

The background features abstract, overlapping green geometric shapes, primarily triangles and polygons, in various shades of green, creating a modern and dynamic visual effect.

Finances in the Time of COVID-19

What to consider and How to Prepare for the Future

Are You the “Numbers” Person?

- ▶ Who is responsible for your budgeting and planning?
- ▶ Can you read a basic Profit and Loss statement for your business? Is that important?
- ▶ Do you have a financial forecast and how often do you look at it?
- ▶ What numbers do you consider important?
- ▶ Do you have someone that can provide another set of eyes who understands your business?

What Numbers Do You Need to Know?

- ▶ Fixed and Variable Costs of Running Your School
 - ▶ What does that mean - which costs are fixed; which are variable
 - ▶ Why is this important
 - ▶ How can you use this knowledge to keep your school solvent
- ▶ Relationships between costs
 - ▶ How does enrollment affect staffing, especially as you re-open?
 - ▶ What costs most affect your bottom line?
- ▶ Minimums & Maximums
 - ▶ At what point does it make more sense to close a classroom?
 - ▶ How much can you afford to spend on modifications?

Forecasting

- ▶ Do you have a budgeting model that works?
 - ▶ Does it reflect the most important aspects of your business?
 - ▶ Will it allow you to make simple changes to arrive at a new bottom line?
 - ▶ Discounts
 - ▶ Scholarships
 - ▶ Changes in enrollment
 - ▶ Reductions to operating expenses
 - ▶ Changes in compensation or benefits
- ▶ Do you know how to use it?
- ▶ When was the last time you reviewed it?

Cash

- ▶ How much accessible cash do you have now?
- ▶ How much do you need until parents start paying again?
- ▶ How long can you survive if a percentage of families decide NOT to return?
 - ▶ Do you know your school and classroom breakeven points
 - ▶ How many families can you lose and still make it (number or percent)?
- ▶ Can you cut expenses? If so, where?
- ▶ Where might you get more cash to tide you over?

Cash Resources

- ▶ PPP Loans are still available
- ▶ EIDL loans are also still available
- ▶ Lines of Credit from a bank or credit union
- ▶ New mortgage on an existing building
- ▶ Parent Pre-payments (sample: <https://guidepostmontessori.com/parent-pioneer>)
- ▶ “Early” Annual Fund

Latest Info on PPP Loan Forgiveness

- ▶ Banks and the Congress are calling for blanket forgiveness on smaller loans
- ▶ Whether or not that happens, be prepared to complete the SBA loan forgiveness paperwork: <https://www.sba.gov/sites/default/files/2020-05/3245-0407%20SBA%20Form%203508%20PPP%20Forgiveness%20Application.pdf>
- ▶ It appears that you will have until the end of October to complete the form
 - ▶ Later filings may result in less review (more paperwork; same staffing)
- ▶ Meet with your accountant to discuss how this will be reported on your taxes

Economic Injury Disaster Loans (EIDLs)

- ▶ The first \$10,000 could show up in your account with no notice or paperwork, but it's still part of the EIDL
- ▶ If you received a \$10,000 advance grant on an EIDL loan, be aware that it may NOT be a grant if you also received a PPP loan—still TBD
- ▶ You must keep detailed records of all expenses for which you use these loans and there are specific categories allowed
(<https://www.forbes.com/sites/brianthompson1/2020/05/20/sba-approving-economic-injury-disaster-loans-eidls-what-you-need-to-know/#681aa4696120>)
- ▶ If you applied for an EIDL loan but haven't received it, consider whether you still need it
- ▶ Be looking for paperwork from the SBA either to receive funds or refuse them
 - ▶ The SBA is really overwhelmed right now

What else do you need to know?

- ▶ What we've learned working with schools so far:
 - ▶ Many Heads of School appreciate assistance in understanding the finances of their business
 - ▶ Most schools don't have a tool kit to evaluate the financial effects of various re-opening scenarios
 - ▶ A simple discussion can help Heads begin to see what they need to know and how to get that information
 - ▶ A simple budgeting model can provide information in a very short period of time (requires basic knowledge of Excel or other spreadsheet program)

Need Help?

- ▶ Working with Michael (dmgbusinesscoaching@gmail.com)
 - ▶ Models for detailed Budgeting and Financial Forecasts (Free)
 - ▶ Advice on your model (30 minutes free/\$50 per hour after that)
 - ▶ *Understanding Small Business Finances* training (\$350 for online course, including coaching, book and course facilitation)--\$850 value
- ▶ Working with the Small Business Development Center
 - ▶ Counseling is Free
 - ▶ SBDC is located in all 50 states: <https://americassbdc.org/small-business-consulting-and-training/find-your-sbdc/>