

# Please Note!

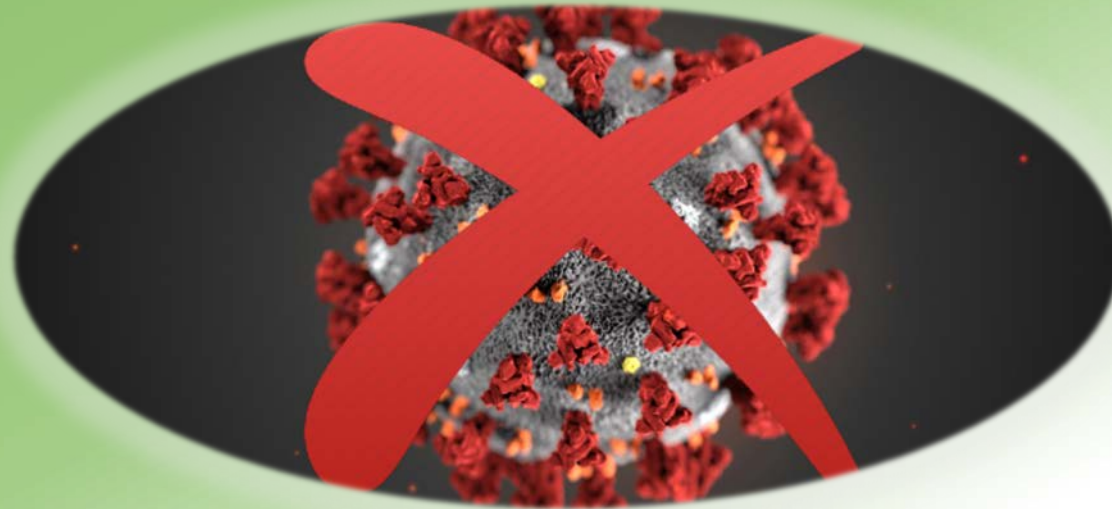
**The information in these slides was presented on a webinar April 7th, 2020. The programs & information presented are subject to change on a daily basis.**

**Please consult your local business advisor, banker, accountant, etc before taking any action for your business.**



# CARES Act and Recovering from COVID-19 for Food & Beverage Businesses

Work To Put The Odds In Your Favor



# Intro



Erika Lowery  
Clarion Events



Mark Calhoun  
PerfectCube



Jim Starcev  
PerfectCube

**PerfectCube Retail Data Analytics Platform for QSR**  
**Education and Consulting With Your Data**  
**[info@perfectcube.co](mailto:info@perfectcube.co)**



# Disclaimer

## **IMPORTANT!**

**This webinar is for informational purposes only. We are not attorneys, bankers, accountants or financial experts and we are not knowledgeable about your business. You should consult with your business advisors before taking any action.**

**The information contained in this webinar has been gathered to the best of our ability and is subject to, and probably will, change. PerfectCube makes no warranties, express or implied, regarding the accuracy, completeness or usefulness of any information presented.**



# How Bad Is It? - Coffee

	Sales	Discounts	Year over Year	Weighted Yr/Yr	Tickets	Ticket Avg	Item Avg
<b>2017 Average</b>	\$48,056.89	5.19%	15.15%	18.14%	7,432	\$6.00	\$3.86
<b>2018 Average</b>	\$48,965.05	4.74%	8.91%	7.13%	7,695	\$6.13	\$4.10
<b>2019 Average</b>	\$56,202.93	5.33%	9.44%	8.08%	8,138	\$6.45	\$4.32
<b>2020 Average</b>	\$61,664.53	5.48%	6.58%	8.26%	8,457	\$6.74	\$4.54
<b>January 2020</b>	\$60,283.02	5.66%	0.03%	3.47%	8,677	\$6.62	\$4.50
<b>February 2020</b>	\$63,046.04	5.31%	13.13%	13.06%	8,237	\$6.87	\$4.57
<b>March 2020</b>	\$54,874.58	4.77%	-20.89%	-16.20%	6,884	\$7.32	\$4.72

- **Drive Thru Only/Primary: 10 - 15% down**
- **No Drive Thru: 50 – 90% down**
- **Some coffee shops will not reopen**





# How Bad Is It? - Restaurants

- **Fast Food**                    **-42%\***
- **Fast Casual**                **-51%\***
- **Midscale**                    **-70%\***
- **Casual Dining**            **-73%\***
- **Fine Dining**                **-82%\***
- **Estimates of 14% - 30% Restaurants Will Fail**

\*Dataessential survey, responses from 426 professionals March 25 - 27



# The CARES Act

- **Economic Injury Disaster Loans (EIDL) and \$10,000 Emergency Grant**
- **Employee Retention Payroll Credit**
- **Deferment of Employer Social Security Tax Payments**
- **Small Business Debt Relief Program**
- **SBA 7(a) / PPP Loans**



# EIDL Loans

- **SBA Guidelines for a Small Business**
- **Located In A Disaster Area**
- **Suffered “substantial economic injury”**
- **Up to \$2 Million**
- **Interest Rate 3.75% (some exceptions)**
- **Up to 30 Year Term**
- **CAREs Act waives personal guarantees below \$200,000 and collateral below \$25,000**
  - **Other creditworthiness requirements have been eliminated including being in business for a year.**





