



# Managing Cash Flow Through A Crisis

Tips to Stretch Your Dollar

WEBINAR | Presented on July 1, 2020

HOW WE HELP

# Our Expertise

## Accounting Solutions

Partnering to make profitability and proficiency possible.

## Audit

Mitigate presorting errors with tailored, objected expertise.

## Business Performance Management

Oracle and EPM Business Architechs, together.

## Contract Compliance Audit

Analyze agreements to increase third-party transparency efficiency and savings.

## Investment Banking & Advisory

Capitalize upon opportunities and gain leverage.

## Personal Financial Planning

Predict the future? Unlikely. Be prepared for it instead.

## Risk Management

A tailored approach to address governance, risk and control.

## Tax

Protect profitability and uncover hidden value.

## Technology Advisory

Technology for business requires expertise in both.

# Leading Today's Webinar



**Pam Chelden**  
PRINCIPAL



**Leanna Steele**  
SENIOR

# Our Accounting Solutions Practice



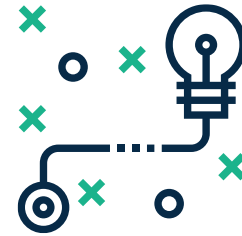
## EXPERTISE

SC&H Accounting Solutions delivers best-in-class accounting services for a fraction of the cost of hiring inhouse and applies best practices and processes to help companies scale more effectively.



## MBAs / CPAs

Our team is comprised of business process, technology and financial experts, meaning we take a holistic approach to delivering a solutions that meets all of your organizational needs.



## AUTOMATION

By leveraging proven technology solutions to streamline business processes and improve timeliness and accuracy of financial reporting, we build a scalable platform on which our clients can grow, while empowering management teams to focus on strategic priorities.



## HISTORY OF SUCCESS

Documented client success stories like significantly reducing the time for the monthly close, powering clients through successful capital raises, and streamlining complex grant and investor reporting requirements.

# Our Agenda

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- The Importance of Good Data: Burn Rate & Cash Flow
- Managing Costs and Separating Your Expenses Into Controllable Categories
- Navigating PPP and Other CARES Act Credits & Deferrals
- Grant Agreements & Flexibility

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# The Importance of Good Data

Burn Rate & Cash Flow



# Cash is KING

- The name of the game is CASH
- Whenever you are making a business decision, come back to this philosophy



# Cash Flow



## Cash Flow In

- Cash collected from customers
- Grants
- Investor funds
- Sale of equipment
- Tax refunds



## Cash Flow Out

- Payroll
- Rent
- Vendors
- Equipment
- Inventory
- Interest
- Other purchases



# What is Your Cash Burn Rate?

- The **burn rate** is typically used to describe the rate at which a new company is spending its venture capital to finance overhead before generating positive cash flow from operations.
- It is a measure of *negative cash flow*.
- It is typically discussed in terms of a monthly burn rate.





# What's Your Runway?

A company's burn rate is also used as a measuring stick for its runway, the amount of time the company has before it runs out of money.

# Historical Data- Rearview Mirror

- A good starting point is your historical cash flow
- Identify predictable and stable data points
- Identify unusual activity



# Project The Future

- Determine your cadence – daily, weekly, monthly
  - Your runway will determine your cadence
- Need a reliable method to project
  - Historical basis is reliable
  - Add future projections – growth factors
- Build in unusual items that you know about
- Numbers must match your story
- Provide room for error or unknown circumstances
  - Play the “*what if*” game



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# Managing Costs

Separating Your Expenses Into Controllable Categories

# Cash Flow

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**Cash flow OUT**

**Cash Flow IN**

**Sounds simple, right?**

*The devil is in the details AND you must focus on it*

# Cash Flow In



- If you have revenue:
  - Offer discounts for early payments or bulk purchases
  - Get payment up front
  - Collect before shipment or before service delivery, if possible
  - Align business process and customer agreements around “cash is king” philosophy
- If pre-revenue
  - Consider structuring your customer cycle for cash collection up front
  - The sooner you train your customers on your expectations, the easier it will be
- Bank
  - SBA loans
  - Equipment financing
- Investors
  - Can they fund earlier than expected?



