

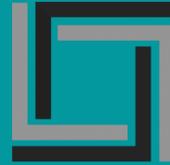
3 STEPS TOWARD FINANCIAL RECOVERY IN A COVID ECONOMY

A GUIDE TO FINANCIAL SURVIVAL



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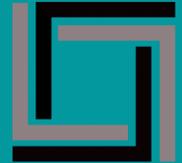
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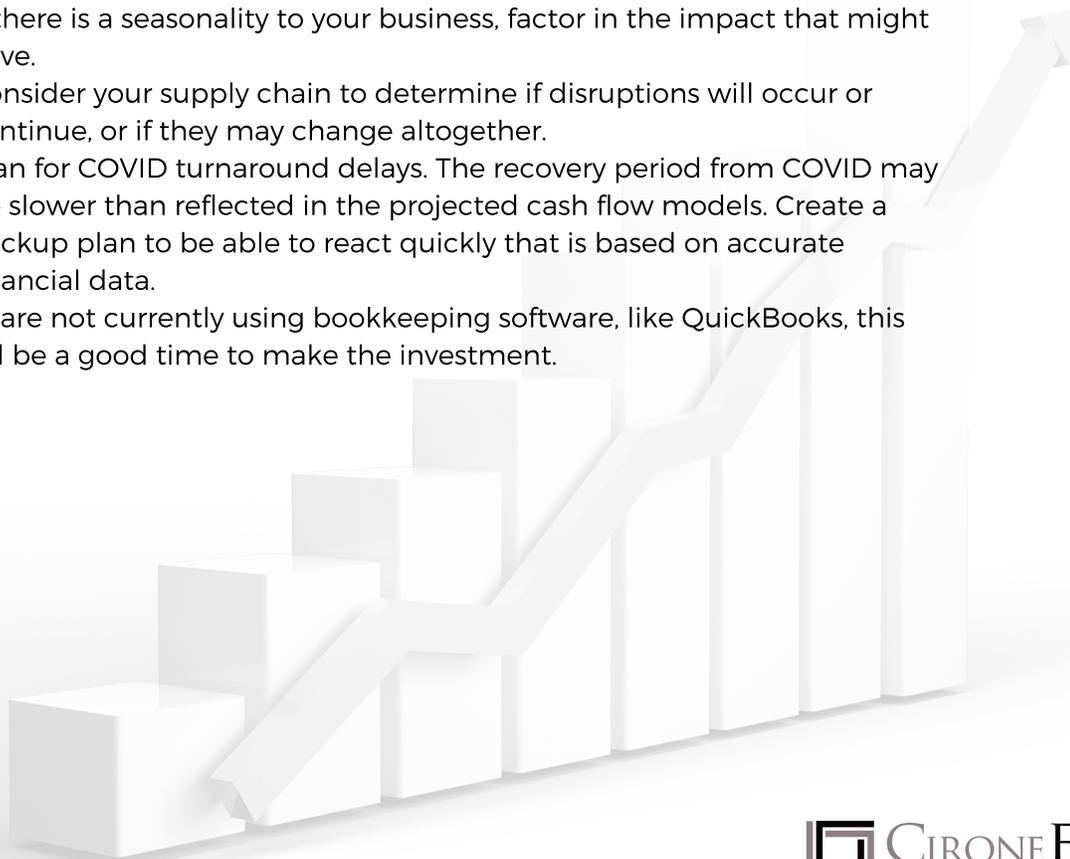
Metrics of a Financial Health Checkup

Establish a starting point. Start with an analysis of your financial health for a realistic perspective. From here, you will be able to set goals and make necessary adjustments now and going forward.



1. CASH FLOW PROJECTIONS

- Cash is critical to every business. Review your past receipts and expenses, create a forward-looking projection of your cash flow over the next three, six, nine, and 12 months. Take into consideration debts you might incur as well as existing debts. It is critical to be realistic and as detailed as possible as you refine your projections.
- Determine if, and how, you might need to catch up on vendor payments while building your business' revenue.
- Consider building a few "what if" scenarios to anticipate potential disruptions and market changes that could affect your overall financial health. For example:
 - If there is a seasonality to your business, factor in the impact that might have.
 - Consider your supply chain to determine if disruptions will occur or continue, or if they may change altogether.
 - Plan for COVID turnaround delays. The recovery period from COVID may be slower than reflected in the projected cash flow models. Create a backup plan to be able to react quickly that is based on accurate financial data.
- If you are not currently using bookkeeping software, like QuickBooks, this would be a good time to make the investment.



