

COVID-19 + SBA LENDING PROGRAMS

The CARES Act was officially signed into law on Friday We are in the process of working with our affiliate members of the Academy of Dental CPA's as well as the American Dental Association in understanding the application of the CARES Act for practice owners. We expect to offer more details in the coming days and weeks. In the meantime, below is our understanding of the most important topics today and what you should consider:

1. Your Staff

- a. It appears that dentists and physicians may be exempt from H.R.6201 Families First Coronavirus Response Act (FFCRA) if you closed your office. This means most of you will likely not be required to pay your staff the additional 80 hours of COVID sick leave starting April 1st. If you decide to pay your staff COVID sick leave starting April 1st, you will likely not get a credit for those wages. This is a change from how most people understood the law. As such, you should not anticipate paying your staff under this provision. We will let you know of any other changes.
 - i. Please refer to the DOL's FAQs attachment – Q23 addresses this issue.
- b. If you decide to continue paying your staff at this time beyond their regular sick leave, paid-time-off, or vacation pay, you will likely NOT be eligible for tax credits through the FFCRA or any of the available programs. Instead, this will be an expense that will deplete your cash reserves, so plan appropriately.
- c. Some practice owners will continue to pay their staff using cash reserves understanding this money will not be reimbursed to them from any government program.
- d. Please know that many components of the CARES Act will give extra cash to your employees while they are on unemployment.
- e. Once you receive funds from the Small Business Administration (SBA) Paycheck Protection Program (PPP) (details on that below), you may use those funds to pay your staff and other qualified expenses. Some of these proceeds may be forgiven under certain conditions. The PPP loan application is not yet available but will be in the coming weeks.

2. Cash Flow and SBA Loans

- a. **SBA Loan 1:** Apply for the SBA Economic Injury Disaster Loan (EIDL) using the SBA Form 5 (or Form 5C if you are a Sole Proprietor) and EIDL Supporting Information (Form P-019)
 - i. Please see the attached applications and instructions on applying for this loan.
 - ii. For quicker submissions, we understand you can begin your application process by completing just forms 5 (or 5-C) and P-019. Please note the SBA may come back and request more forms and financial records.
 1. You can upload your application with the SBA here (scroll to bottom of the page and find the "Upload Business Forms" option: <https://www.sba.gov/disaster/apply-for-disaster-loan/index.html>)
 - iii. While we expect to have further clarification on how to use the proceeds from this loan program, it is important to get your application in the system as quickly as possible.
 - iv. Even if you don't think you need additional capital (and don't want another loan), we recommend applying for this loan. Due to uncertainty of when your office will reopen, we feel it good practice to have some available cash reserves which can be repaid early without penalty.
 - v. The SBA EIDL proceeds may be available within the next few weeks.
- b. **SBA Loan 2:** The SBA Paycheck Protection Program (PPP) is now law but applications are not yet available. We will give you guidance on this once there are more details. The proceeds from this loan are likely to be forgiven so long as they are used on your payroll, utilities, and rent.
 - i. **We believe all clients should apply for the SBA PPP loan to take advantage of any loan forgiveness.**

- c. The SBA PPP loan will be processed through local banks. Preferably use your bank if they are already SBA 7(a) lenders. Please refer to the attached link for current 7(a) lenders = <https://www.sba.gov/article/2020/mar/02/100-most-active-sba-7a-lenders>
- d. We expect a significant number of applications to these programs, which is why it is important to apply for them as soon as they are available.
- e. Further instructions will follow with a list of needed items for submission as we get closer to the availability of the applications.
- f. Continue to be conservative with cash flow. Please refer to our cash flow worksheets that were previously sent out.
- g. If funds are too limited while waiting for SBA funding, consider using a line of credit or other bank financing.

3. Other Updates from This Week

- a. Continue to refer to our website, for updates from these past weeks at www.thomasdoll.com/covid-19

Please reach out if you have any questions.

Stay healthy, safe and positive.

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Dedicated resources regarding COVID-19 can be found on our website at thomasdoll.com/covid-19.

UPDATE - The SBA updated their website this (Sunday) evening which ***might*** require you to re-apply (and request the \$10K grant) We will update you as soon as we have more information. Included in the new application process is a question as to whether you would like a \$10,000 advance and a request for your bank info (for direct deposit) The application is process is significantly streamlined so if you haven't applied yet, get on it!