# Cash Flow Out



## Fixed = Non controllable

- Payroll
- Benefits
- Rent
- Utilities
- Employee reimbursement
- Business Insurance

## Variable = Controllable

- Non-critical vendors
- Consultants
- Push payments out 90+ days



# Payroll

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- Usually largest expenditure
- Consider layoffs
- Consider part time or work share arrangements
  - Control overtime
- Use of independent contractors or temp staffing
- Identify critical employees
- Deferred comp arrangements
- Understand the impact to your employees
- Payroll Tax
  - Always remit your payroll taxes on time
  - Take advantage of payroll tax credits and deferrals available now

# Benefits

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Health



Commission Plans



Other Benefits “Voluntary”



401k Plans



Bonus Plans

**Key Reminder** - *It is always easier to add or increase benefits once you are cash flow positive, than to eliminate or reduce a benefit that has already been granted.*

# Vendors – Rent, Insurance, Utilities

## Negotiate Timing of Cash Payments with Every Vendor

- Rent – if you are in an incubator space – GREAT!
- Rent - Consider need for office space
  - Can you downsize?
  - Understand terms of your lease and when agreement renews
    - Many require notice period
    - Consider sublease
    - Good commercial real estate broker can assist
- Business Insurance
  - Usually critical, but room to evaluate your coverage options
  - Generally extended payment plans are available with “interest” component
- Utilities
  - Usually, very little flexibility and they are usually critical = Fixed



# Vendors – Equipment and Inventory

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- Equipment purchases – On your balance sheet
  - Finance through bank or other credit sources
  - Vendor financing
  - Negotiate extended payment plan
  - Smaller equipment – laptops, monitors, office furniture
- Inventory purchases – On your balance sheet
  - Maintain just in time inventory levels
  - Consider outsourcing

# Other Expenses

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- Employee reimbursement
  - Good expense reimbursement policy is important
    - Can you tighten this up?
    - Limit the amount of meal reimbursement, hotel, airfare, etc.
- Bank fees
  - What are you paying for? Is it all necessary?
  - Ask for treasury management review of your account
- Technology services
  - Cloud based, hosted environments vs server rooms
  - Copiers, scanners

# Spending Approval Policy

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- Who can authorize spend within your company?
  - Once you have committed, it's hard to adjust the payments
- Balance authority and empowerment with cash management
- Set approval limits and tie to budget
  - Be careful with budgets
  - Budgets change so spending will change
  - Budgets need to live and breathe
  - Review with management at least monthly

# Cash Flow Forecasting Tools

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**Speed Up Cash Flow In**



**Slow Down Cash Flow Out**



**Cash Flow Forecasting**

# Accountant's Statement of Cash Flow

- Required by auditors and banks, but not a great management tool
- Sections are good –
  - Operating
  - Investing
  - Financing
- Need to lay out basics – cash in, cash out
- Trended data on a monthly basis

Paul's Guitar Shop Statement of Cash Flows For the Year Ended December 31, 2015	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	\$ 12,950
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation on fixed assets	2,000
(Increase) decrease in current assets:	
Accounts receivable	(300)
Inventory	(39,800)
Prepaid expenses	(1,000)
Increase (decrease) in current liabilities:	
Accounts payable	49,000
Accrue expenses and unearned revenues	1,450
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>24,300</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	(101,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(101,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from line of credit	-
Payments on line of credit	10,000
Proceeds from long-term debt	99,500
Payments on long-term debt	-
<b>NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES</b>	<u>109,500</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>32,800</u>
BEGINNING CASH BALANCE	-
<b>ENDING CASH BALANCE</b>	<u>\$ 32,800</u>



