

Recovering from the Pandemic:

Capital options and coaching questions for neighborhood entrepreneurs

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Brad McConnell

CEO

Accion Serving Illinois & Indiana



ACCION

Our Mission

Accion helps neighborhood entrepreneurs grow. We provide the capital, coaching, and connections small business owners need to create wealth and jobs throughout Illinois and Indiana.

Agenda

What emergency capital is available for small businesses to evaluate?

- Federal
- State
- County
- City
- Accion

What recovery questions should small businesses evaluate?

- Revenues
- Expenses
- Assets
- Liabilities

What emergency capital is available for small businesses to evaluate?

Federal

- SBA Paycheck Protection Program Loans (REOPENED)
- SBA Economic Injury Disaster Loans (REOPENED FOR AG)

State of Illinois

- Hospitality Emergency Grant Program (CLOSED)
- Illinois Small Business Emergency Loan Fund (CLOSED to new apps)

Cook County

- Community Recovery Fund (OPEN SOON?)

City of Chicago

- Chicago Small Business Resiliency Loan Fund (CLOSED to new apps)
- Chicago Microbusiness Recovery Grant Fund (CLOSED)

Accion

- Immediate 90%-100% payment reductions for all borrowers
- Expedited Line of Credit (REOPENING IN Q3)

SBA Paycheck Protection Program Loans (REOPENED)

Basics

- Eligibility: <500 employees per location
- Maximum: 2.5x average monthly payroll for previous year, up to \$10M
- Rate: 1%
- Term: No payments for 6 months, full term 2 years
- Application: crfusa.com/ppp/accion-ppp-application

Details

- **Loan will be forgiven** for compensation expenses (up to \$100K per employee or business owner), rent or mortgage interest, and utility costs incurred for 8 weeks after origination but before 6/30
- Must spend 75% of funding on payroll to receive maximum loan forgiveness
- Loan forgiveness is not taxable
- No “credit elsewhere” test, no personal guarantee, no collateral, no fees
- Includes nonprofits and sole proprietors
- Available funding continues to go quickly

SBA Paycheck Protection Program Loans (REOPENED)

Small businesses that provide apartment building services are generally eligible:

- Cleaning
- Security
- Storefront renters who run eligible businesses
- Construction and maintenance contractors
- Property management
- Eligible passive companies (who use proceeds for eligible uses then lease property to eligible operating companies)

However, small businesses that own and operate real estate are generally not eligible.

SBA Paycheck Protection Program Loans (REOPENED)

Forgiveness Calculation

Payroll and Nonpayroll Costs

- Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): _____
- Line 2. Business Mortgage Interest Payments: _____
- Line 3. Business Rent or Lease Payments: _____
- Line 4. Business Utility Payments: _____

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

- Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): _____
- Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____
- Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____

Potential Forgiveness Amounts

- Line 8. Modified Total (multiply line 6 by line 7): _____
- Line 9. PPP Loan Amount: _____
- Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): _____

Forgiveness Amount

- Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

SBA Economic Injury Disaster Loans (REOPENED FOR AG)

Basics

- Eligibility: <500 employees with acceptable credit
- Maximum: \$2M
- Rate: 3.75%
- Term: Up to 30 years
- Application: DisasterLoan.sba.gov

Details

- Requires collateral if over \$25K
- Must submit SBA Form 5, IRS Form 4506T, recent tax return, SBA Form 2202, SBA Form 413, SBA Form 1368, 2020 P&L
- Apply directly to SBA, processing times very uncertain
- **Applicants can request an advance up to \$10K (\$1K/employee) as a grant, regardless of whether the loan closes**

Cook County Community Recovery Fund (OPEN SOON?)

