



COVID – 19

Finance and Business Updates and Implications

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With you today



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Today's Agenda

- Human Capital Planning
- Cash Flow Management
- Cybersecurity Vigilance



Families First Coronavirus Response Act (FFCRA) - Effective 4/1/20. <500 EST

- **Paid Sick Leave (PSL)**
 - FT 80 hrs /PT 2 wk equivalent
 - 100% pay for reasons #1-3 below, up to \$511 daily and \$5,110 in total and
 - 2/3 for reasons #4 and #6 below, up to \$200 daily and \$2,000 in total
- **Expanded FMLA (FMLA+)**
 - For #5 childcare reasons only
 - First 2 wks unpaid UNLESS use PSL at 2/3 calc (can also use VAC/PTO, but at employee option)
 - For add'l 10 wks, up to \$200 daily and \$12,000 total
- **Qualifying Reasons (unable to work, including unable to telework)**
 - Subject to Federal/State/Local quarantine or isolation order
 - Advised by health care provider to self-quarantine
 - Experiencing COVID-19 symptoms and seeking a medical diagnosis
 - Caring for an individual subject to an order described in #1 or self-quarantine as described in #2
 - Caring for his or her child whose school or place of care is closed (or childcare provider is unavailable) due to COVID 19 related reasons
 - Experiencing any other substantially-similar condition specified by US Dept. of Health and Human Services



FFCRA Finer Points

- Effective date 4/1 so any paid leave given before that date is not eligible for the credits
- If under 50 employees, exempt from some but not all of this and only if financial hardship
- For FMLA+, employee needs to have been employed at least 30 calendar days. No requirement for PSL.
- FMLA+ is not in addition to regular FMLA so 12 weeks overall limit
- Pay calc does not need to include premium for overtime pay
- You can pay more than the caps, just won't get the payroll credit
- Intermittent leave for FMLA+ only allowed on childcare piece and when can't telework



What To Do Now?

- New poster needs to be up by 4/1
- Documentation – save for your records some form of employee documenting childcare. If possible, avoid asking about fitness for duty on return to work.
- Review current sick leave policy
- Employees that have been furloughed or laid off are NOT eligible for FMLA+ or PSL. Encourage to file IMMEDIATELY for unemployment. These special unemployment funds may be first come first served.



What To Do Now?

Decision to Furlough/Layoff/Keep on payroll

- PSL is \$511 and unemployment is likely higher as it includes regular state unemployment plus \$600 paid as the Pandemic Federal Additional Compensation (PFAC)
- Check your benefits plans about keeping employees on them during furloughs/short term layoffs and COBRA options if terminate
- Check to see about paying out accrued VAC/PTO
- Be mindful to not discriminate when laying off (race, sex, age people over 40, color, religion, national origin, disability, union membership, or veteran status). Also collective bargaining agreements.
- Be sensitive to what this does to your employees – will it hurt morale, loyalty, your brand?



Coronavirus Aid, Relief and Economic Security (CARES) Act

Along with one-time payments to individuals, strengthening unemployment insurance, providing additional health care funding, plus loans and grants to businesses to deter layoffs

- Coronavirus-related 401(k) distributions (available now, but update plan docs)
 - 10% early-distribution penalty waived and distribution (not to exceed \$100,000) may be repaid over 3 years.
 - Retro back to 1/1/20
 - Diagnosis of COVID-19; spouse or dependent COVID-19; or experience adverse financial consequences as a result of being quarantined, furloughed or laid off; having hours reduced; or being unable to work due to lack of childcare or other factors as determined by Treasury secretary.
- Loans from 401(k) plans for Coronavirus
 - Doubles plan loan limits to the lesser of \$100,000 or 100% of vested balance for loans taken within 180-days following enactment (9/24/20).
 - Individuals with an outstanding loan with repayment due between March 27, 2020 and Dec. 31, 2020, can delay their loan repayments for up to one year.