# Cash Flow – Management Tool

	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
6/4/2019	January	February	March	April	May	June	July	August	September	October	November	December	Totals	
	Actual	Actual	Actual	Actual	Actual									
Beginning Cash	96,130	1,170,607	675,202	427,407	901,834	294,775	260,920	250,209	(23,579)	(226,139)	(337,782)	(631,786)		
Deposits														
Wires														
Checks	167,629	143,901	248,055	29,804	56,409	2,705	1,766	285,027	229,574	251,122	150,480	272,321	1,838,793	
Big customer 1	14,188	15,953	2,175	99,553	105,998	78,430	78,000	-	25,000		75,000	-	494,297	
Big customer 2	-	-	100,080	71,480	78,345	-	200,000	-	100,000	100,000	-	-	649,905	
Seat license deposit	-	-	-	-	-	-	145,800	253,575	-	-	-	260,200	659,575	
Credit cards-institutions														
Credit cards-Direct	171,973	142,290	132,303	99,823	83,284	57,389	33,591	22,000	13,000	5,500	1,227	-	762,380	
Other	-	628	227	61	-	-	-	-	-	-	-	-	916	
In-Transit	6,081	7,265	1,252	12,319	(7,877)								19,040	
Total Deposits	359,871	310,037	484,092	313,040	316,159	138,524	459,157	560,602	367,574	356,622	226,707	532,521	4,424,906	
Payments														
Interest														
Credit card (shipping)	(56,760)	(14,932)	(41,616)	(41,094)	(27,791)	(27,245)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(389,438)	
Payroll, internal	(374,698)	(393,481)	(380,053)	(374,266)	(547,849)	(320,322)	(293,493)	(186,517)	(173,480)	(171,611)	(245,633)	(163,334)	(3,624,736)	
Payroll, 1099	(37,463)	(47,352)	(35,191)	(32,871)	(53,909)	(37,436)	(25,328)	(21,532)	(17,927)	(28,786)	(29,986)	(19,709)	(387,490)	
Payroll, 1099 Product	(27,462)	(47,481)	(65,350)	(47,430)	(12,970)	(17,381)	(15,000)	-	-	-	-	-	(233,075)	
Sales commissions		(38,762)		(15,000)	(1,000)		(1,000)	(1,000)	(11,000)	(10,000)	(10,000)	(14,000)	(101,762)	
Benefits (401k, claim)	(35,151)	(36,515)	(45,674)	(32,324)	(26,732)	(20,342)	(33,752)	(21,449)	(19,950)	(19,735)	(18,832)	(18,783)	(329,240)	
Use tax	(5,429)	(655)	(525)	(1,425)	(157)	(26)	(4,959)	(6,055)	(3,970)	(3,852)	(2,448)	(5,751)	(35,251)	
Misc (cc fees, postage)	(9,052)	(7,079)	(6,818)	(6,185)	(6,657)	(7,250)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(73,041)	
Fixed vendor checks	(154,644)	(167,470)	(98,123)	(191,733)	(131,707)	(23,190)	(106,627)	(110,467)	(110,903)	(95,878)	(74,398)	(76,498)	(1,341,638)	
Inventory vendors	(178,546)			(5,444)			(20,000)	(25,000)	(5,000)	(5,000)	(5,000)	(5,000)	(243,990)	
60 day vendor checks	(183,419)	(50,096)	(55,360)	(700)	(88,230)	(19,187)	(81,958)	(78,421)	(77,904)	(73,404)	(69,414)	(69,414)	(847,507)	
Product Development	(15,875)	(1,619)	(3,176)	-	(10,773)		(42,750)	(28,950)	-	-			(103,143)	
Big Vendor 1													-	
Big Vendor 2	(180,282)												(180,282)	
Vendor pymt plan	(444,620)	-	-	(5,584)	(10,000)	-	(60,000)	(320,000)	(115,000)	(25,000)	(30,000)	-	(1,010,204)	
Total Payments	(1,703,401)	(805,442)	(731,887)	(748,612)	(923,219)	(472,379)	(719,867)	(834,390)	(570,134)	(468,265)	(520,711)	(402,489)	(8,900,796)	
Balance pre Financing	(1,247,400)	675,202	427,407	(8,166)	294,775	(39,080)	209	(23,579)	(226,139)	(337,782)	(631,786)	(501,753)	(4,475,890)	
Borrow-Bank	8,007												8,007	
Repay-Bank	(250,000)												(250,000)	
Sale of business line	2,750,000			1,000,000		300,000	250,000						4,300,000	
Investment													-	
Investor Funds/Loan	170,000												170,000	
Investment banker fees	(260,000)			(90,000)	-								(350,000)	
Ending Cash, Forecast	1,170,607	675,202	427,407	901,834	294,775	260,920	250,209	(23,579)	(226,139)	(337,782)	(631,786)	(501,753)		

## Framework:

- Deposits
- Payments
- Financing
- Beginning and Ending Cash
- Change in cash

Match to Bank Account –  
“Source of Truth”

# Cash Flow – Management Tool – Cash In

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Seat license deposit	-	-	-	-	-	-	145,800	253,575	-	-	-	260,200	659,575	
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Credit cards-Direct	171,973	142,290	132,303	99,823	83,284	57,389	33,591	22,000	13,000	5,500	1,227	-	762,380	
Other	-	628	227	61	-	-	-	-	-	-	-	-	916	
In-Transit	6,081	7,265	1,252	12,319	(7,877)	-	-	-	-	-	-	-	19,040	
Total Deposits	359,871	310,037	484,092	313,040	316,159	138,524	459,157	560,602	367,574	356,622	226,707	532,521	4,424,906	
Payments													3,642,570	
Interest														
Credit card (shipping)	(56,760)	(14,932)	(41,616)	(41,094)	(27,791)	(27,245)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(389,438)	
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Deposits
Wires
Checks
Big customer 1
Big customer 2
Seat license deposit
Credit cards-institutio
Credit cards-Direct
Other
In-Transit
Total Deposits

What are your primary sources of cash?

