DISCLAIMER

Financial Disclosure

I have no financial conflicts of interest to disclose
ORIGINAL LEARNING OBJECTIVES

1. Understand the importance of cash flow and key cash flow evaluation metrics
2. Understand the tax consequences of the different types of COVID-19 assistance loans and grants.
3. Learn steps a dental practice should take to prepare for another possible shutdown.
Enough to pay for:

- Practice Overhead
- Debt Service
- Working Capital Reserves
- Taxes (Corporate and Personal)
- Owner (Life Planning Questionnaire)
  - Lifestyle
  - Retirement
  - Investments
  - Education: Income and Asset Protection (All Insurances)
Cash Reserve

• Dental offices bank balance should be 2X the average monthly overhead

• Dentists should have 6 month of emergency cash saved for personal life

• For Example:
  ✓ $1.0M office should keep 120K-160K in the bank account
  ✓ On average Dentists should keep 50K-75K in their personal account
## Major Burden

<table>
<thead>
<tr>
<th>Description</th>
<th>General</th>
<th>Orthodontics</th>
<th>Periodontics</th>
<th>Pediatric</th>
<th>Oral Surgery</th>
<th>Endo</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2020 Practice Expense Targets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targeted Profit Percentage</td>
<td>48.0%</td>
<td>50.0%</td>
<td>46.0%</td>
<td>51.0%</td>
<td>57.0%</td>
<td>58.0%</td>
</tr>
<tr>
<td>Staff Total Compensation*</td>
<td>25.0%</td>
<td>22.0%</td>
<td>26.0%</td>
<td>28.0%</td>
<td>23.0%</td>
<td>22.0%</td>
</tr>
<tr>
<td>Clinical Supplies</td>
<td>6.0%</td>
<td>9.0%</td>
<td>17.0%</td>
<td>6.0%</td>
<td>12.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Lab</td>
<td>7.0%</td>
<td>5.0%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Rent</td>
<td>8.0%</td>
<td>10.0%</td>
<td>8.5%</td>
<td>8.0%</td>
<td>8.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Office Supplies/Expenses</td>
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<td>2.0%</td>
<td>2.0%</td>
<td>5.0%</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Legal/Accounting</td>
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<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
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<tr>
<td>Continuing Education</td>
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<td>2.0%</td>
<td>1.0%</td>
<td>1.0%</td>
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<tr>
<td>Marketing</td>
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<td>5.0%</td>
<td>5.0%</td>
<td>1.5%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

* Includes salary, wages, bonuses, payroll taxes, and fringe benefits, but excludes retirement plan contributions.
PPP Loan

- The borrower will select either the 8-week or 24-week covered period option at the time of application.

- The limit for owner compensation increased from $15,385 to $20,833 if a 24-week covered period is selected.

- Non-Owner Highly Compensated Employees: The limit for non-owner highly compensated employees is $100,000/52 x 24 weeks or $46,154 if a 24-week covered period applies.
Forgiveness Process

• The extension from 8 to 24 weeks will allow most loan proceeds to be used on payroll alone and obtain maximum forgiveness. This should simplify the documentation needed for forgiveness to just payroll reports.

• With loosening up the required use of the funds for payroll expenses from 75% spent on payroll to 60% spent on payroll and 40% allowable for non-payroll expenses. This creates more opportunity for borrowers to use less of the funds for payroll-related costs and allows them to use more toward rent, utilities and loan interest.
EIDL PROGRAM FUNDS

EIDL GRANTS: The CARES Act added to the EIDL program a one-time emergency grant of $1,000 per employee, up to a maximum of $10,000. It is important to note that if you also received the PPP loan, the EIDL grant will reduce the forgivable portion of the PPP loan dollar for dollar.

EIDL LOANS: The EIDL loan program authorizes each borrower to qualify for a loan up to $2,000,000, as determined by the SBA. Repayment terms on the loans are over a 30-year term at 3.75%. This makes it an attractive option for small businesses to have access to additional liquidity and reduce the cash flow burden as they begin to rebuild their business. In addition, the loan contains a 12-month payment deferral beginning on the loan date. There is no prepayment penalty on an EIDL loan should you have the ability to repay the loan sooner than the full 30-year term.
EIDL PROGRAM FUNDS

USES OF EIDL PROCEEDS
EIDL proceeds can be used for general operating expenses for your business. This could include purchases of supplies, including personal protective equipment (PPE), lab expenses, advertising, regular loan principal payments and other fixed expenses.

EIDL funds cannot be used for physical repairs, expansion of physical facilities, acquisition of fixed assets, bonuses, owner distributions (non-performance related) or refinancing existing debt.

Additional limitations exist if you have also received a PPP loan, as the SBA guidelines state that PPP and EIDL disbursements cannot be used for the same purpose. Therefore, a borrower with a PPP loan cannot use EIDL proceeds for PPP qualified expenses which may include payroll costs (including employer retirement contributions and employer group health premiums), rent, utilities or loan interest.
EIDL PROGRAM FUNDS

OTHER CONSIDERATIONS:

- EIDL loan proceeds be segregated in a separate account, apart from operating accounts and PPP accounts.
- Documentation and support for the use of EIDL funds is essential.
- Ensure you are keeping clean records and receipts in the event you need to provide this documentation to the SBA.
- The EIDL program is an excellent way for business owners to obtain liquidity and have some cash flow flexibility during an uncertain time.
HEALTH & HUMAN SERVICES
STIMULUS FUNDS

• This is neither a loan nor a grant, rather a payment made to the practice up to 2% of the most recently filed tax return revenue. *It is important to note that this payment will be considered taxable income to the practice.*

• The intention behind this stimulus payment is to reimburse the practice for expenses related to prevent, prepare for and respond to coronavirus, including but not limited to:
  • Supplies used to provide healthcare services for possible or actual COVID-19 patients;
  • Equipment used to provide healthcare services for possible or actual COVID-19 patients;
  • Workforce training;
  • Acquiring additional resources, including facilities, equipment, supplies, healthcare practices, staffing and technology to expand or preserve care delivery.

• The other purpose of this stimulus is to reimburse practices for “lost revenues that are attributable to coronavirus,” meaning any revenue that you as a healthcare provider lost due to coronavirus.

• Practice owners will be able to use the funds to replace a decline in revenue for March and April of 2020 compared to March and April of 2019, or as if COVID had not occurred.