CARES Act (continued)

- Required minimum distributions waived for 2020 and this one is for everyone not just those subject to COVID-19 issues
- COVID-19 testing without cost-sharing
- Expanded use of HSAs (again plan doc update needed)
 - To cover telehealth visits before plan deductible
 - Use HSA/FSA/HRA to pay for over-the-counter medical products such as drugs and surgical masks without a prescription
- Student Loan Assistance
 - Employers can provide student loan repayment benefit to employees on a tax-free basis up to \$5,250



Other HR Issues

- Remote worker policy and don't forget ergonomics as worker's comp still in play
- Recruiting, hiring, retention, performance expectations, engagement are important
- Mental health critical component (check with your carriers, set-up teams and plan fun activities virtual anything!)
- Communicate, Communicate, Communicate with your employees as they will fill in the narrative if you don't

Final Thoughts

Watch the dates as many of these things have sunset date of 12/31/20. Guidance is coming out DAILY so a correct answer today can change once more guidance received from IRS, DOL, federal/state/local governments, etc.



Cash Flow

Tools for Cash Planning

- Daily cash reports
- 13-week rolling cash projection
- Monthly budgets and cash flow projections
- Constant coordination with sales, production and other departments



Opportunities for Cash Management

1. Know your current and anticipated daily cash position to manage working capital
2. Update and refine cash projection tools and scenarios
3. Manage accounts receivable and consider payment incentives for customers
4. Review accounts payable and prioritize payments. Discuss opportunities to temporarily adjust payment terms
5. Analyze and reduce inventory levels
6. Evaluate and access debt, debt relief and capital
7. Identify fixed, variable, and discretionary expenditures



Opportunities for Cash Management (Continued)

8. Communicate to your team all expenditures need to be approved prior to incurring
9. Delay nonessential travel, meals, entertainment and maintenance
10. Delay hiring new employees, opening new locations, expanding facilities and warehouses
11. Review workforce wages, hours, or positions in multiple scenarios
12. Talk to key customers to determine their purchasing objectives
13. If your cash position allows, consider renegotiating with your supply chain
14. Use extreme caution as you analyze the carrying cost of such inventory with projected sales



Cash Flow

Internal and External Sources of Capital

- Internal
- Traditional financing
- Capital contributions
- Governmental
- Private

The logo consists of four colored squares (orange, blue, green, purple) arranged in a 2x2 grid. A white cross is overlaid on the center, and a blue square outline is positioned over the top-left quadrant of the cross.

Cybersecurity Vigilance

Good Practices

- Train and Educate
- Ensure all devices sent home with employees are up-to-date
- Have a BYOD policy for employees that will be using personal devices
- Utilize VPN Connections
- Utilize security solutions already in place
- Make sure remote support is readily available
- Back up all mission-critical systems and data
- Secure passwords
- Segregate your workspace

The logo consists of four colored squares (orange, blue, green, purple) arranged in a 2x2 grid. A white cross is centered over the squares, and a blue square outline is overlaid on the cross.