# Cash Flow – Management Tool – Cash Out

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Big Vendor 2	(180,282)												(180,282)	
Vendor pymt plan	(444,620)	-	-	(5,584)	(10,000)	-	(60,000)	(320,000)	(115,000)	(25,000)	(30,000)	-	(1,010,204)	
Total Payments	(1,703,401)	(805,442)	(731,887)	(748,612)	(923,219)	(472,379)	(719,867)	(834,390)	(570,134)	(468,265)	(520,711)	(402,489)	(8,900,796)	
Balance pre Financing	(1,247,400)	675,202	427,407	(8,166)	294,775	(39,080)	209	(23,579)	(226,139)	(337,782)	(631,786)	(501,753)	(4,475,890)	
Borrow-Bank	8,007												8,007	
Repay-Bank	(250,000)												(250,000)	
Sale of business line	2,750,000			1,000,000		300,000	250,000						4,300,000	
Investment													-	
Investor Funds/Loan	170,000												170,000	
Investment banker fee	(260,000)			(90,000)	-								(350,000)	
Ending Cash, Forecast	1,170,607	675,202	427,407	901,834	294,775	260,920	250,209	(23,579)	(226,139)	(337,782)	(631,786)	(501,753)		

Payments	
Interest	
Credit card (shipping)	
Payroll, internal	
Payroll, 1099	
Payroll, 1099 Product	
Sales commissions	
Benefits (401k, claim)	
Use tax	
Misc (cc fees, postage)	
Fixed vendor checks	
Inventory vendors	
60 day vendor checks	
Product Development	
Big Vendor 1	
Big Vendor 2	
Vendor pymt plan	
Total Payments	

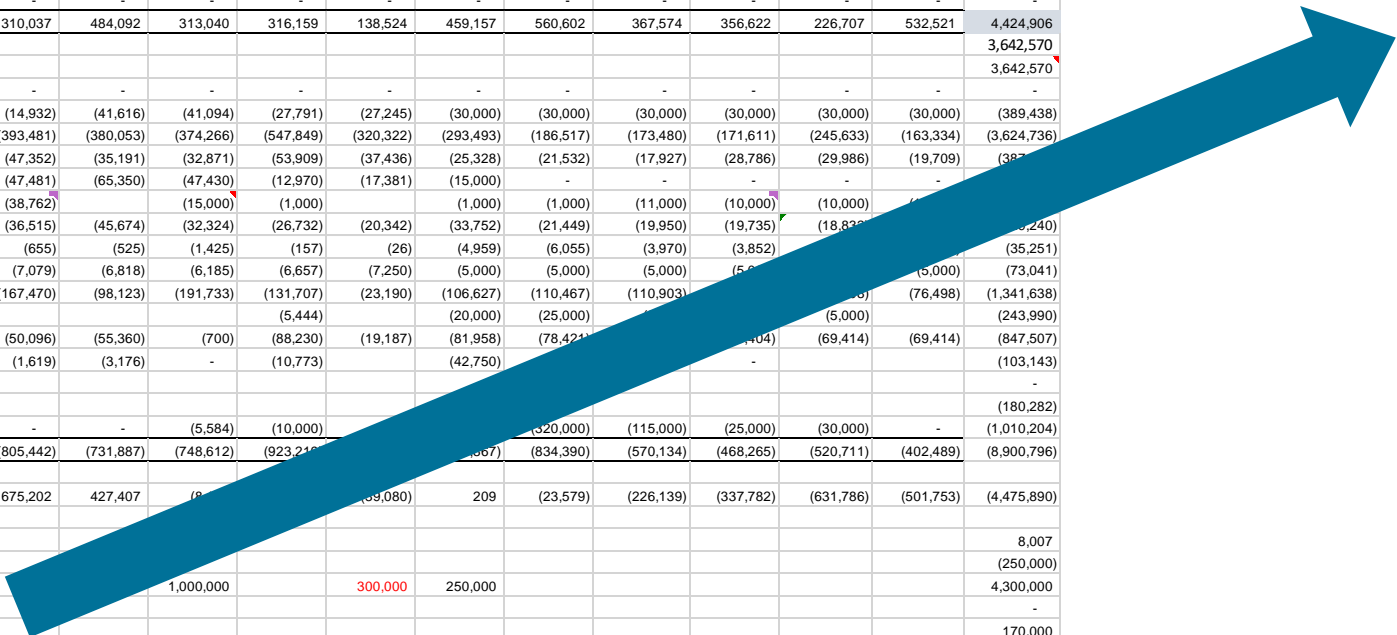
“Fixed”