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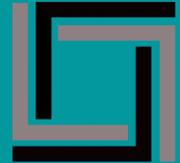
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2. TIMING ORGANIZATIONAL CHANGES

- Staffing & Payroll Considerations
 - If you have furloughed employees, you may be wondering when, or if, you will be able to bring them back. The timing of this decision will impact your overall expenses. (Be sure to factor this into your projections.) Consider alternate approaches if possible, like phasing them back onto the schedule to minimize payroll expense impact.
 - If you have received PPP funding, these decisions may also impact your potential forgiveness amount. It is important to be able to navigate the two positions in a way to keep your business on the road to recovery while maximizing forgiveness.
 - Additionally, be aware that U.S. Department of Labor has issued new rules on employee leave as businesses plan for workers' return. [See the Resource section at the end of this document for additional information.](#)

- Ability to Grow Your Business
 - Depending on cash flow projections, your "what if" scenarios, and your staffing decisions, you will form a clear answer to the question, "When can I start to grow my business?"
 - If your data supports growth, focus on building a monthly plan to ramp up. Factor in expenses for investments (e.g., technology, bookkeeping software, PPE compliance costs, expanded medical leave benefits).
 - If your financial health indicates contraction of your business, you need to form an overall plan to reorganize and stabilize your business. Examine all of your operating costs:
 - Staff headcount: Can you reduce staff and operate efficiently and maintain customer service?
 - Renegotiate vendor contracts, real estate leases, equipment leases, third party service provider agreements, association memberships, etc.
 - Reducing expenses overall, including the items above, while maintaining operational effectiveness and competitiveness is critical. There is a delicate balance between cutting expenses and strengthening core efficiencies that you will need in the near future to accommodate growth.



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3. DEBT AND DEBT RESTRUCTURING

If you have applied for and taken out PPP loans, or other loans, you are carrying some debt. You should have already factored that debt into your cash flow projections. However, as the rules continue to evolve and change, forgiveness of the PPP loans can have an important impact on your business and cash flow. How are your distribution channels likely to be affected going forward?

- PPP LOANS
 - Complete a PPP forgiveness application. It is a complex and time-consuming process. Be sure a trusted and knowledgeable financial advisor has your back on this. [See the Resource section at the end of this document for additional information.](#)
 - You will need to have specific documentation to complete the forgiveness loan application. There are a multitude of expenses to for which you will need documentation. The process is complex and continues to evolve. The variations of requirements in this process can be very daunting and time consuming. If you lack an internal Controller or financial expert already skilled with this, then this is a good time to consider bringing in outsourced talent. They can help you gather the required information and shorten the time required for the whole process, ensure correct reporting, and free you up to run your business and focus on generating revenue.



Case Studies

Financial Wellness Solutions

These case studies will provide you with a perspective on how to apply the metrics for a financial health checkup in various businesses. We hope they will help you drive a strong and prosperous recovery for your business in this COVID economy.

These examples demonstrate how, with the guidance of an experienced financial resource, a business can attain strong financial health. With the proper internal resources, you should be able to take some best practices from these case studies and apply them in your business.

A Restaurant



SITUATION: A restaurant owner needed to fill a gap in the Controller position while looking to hire a new Controller. He needed to focus on running the business while controlling expenses and managing the recruiting process.

SOLUTION: The restaurant owner brought in CironeFriedberg to serve as Outsourced Controller, they assessed and established financial processes and controls to assure proper and timely financial recording and a streamlined monthly financial reporting process that improved workflow efficiency. This bridged the gap until a new Controller was hired and trained.

BENEFIT: The restaurant owner received high quality financial expertise and was able to control expenses, improve efficiency, and focus on running the restaurant. He was able to maintain critical banking relationships and meet weekly and monthly reporting requirements. In addition, his staff's knowledge and skills improved with mentoring on best practices for financial record keeping and reporting. Most importantly, he received support and assistance with recruiting, hiring, and training a new Controller to champion the new processes.