# \$10,000 Emergency Grant

- **Can apply for advance of \$10,000.**
- **Paid in 3 days.**
- **Not required to be repaid even if loan is denied.**  
**Basically a grant.**
- **Can do both EIDL and PPP loans.**
  - **Need to be used for different purposes.**
  - **PPP amount forgiven will be reduced by amount of EIDL advance**
- **Can be used for payroll, rent, sick leave or working capital.**
- **Cannot be used to refinance, physical repairs, paying tax penalties/liabilities or paying dividends/distributions to owners.**



# Employee Retention Payroll Credit

- **Refundable credit against payroll taxes for 50% of wages paid by employers during the COVID-19 crisis.**
- **Operation fully or partially suspended or gross receipts declined by at least 50% year over year.**
- **Less than 100 employees, all employee wages qualify**
- **Credit is for first \$10,000 of compensation including health benefits for period of March 13, 2020 to December 31, 2020.**
  - **50% credit max of \$5,000**
- **Can NOT utilize ERP credit if you take a PPP loan.**



# Deferment of Employer Social Security Tax Payments

- **CARES Act defers payment of payroll taxes due from the period March 27, 2020 until December 31, 2020.**
  - 6.2% OASIS portion of payroll taxes incurred by employers
- **½ of the deferred taxes are due December 31, 2021.**  
**Remaining ½ due December 31, 2022.**
- **Can NOT utilize this program if you take a PPP loan.**



# Small Business Debt Relief Program

- **Not being widely discussed**
- **3 Types of Loans Covered**
  - 7(a) – Does NOT include the current PPP loan program
  - 504
  - Microloans
- **\$17 Billion available to cover**
- **Makes 6 months of payments (both principal & interest)**
- **Includes new loans made within 6 months of CARES Act**
- **Can do in addition to PPP loans (best info available currently)**



# SBA 7(a) / PPP Loans

- **Meet SBA guidelines for a small business.**
  - Exception for food businesses: 500 employees is per location
- **Relaxed some affiliation rules.**
- **Max loan is lesser of 2.5 times average monthly payroll or \$10 million.**
- **Interest rate of 1%.**
- **Term is 2 years.**
- **Loan payments deferred for 6 months.**
- **No collateral or personal guarantees required.**
- **Most (not all) creditworthiness requirements have been eliminated.**
- **100% federally guaranteed.**





# SBA 7(a) / PPP Loans (cont)

- **The loan amount will be forgiven as long as:**
  - Loan proceeds are used to cover payroll costs and most mortgage interest, rent and utility costs over the 8 week period after the loan is made; and
  - Employee compensation levels are maintained
  - *Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.*
- **Open April 3, 2020 until June 30, 2020**
  - Funding cap at federal/state levels
  - Lenders need time to process loans
  - May be in your best interest to pursue as soon as possible



# SBA 7(a) / PPP Loans - Application

- **Applications made through approved 3<sup>rd</sup>-party SBA lenders**
- **Information and sample form available at**

<https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp>



# SBA 7(a) / PPP Loans – Calculating Amount

## **Payroll costs include:**

- **Compensation**
  - Salary, wage, commission or similar, payment of cash tip or equivalent
  - Up to \$100,000 annual
- **Payment for vacation, parental, family, medical or sick leave**
- **Payment required for provisions of group health care benefits, including insurance premiums**
- **Payment of retirement benefits**
- **Payment of state & local taxes assessed on employee compensation**



# SBA 7(a) / PPP Loans – Calculating Amount (cont)

## **Period to measure average monthly payroll cost:**

- **If you have been in business since at least February 15, 2019 and staffing levels fluctuate (most food businesses are considered seasonal for SBA purposes)**
  - Use February 15, 2019 to June 30, 2019 for calculations
- **If you were NOT in business on February 15, 2019**
  - Use January 1, 2020 to February 29, 2020 for calculations
- **Previous 12 months of payroll**
- **Varies according to bank**



# SBA 7(a) / PPP Loans – Calculating Amount (cont)

## **Proceeds can be used for:**

- **Payroll costs**
- **Costs related to continuation of employee benefits**
  - Healthcare plans, insurance, family leave, etc.
- **Mortgage / Rent payments**
- **Utilities**
- **Interest on debt incurred BEFORE February 15, 2020**





# SBA 7(a) / PPP Loans – Calculating Amount (cont)

## **Forgiveness of loan:**

- **Up to the amount spent by the borrower during the 8-week period after the loan origination date.**
- **Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be used for non-payroll costs.**
- **Your loan forgiveness amount will be reduced if:**
  - You decrease your full-time employee headcount
  - You decrease salary and wages more than 25% for any employee making less than \$100,000 annualized in 2019
- **You have until June 30, 2020 to restore full-time employment and salary levels for changes made between February 15, 2020 and April 26, 2020**



# What To Do Now

- **Talk to your banker** (existing loan or checking account). **Decide if / when you should apply for any of the CARES Act options.**
- **Talk to your landlord.** There may be options with your rent.
- **Decide about retaining, furloughing or laying off employees.**
  - CARES Act provides federal (in addition to state) \$600 per week of unemployment benefits
- **Sell gift cards / At home supplies / Bundled Meals**
  - Offer discounts / bonuses on gift card purchases
  - Instruct customers on making food at home
- **Stay active on social media, connected w/ customers**
- **Local news content**
- **Support your community**



# Q & A

## **REMINDER!**

**This webinar is for informational purposes only. We are not attorneys, bankers, accountants or financial experts and we are not knowledgeable about your business. You should consult with your business advisors before taking any action.**

**The information contained in this webinar has been gathered to the best of our ability and is subject to, and probably will, change. PerfectCube makes no warranties, express or implied, regarding the accuracy, completeness or usefulness of any information presented.**