“Variable”

# Cash Flow – Management Tool – Financing

	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
6/4/2019	January	February	March	April	May	June	July	August	September	October	November	December	Totals	
	Actual	Actual	Actual	Actual	Actual									
Beginning Cash	96,130	1,170,607	675,202	427,407	901,834	294,775	260,920	250,209	(23,579)	(226,139)	(337,782)	(631,786)		
Deposits														
Wires														
Checks	167,629	143,901	248,055	29,804	56,409	2,705	1,766	285,027	229,574	251,122	150,480	272,321	1,838,793	
Big customer 1	14,188	15,953	2,175	99,553	105,998	78,430	78,000	-	25,000	-	75,000	-	494,297	
Big customer 2	-	-	100,080	71,480	78,345	-	200,000	-	100,000	100,000	-	-	649,905	
Seat license deposit	-	-	-	-	-	-	145,800	253,575	-	-	-	260,200	659,575	
Credit cards-institutions														
Credit cards-Direct	171,973	142,290	132,303	99,823	83,284	57,389	33,591	22,000	13,000	5,500	1,227	-	762,380	
Other	-	628	227	61	-	-	-	-	-	-	-	-	916	
In-Transit	6,081	7,265	1,252	12,319	(7,877)	-	-	-	-	-	-	-	19,040	
Total Deposits	359,871	310,037	484,092	313,040	316,159	138,524	459,157	560,602	367,574	356,622	226,707	532,521	4,424,906	
Payments														
Interest														
Credit card (shipping)	(56,760)	(14,932)	(41,616)	(41,094)	(27,791)	(27,245)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(389,438)	
Payroll, internal	(374,698)	(393,481)	(380,053)	(374,266)	(547,849)	(320,322)	(293,493)	(186,517)	(173,480)	(171,611)	(245,633)	(163,334)	(3,624,736)	
Payroll, 1099	(37,463)	(47,352)	(35,191)	(32,871)	(53,909)	(37,436)	(25,328)	(21,532)	(17,927)	(28,786)	(29,986)	(19,709)	(387,736)	
Payroll, 1099 Product	(27,462)	(47,481)	(65,350)	(47,430)	(12,970)	(17,381)	(15,000)	-	-	-	-	-	(327,613)	
Sales commissions		(38,762)		(15,000)	(1,000)		(1,000)	(1,000)	(11,000)	(10,000)	(10,000)	(10,000)	(65,762)	
Benefits (401k, claim)	(35,151)	(36,515)	(45,674)	(32,324)	(26,732)	(20,342)	(33,752)	(21,449)	(19,950)	(19,735)	(18,838)	(18,838)	(329,240)	
Use tax	(5,429)	(655)	(525)	(1,425)	(157)	(26)	(4,959)	(6,055)	(3,970)	(3,852)			(35,251)	
Misc (cc fees, postage)	(9,052)	(7,079)	(6,818)	(6,185)	(6,657)	(7,250)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(73,041)	
Fixed vendor checks	(154,644)	(167,470)	(98,123)	(191,733)	(131,707)	(23,190)	(106,627)	(110,467)	(110,903)	(110,903)	(110,903)	(110,903)	(1,341,638)	
Inventory vendors	(178,546)				(5,444)		(20,000)	(25,000)			(5,000)		(243,990)	
60 day vendor checks	(183,419)	(50,096)	(55,360)	(700)	(88,230)	(19,187)	(81,958)	(78,421)	(78,421)	(78,421)	(69,414)	(69,414)	(847,507)	
Product Development	(15,875)	(1,619)	(3,176)	-	(10,773)		(42,750)						(103,143)	
Big Vendor 1													-	
Big Vendor 2	(180,282)												(180,282)	
Vendor pymt plan	(444,620)	-	-	(5,584)	(10,000)			(320,000)	(115,000)	(25,000)	(30,000)	-	(1,010,204)	
Total Payments	(1,703,401)	(805,442)	(731,887)	(748,612)	(923,219)	(323,867)	(834,390)	(570,134)	(468,265)	(520,711)	(402,489)	(8,900,796)		
Balance pre Financing	(1,247,400)	675,202	427,407	(8,900,796)	(8,900,796)	(8,900,796)	209	(23,579)	(226,139)	(337,782)	(631,786)	(501,753)	(4,475,890)	
Borrow-Bank	8,007												8,007	
Repay-Bank	(250,000)												(250,000)	
Sale of business line	2,750,000			1,000,000		300,000	250,000						4,300,000	
Investment													-	
Investor Funds/Loan	170,000												170,000	
Investment banker fees	(260,000)			(90,000)									(350,000)	
Ending Cash, Forecast	1,170,607	675,202	427,407	901,834	294,775	260,920	250,209	(23,579)	(226,139)	(337,782)	(631,786)	(501,753)		

