model is doomed.
- Pivot because you see opportunities seize and opportunity and change your competitive advantage.
- Pivots usually carry significant risks, but you may recognize that the potential benefits outweigh the risks.
- Changing business models is less risky than doing nothing.



# INNOVATION AND PIVOTING



## Recent Pivots

- YouTube – video dating service to online video sharing
- Wineries – tasting rooms to virtual tasting
- Gap, Nkie and others – using factories to make masks, gowns and scrubs
- Alcoholic beverage producers have shifted to hand sanitizers
- Restaurant partnering with hospital to provide catering for healthcare first line workers
- Trucking company partnering with logistics firm to replenish grocery and retail shelves.

# INNOVATION AND PIVOTING



## Where to look for pivots

- Value proposition – What value do you deliver with your product or service?
- Value network – How do you deliver and monetize your product or service?
- Target customers – Who receives and benefits from what you provide?

# INNOVATION AND PIVOTING



## Making your pivot idea a reality

- Stay focused on the two essential elements of a successful pivot.
  - Manage the activities to generate great ideas.
  - Ask smart questions; challenge conventional thinking
  - Be bold in selecting and implementing your best pivot option
  - Act decisively

# TIPS TO SAVE AND GROW YOUR BUSINESS

- Take care of yourself and your team
- Assess your business finances; reduce long –term fixed costs
- Negotiate with customers and creditors
- Assess your staffing needs
- Transition your workplace for COVID – 19
- **STAY IN TOUCH WITH CUSTOMERS;** how have their needs changed; provide updates on your sustainability
- Seek out competent external advisors
- Maintain your **Faith** and never give up.

# FINANCIAL HEALTH CHECKUP



# FINANCIAL STRESS IMPACT ON YOUR LIFE

## DIMENSIONS

- ▶ **Physical** - Financial stress has a major impact on both your physical and mental health. The number one cause of stress in people's lives is financial problems. Financial problems cause stress that impacts:
  - ▶ **Diabetes**
  - ▶ **Hypertension/High Blood Pressure**
  - ▶ **Weight – Obesity**
  - ▶ **Stroke**
  - ▶ **Diet**
  - ▶ **Depression**



# FINANCIAL STRESS IMPACT ON YOUR LIFE DIMENSIONS

- ▶ **Relational** - Financial stress has a major impact on your relationships. Financial stress is the leading cause of problems in marriages and the number one cause of divorce. Children become anxious as they become aware of financial stress in their families that may show up in physical health problems or poor performance in school
- ▶ We become fearful and never discuss our financial situation with anyone until often it is too late save a home, not declare bankruptcy, etc.

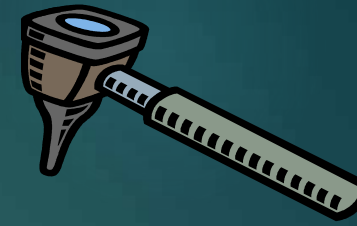
# FINANCIAL STRESS IMPACT ON YOUR LIFE DIMENSIONS

- ▶ **Spiritual** - Financial stress in your life can causes you to be less connected to God. You try to solve your financial problems through your own power rather than Trusting God to provide for all your needs.
  - ▶ Less fellowship
  - ▶ Rely on yourself
  - ▶ Spiritual growth is stifled





# CHECK YOUR VITAL SIGNS



- ▶ Understand your household's cash flow
  - ▶ Income – wages, salaries, bonuses, tips, other income
  - ▶ Expenses – bills, entertainment, food, clothes, etc.
- ▶ Tips for improving your household cash flow
  - ▶ Prepare a household budget
  - ▶ Track your expenses in detail (where every dollar is spent) for 30 to 60 days
  - ▶ Label expenses as fixed or variable; label expenses as “Needs” or “Wants”
- ▶ Savings – Every financially healthy household should contain some basic savings or investing plan
  - ▶ Do you have a savings goal in mind? (college, retirement, new auto)
  - ▶ Are you saving or investing on a regular basis
  - ▶ Are you on track to achieve your short, medium and long-term financial goals

# CHECK YOUR VITAL SIGNS



## ▶ Credit Health

- ▶ Are you paying all your bills on time?
- ▶ Do you pay off your credit card bills each month in full?
- ▶ Paying your bills by the due date is the single most important factor that influences your FICO credit score.

## ▶ Tips to maintain healthy credit

- ▶ Take advantage of the U.S. law that allows all consumers the ability to request a copy of their credit report once every 12 months from the three major credit agencies – Equifax, Experian and TransUnion. [www.annualcreditreport.com](http://www.annualcreditreport.com)
- ▶ Review your report for accuracy, correcting any errors in writing as soon as possible
- ▶ Aim for a FICO of 720 or higher if possible.
- ▶ Keep balances on credit cards to no more than 50% of available credit; aiming for 30% or lower.

# CHECK YOUR VITAL SIGNS



## ▶ Financial Protection

- ▶ Build and maintain cash reserves – have a rainy day fund of \$1,000 to \$1,500 and an emergency fund containing at least 3-6 months worth of living expenses.
- ▶ Insurance coverage – having the proper life, health, home, auto or disability insurance coverage can be the difference between protecting the assets you've taken care to establish over the years or losing it all due to oversight.
- ▶ Protect your financial records – shred any unnecessary financial documents; sign-up for receiving statement electronically; and keep any needed documents in a safe location.
- ▶ Help guard against identity theft by keeping personal identification numbers (PINS) separate from your bank and credit cards and monitor your financial accounts closely for signs of fraud.

# CHECK YOUR VITAL SIGNS



## ▶ Planning

- ▶ **Talk about your finances with your spouse. If you are married and have not done this it will be difficult to get ahead if your goals/beliefs don't align.**
- ▶ **Retirement – are you saving enough for your retirement? Do you know how much you need to retire? Sit down and talk with your spouse/partner, discuss what type of lifestyle you would want in retirement and do a calculation. Talk to a professional to help you plan.**
- ▶ **Estate Planning – Do you have a will or trust. If you do and it is more than a few years old, they should be reviewed for accuracy. Is your beneficiary information up to date? Do you have a health care directive/medical power of attorney?**



# Questions & Answers

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**THANK YOU!**  
**Speaker: Robert Shoffner**  
**Facilitator: Dennis Parker**  
**BACHAC Volunteers &**  
**Members**



**Please complete the survey  
when you receive it.  
Your feedback MATTERS!**



# The New World of Work

Dr. Ka'Ryn Holder-Jackson  
Executive Director,  
Adult Education, College and Educational  
Leadership (ACCEL)

MAY 14, 2020

Wellness Where You Are: Online Summer Series







**THANK YOU!**  
**To learn more about BACHAC**  
**go to [www.bachac.org](http://www.bachac.org)**