Basics

- Eligibility: Suburban Cook County
- Maximum: \$20K employers, \$10K independent contractors
- Rate: 0%
- Term: TBD
- Application: cookcountyil.gov/recovery (to express interest)

Details

- <\$3M revenues for businesses with less than 25 employees
- <\$100K profits for contractors who generate at least half their income from 1099 work
- Other TBD

Accion Expedited Line of Credit (REOPENING IN Q3)

Basics

- Eligibility: IL or IN business owners with clean credit 1Q19 thru 1Q20
- Maximum: Up to \$25K, based on 1Q20 revenues
- Rate: 9%
- Term: Interest-only year 1, then shift to 2 year term loan
- Application: us.accion.org/chicago

Details

- Max amount will be based on average revenues from 1Q20 business bank statements
- Must have credit report showing on time payments for all lines since 1/19
- Quick application, minimal documentation
- Subject to available loan capital

Comparing the Emergency Loan Funds

	Chicago as of March 31 Chicago Small Business Resiliency Loan Fund	Illinois as of April 1 Illinois Small Business Emergency Loan Fund	Federal as of April 3 SBA Paycheck Protection Program
Basics			
Eligibility	Inside Chicago, <\$3M revenues, <50 employees, >500 credit	Priority to outside Chicago, <\$3M revenues, <50 employees, >500 credit	National, <500 employees, no minimum credit score
Maximum	Oct-Feb 2019 average monthly revenues, up to \$50K	Oct-Feb 2019 average monthly revenues, up to \$50K	Average monthly payroll costs from 2019 x 2.5, up to \$10M
Rate	1% for 18 months, 5.75% thereafter	3%	1%
Term	\$10 monthly for 6 months, fully amortized over 5 years	No payment for 6 months, fully amortized over 5 years	No payment for 6 months, fully amortized over 2 years
Details	<ul style="list-style-type: none"> • Up to \$100M in loans (with \$25M for reserves) • Used for working capital, of which 50% must be for compensation costs • Requires personal guarantee from for-profit borrowers • Must have been in business for at least one year before applying • For-profits and nonprofits • Funds will be distributed equitably across geography and industry 	<ul style="list-style-type: none"> • Up to \$40M in loans (with \$20M for reserves) • Used for working capital, of which 50% must be for compensation costs • Requires personal guarantee from borrower • Must have been in business for at least one year before applying • For-profits only 	<ul style="list-style-type: none"> • Up to \$659B in loan registrations (with 100% guarantee from SBA) • Used for compensation costs, rent/mortgage interest, utilities • Does not require personal guarantee from borrower • Must have been in business before 02/15/20 • For-profits and 501c3 nonprofits • Forgiveness for up to eight weeks of costs after the loan is made • Funds are limited and will go quickly
Application	The live application is here and is accessible at chicagoresiliencyfund.com	The live application is here and is accessible at Illinois.gov/dceo	Lenders who CAN originate loans are here and is accessible at sba.gov/paycheckprotection/find

What recovery questions should small businesses evaluate?

Revenues

- Who will be your primary customers in this new environment?
- What strategies will you use to acquire or retain them?
- How will you change your pricing to either sell more units or earn more per unit?
- How much do you estimate that you will earn in Q3 and Q4?

Expenses

- Who will be your main suppliers in this new environment?
- What strategies will you use to retain or replace them?
- How will your staff costs change?
- What strategies will you use to retain or hire the people you need?
- How will your occupancy costs change?
- What strategies will you use to potentially lower your rent or mortgage and utility costs?
- How much do you estimate that you will spend in Q3 and Q4?

What recovery questions should small businesses evaluate?

Assets

- How many days of operating cash do you have on hand?
- What strategies will you use to conserve or generate additional cash?
- How will you leverage your other balance sheet assets to grow the business?
- How much cash do you anticipate retaining at year end?

Liabilities

- What debtors are you repaying?
- What strategies will you use to reduce your monthly debt payments?
- How much outstanding debt do you anticipate at year end?

Learn More

For frequent updates from Accion, visit:

- Facebook: @AccionServingILIN
- LinkedIn: @AccionChicago
- Web: us.accion.org/news/emergency-capital/