Balance pre Financing
Borrow-Bank
Repay-Bank
Sale of business line
Investment
Investor Funds/Loan
Investment banker fees
Ending Cash, Forecast



# Cash Flow – Management Tool

	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
6/4/2019	January	February	March	April	May	June	July	August	September	October	November	December	Totals	
	Actual	Actual	Actual	Actual	Actual									
Beginning Cash	96,130	1,170,607	675,202	427,407	901,834	294,775	260,920	250,209	(23,579)	(226,139)	(337,782)	(631,786)		
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Big customer 1	14,188	15,953	2,175	99,553	105,998	78,430	78,000	-	25,000		75,000	-	494,297	
Big customer 2	-	-	100,080	71,480	78,345	-	200,000	-	100,000	100,000	-	-	649,905	
Seat license deposit	-	-	-	-	-	-	145,800	253,575	-	-	-	260,200	659,575	
Credit cards-institutions														
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Other	-	628	227	61	-	-	-	-	-	-	-	-	916	
In-Transit	6,081	7,265	1,252	12,319	(7,877)								19,040	
Total Deposits	359,871	310,037	484,092	313,040	316,159	138,524	459,157	560,602	367,574	356,622	226,707	532,521	4,424,906	
Payments														
Interest														
Credit card (shipping)	(56,760)	(14,932)	(41,616)	(41,094)	(27,791)	(27,245)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(389,438)	
Payroll, internal	(374,698)	(393,481)	(380,053)	(374,266)	(547,849)	(320,322)	(293,493)	(186,517)	(173,480)	(171,611)	(245,633)	(163,334)	(3,624,736)	
Payroll, 1099	(37,463)	(47,352)	(35,191)	(32,871)	(53,909)	(37,436)	(25,328)	(21,532)	(17,927)	(28,786)	(29,986)	(19,709)	(387,490)	
Payroll, 1099 Product	(27,462)	(47,481)	(65,350)	(47,430)	(12,970)	(17,381)	(15,000)	-	-	-	-	-	(233,075)	
Sales commissions		(38,762)		(15,000)	(1,000)		(1,000)	(1,000)	(11,000)	(10,000)	(10,000)	(14,000)	(101,762)	
Benefits (401k, claim)	(35,151)	(36,515)	(45,674)	(32,324)	(26,732)	(20,342)	(33,752)	(21,449)	(19,950)	(19,735)	(18,832)	(18,783)	(329,240)	
Use tax	(5,429)	(655)	(525)	(1,425)	(157)	(26)	(4,959)	(6,055)	(3,970)	(3,852)	(2,448)	(5,751)	(35,251)	
Misc (cc fees, postage)	(9,052)	(7,079)	(6,818)	(6,185)	(6,657)	(7,250)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(73,041)	
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Product Development	(15,875)	(1,619)	(3,176)	-	(10,773)		(42,750)	(28,950)	-	-			(103,143)	
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Balance pre Financing	(1,247,400)	675,202	427,407	(8,166)	294,775	(39,080)	209	(23,579)	(226,139)	(337,782)	(631,786)	(501,753)	(4,475,890)	
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Investment													-	
Investor Funds/Loan	170,000												170,000	
Investment banker fees	(260,000)			(90,000)	-								(350,000)	
Ending Cash, Forecast	1,170,607	675,202	427,407	901,834	294,775	260,920	250,209	(23,579)	(226,139)	(337,782)	(631,786)	(501,753)		

## Key Features:

- Monthly Trend
  - Actual vs Forecast
- Cash ties to bank balance
- Total Deposits
- Total Payments
- Deposits minus Payments = Cash Burn
- Auto format for negative cash
- Model to “play with”

# Cash Flow – Final Thoughts



**Cash is King**



**Be Conservative**



**Room For the Unknown**

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# Navigating PPP and The CARES Act

Loan Forgiveness, PPP for Cash Flow, and Eligible Payroll Credits/Deferrals

# Paycheck Protection Program (PPP)

**Update 7/2/2020: Congress Extends Application Deadline to Aug. 8**

## Forgiveness

- New forgiveness rules issued mid June
- Allow 24 weeks of expenses as “covered period”
- [SC&H’s Collection of PPP Blogs](#)