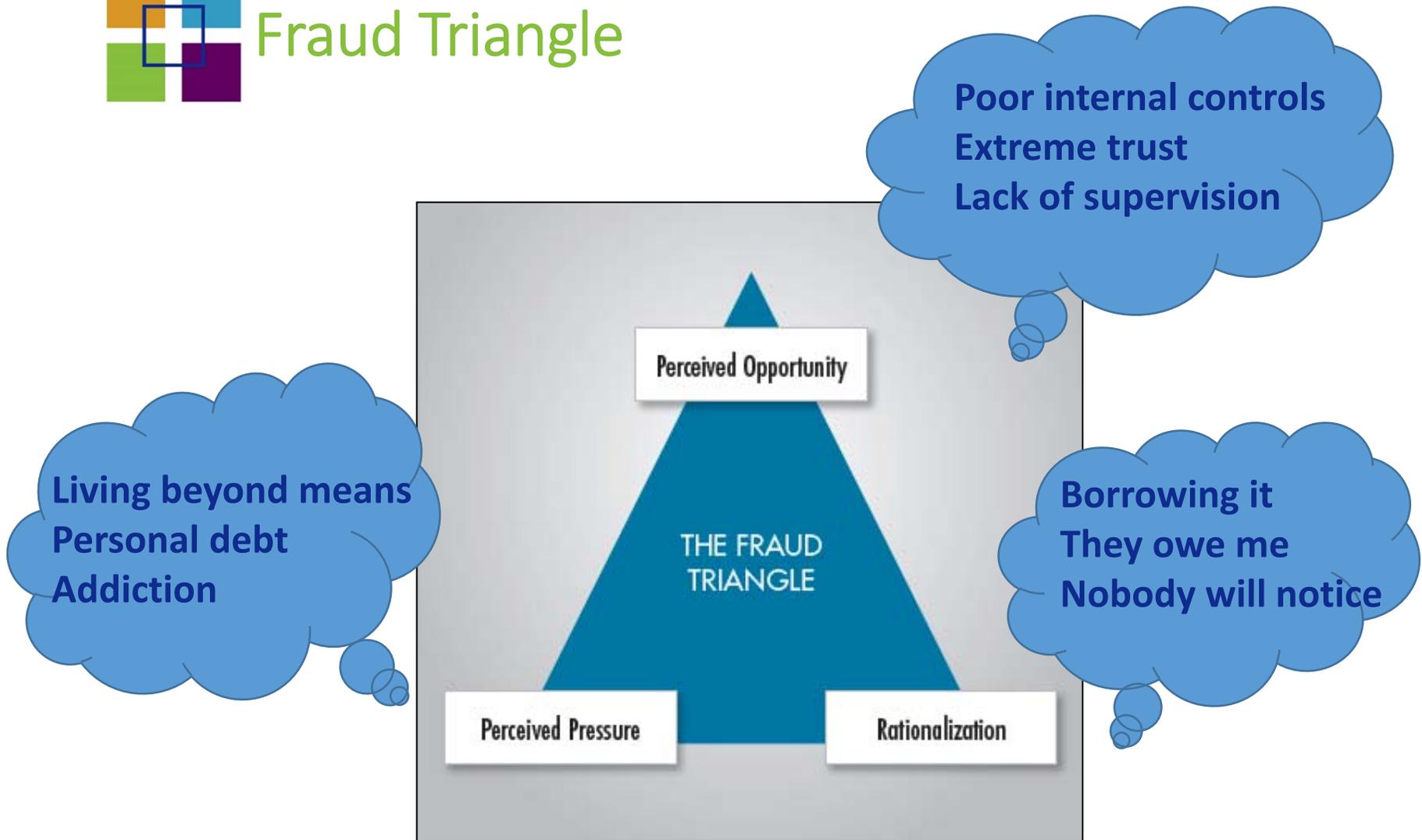
Cybersecurity Vigilance

Practices to Avoid

- Avoid free public Wi-Fi
- Do not save work documents on personal devices
- Wi-Fi and Bluetooth services
- Avoid using work-devices for personal use



Fraud Triangle





Questions?



For additional information

- Call our COVID-19 Tactical Hotline @ (314) 337-6377
- Email us at info@muellerprost.com
- Visit our [COVID-19 Resource Center](#) for a multitude of content and helpful information

The screenshot shows the Mueller Prost website's COVID-19 Resource Center. The header includes the Mueller Prost logo (CPAs + Business Advisors) and navigation links: YOUR PATH, SERVICES, INDUSTRIES, PEOPLE, INSIGHTS, Firm, Careers, Contact. The main content area features the title "COVID-19 Resource Center" and a paragraph: "We are here to support you as we navigate this uncertain financial environment and want to assist you and your organization in any way we can. Our advisory services can help ensure you're equipped to conquer business challenges, and we'll do all we can to help you thrive." Below this is another paragraph: "These resources have been compiled as a go-to resource center, including up-to-date information to keep you, your employees, and business informed." A third paragraph states: "Please reach out to your trusted Mueller Prost advisor or call (314) 337-6477. Our team is here to help answer any of your accounting, business or tax questions." To the right, there is a video player for "COVID-19 Tactical Task Hotline" with the text "Helping you navigate these uncertain times" and the phone number "(314) 337-6477" and website "muellerprost.com". Below the video is a call to action: "Call our new COVID-19 Tactical Task Hotline at (314) 337-6477 or contact us via the pop up in the lower right-hand corner". At the bottom of the main content area, there is a box for "View our Preparedness Plan." with a "LEARN MORE" link. In the bottom right corner, there is a chat pop-up that says "How can we help address your COVID-19 concerns?". The footer contains links for "Regulatory" (State Guidance on Extension of Federal Tax Deadline to July 15) and "Employer & Employee Resources" (Working from Home Best Practices).



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