

Disaster COVID-19 Business 101

The potential resources for business owners, related to COVID-19 challenges, are in the process of being developed, on both the state and Federal level.

The first one is the SBA EIDL program. Other state and local options will also be known in the coming days, weeks and months. We do not yet have the specifics of any future program and, as difficult as it is at the moment, it may be wise to get a better lay of the land before immediately proceeding with the EIDL program. Some programs may work better for some types of business than others and it is unclear how different programs will work with others.

What is important to know:

1. The SBA EIDL is a low interest, long-term loan with a deadline in December 2020, that has a detailed list of requirements. VtSBDC Advisors are trained in assisting with this application process.
2. EIDL is a working capital loan that covers the gap between expenses and revenues for a period of time (whether that be a complete or partial reduction of revenues from the same period last year). It does **not** cover lost sales.
3. EIDL will take into consideration other loans that you have secured in relationship to COVID-19 (remember – programs are still being created). So all loan options should be considered in concert.
4. Other loan options should also be explored (in addition to discussions with current lenders about temporarily reducing current loan payments, and asking for other expense reductions) if immediate cash is needed as the loan process from application to disbursement will take a minimum (not counting prepping your application) of 6 weeks.
5. Currently there are no grants or “free” monies available to small business.

As part of your preparation to apply for any loan option, you should begin by getting the following in order and make sure all documents are ready to be uploaded electronically:

1. A list of actions that you have taken in response to COVID-19, and direct impact you have seen. For example: 3/17/20 “laid off 2 employees” {names, # of hours typically worked and pay rate} and directed them to unemployment. Return to work date given with the date). This list will help identify economic impact.
2. Have the following financial records up to date:
 - a. Profit and Loss
 - b. Balance Statement
 - c. Sales records for 2019 and 2020 to date (this should come from QuickBooks or your POS or whatever system you use to capture daily income). Showing the actual impact on revenues is the basis of economic impact lending.
 - d. Three years of completed tax returns (personal and business). If 2019 is not complete, then a 2019 Profit & Loss Statement.
 - e. Up to date Accounts Payable.
 - f. Up to date Accounts Receivable.

- g. An up to date list of your collateral (including your personal real estate) with item description and current replacement value.

A list of monthly expenses/ revenues projected for the next 6 months. These can be estimates and can have multiple scenarios depending on whether you are staying open at full capacity/reducing open hours/closing. At this point, this should be constructed based on your Profit and Loss for the same months last year: March – August.