## If Not Forgiven, Then Converts to Loan

- 1% rate for 5 years
- Good source of funding
- Coordinate with your PPP funding bank



# Payroll Tax Relief Programs – *Still Available*

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## Payroll Tax Credit – FFCRA

- Employees who are sick, taking care of someone who is sick or children not in daycare or school
- Max of \$511/day if sick or \$200/day if taking care of children
- Can be for less than 40 hours/week
- Total of 12 weeks combined
- Available through December 31
- Work with your payroll provider to capture this time and report

# Payroll Tax Relief Programs – *Still Available*

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## Payroll Retention Credit

- Show 50% reduction in revenue or shut down
- \$5,000 credit max per employee
- Can file with quarterly tax filings
- Does not apply if received a PPP

*Both are refundable or available as an advance*

# Payroll Tax Relief Programs – *Still Available*

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## Payroll Tax Deferral

- Defers your employer portion of payroll tax
  - **No interest rate loan = good for cash flow**
- 50% pay by December 31, 2021
- 50% pay by December 31, 2022
- New line on the 941
- Coordinate with your payroll provider

# Other Tax Saving Ideas

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## Sales Tax

- If remit timely (by the 20<sup>th</sup> of the following month), then discount payment by 10%

## Research and Development Tax Credit

- You can file amendments for prior years
- If you have a large R&D tax credit sitting on your tax return, you can amend your income tax return and your payroll tax returns and get that cash back

# Grant Agreements & Flexibility

# Grants and Other Sources of Cash

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## SBIR – Small Business Innovation Research

- <https://www.sbir.gov/>

## Maryland – BIITC – Biotechnology Investment Incentive Tax Credit

- <https://commerce.maryland.gov/fund/programs-for-businesses/bio-tax-credit>
- BIITC provides an investor with income tax credits equal to 50%\* of an eligible investment in a Qualified Maryland Biotechnology Company (QMBC). The program supports investment in seed and early stage biotech companies to promote and grow the biotech industry in Maryland.
  - ***Commerce will begin accepting applications for the FY2021 program in mid-August 2020. Please stay tuned to this website for updates regarding the new application system.***

# Grant Funding



Be aware of PPP vs grant funding—cannot double dip



Some are milestone driven



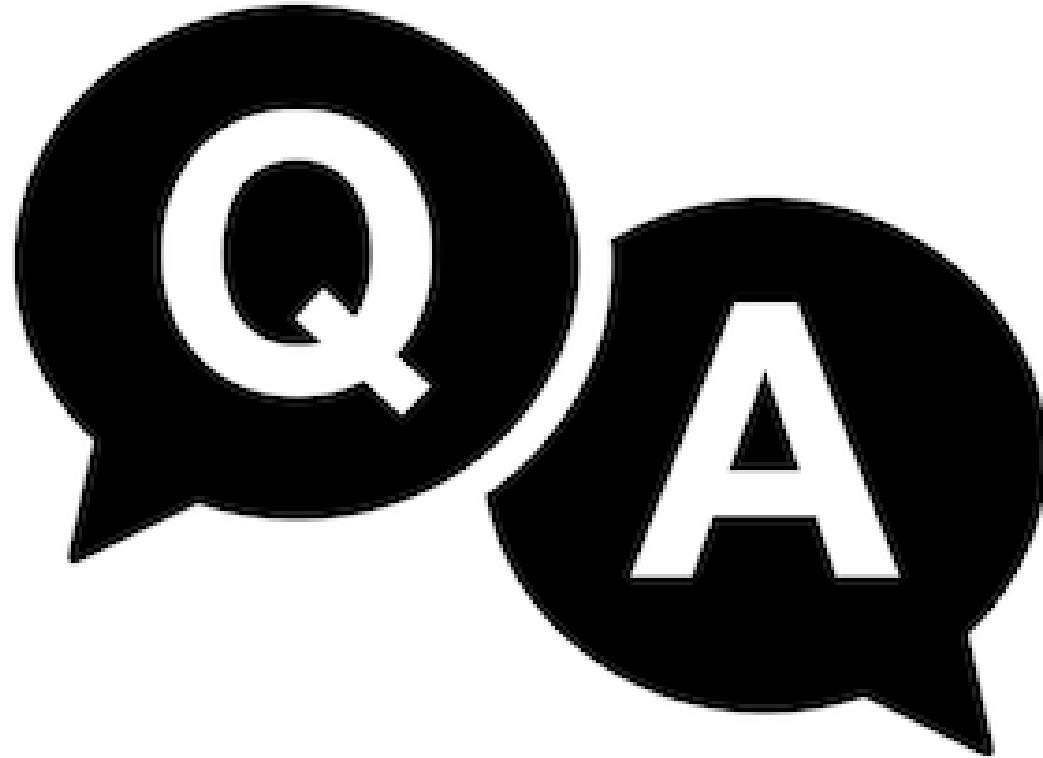
Some are expenditure driven



Goal= maximize grant funding

# Questions?

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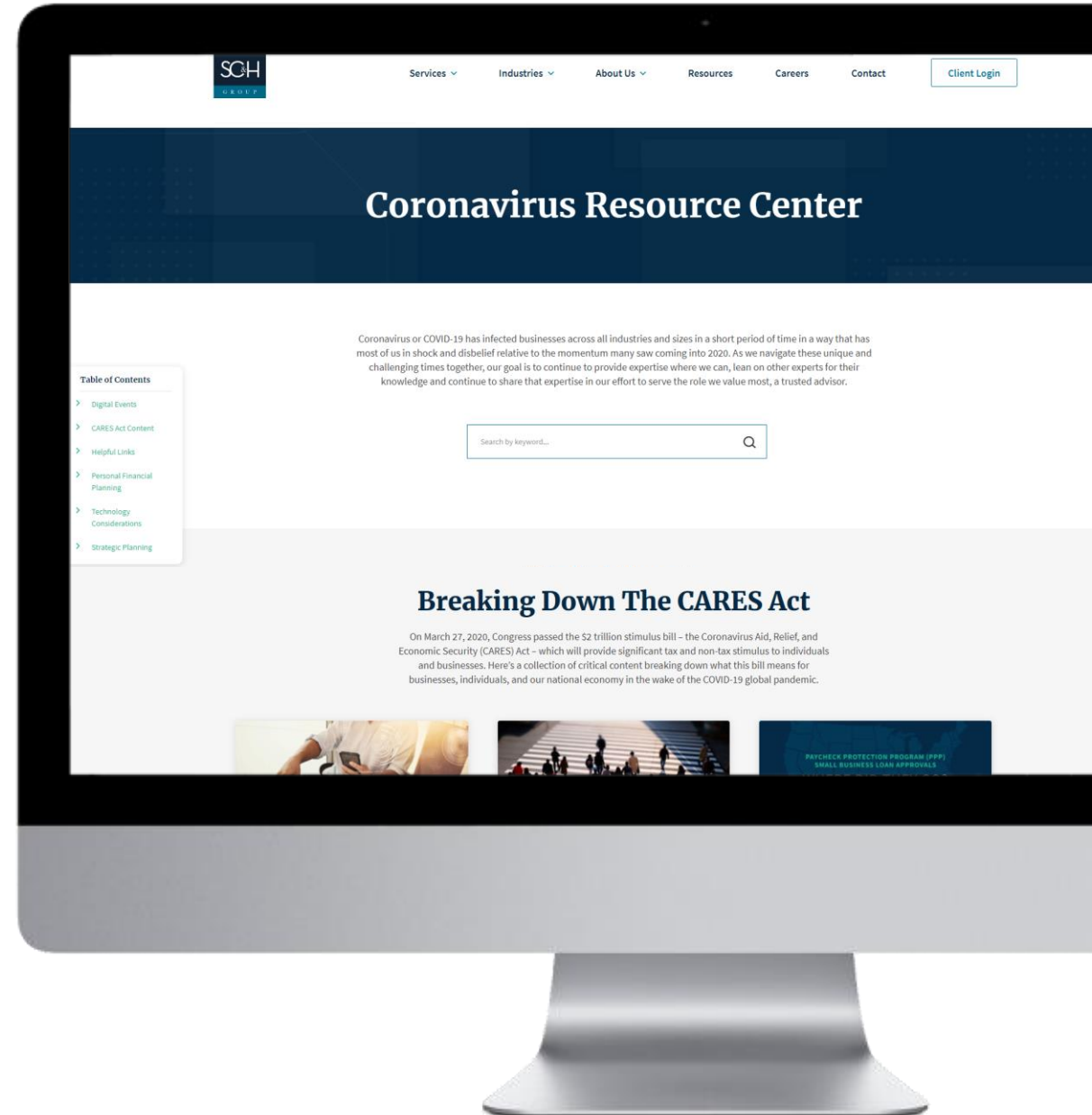




# COVID-19 Resource Center

- Resources for both businesses and individuals
- Relevant content from across the firm
- Continually being updated with resources and digital events

<https://www.schgroup.com/coronavirus-resource-center/>



# Thank You!

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**POWERFUL MINDS. PASSIONATE TEAMS. PROVEN RESULTS.**