Case Studies

Financial Wellness Solutions

A Medical Practice



SITUATION: A busy medical practice needed a cash flow analysis to determine how PPP funding would be used and establish a cash position in 12 months. With significant declines in revenue and a corresponding increase in expenses to be compliant with new safety regulations, the practiced needed to ensure they had a handle on future cash flows. They needed to be able to understand how various growth models would impact their decisions.

SOLUTION: CironeFriedberg provided an Outsourced Financial Director who created a cash projection template spanning 12 months. She developed the template to be driven by assumptions that can be changed allowing for impact of those changes to flow through the projections. The result was a template that the client can maintain and update with a few assumptions to see the overall impact on the projections of various possible decisions or events.

BENEFIT: The ongoing critical data regarding cash flow position allow the owner to make sound, necessary decisions regarding the operation and growth of the medical practice. The flexibility of the projection model enables him to maintain optimum oversight of his business and anticipate how various scenarios might affect the business situation (e.g., COVID-19 disruptions).

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Case Studies

Financial Wellness Solutions



A Professional Services Business



SITUATION: A professional services business needed help to customize QuickBooks to produce meaningful financial reporting and processes, which they lacked.

SOLUTION: Through an Outsourced Finance Director, CironeFriedberg worked with management to understand their business and identify their key concerns. She created monthly financial reporting for management and structured their financial statements to enable reporting of key metrics. Training provided to the finance office staff enabled them to report transactions within the new structure efficiently.

BENEFIT: The client's management team now has a vastly improved process of financial reporting that provides a deeper understanding of the business in order to make key decisions. They created meaningful budgets and the ability to report on and track budget vs. actual results for the overall business as well as by department. The Department leaders now have reporting to guide them through their decision-making process and visibility of how past decisions have impacted the business. Overall, these processes also identify areas for cost savings and improved efficiencies.

CironeFriedberg is a leading CPA firm serving middle market, privately held and family owned businesses and high-net-worth individuals. Our experienced staff provides a full range of tax, audit and accounting, and business advisory services in Connecticut and neighboring Dutchess, Putnam, and Westchester counties in New York.

At **CironeFriedberg**, we are prepared to handle a crisis. We are out front with the opportunities as soon as legislation passes. We are working hard for every one of our clients, not just to get them through this COVID battle safely, but to assist them in emerging whole and ready to power through to recovery.

Our team has the financial acumen, accounting and tax expertise, and broad business experience to bring you and your business through recovery. We know it's a big decision choosing who you put your trust in. **So, we have to ask you – Who's got your back?** As you consider your 'new' future, we invite you to speak with us about how a stronger relationship with an experienced CPA advisor could make all the difference in your future prosperity. **We'd love to have your back, too.**

Our specialized accounting practice area of Outsourced Financial Services is very popular with companies needing a fractional resource during COVID-19, on an on-going basis, and to fill in while filling an open internal position. As you navigate through this uncertain time and need the assistance of an experienced financial advisor, consider CironeFriedberg for Outsourced Financial Services. We are helping many of our clients navigate the PPP loan forgiveness processes and build strong financial processes necessary for a healthy and enduring business.

Our clients needing additional services during COVID rely on our Outsourced Financial Services for:

- Serving as a temporary CFO or Controller during staff reductions or in-between staffing
- Analyzing your financial statements to guide you through recovery at a lower cost alternative
- Cash flow projections
- PPP forgiveness applications
- Maintaining AR/AP/ Bank reconciliations
- Ensuring proper coding of revenue and expenses
- to enable proper financial statement analysis
- Outsourcing Accounts Payable
- Upkeep of bank reconciliations
- Assistance with loan applications

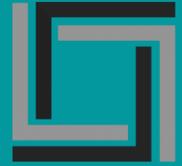
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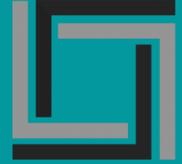
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Resources

Overview of the PPP loan forgiveness guidelines

[LINK](#)

SBA (FAQs) on PPP Loan Forgiveness

[LINK](#)

**U.S. Department of Labor Guidance on Wage
and Hour Rules and FMLA as Workplaces**

Reopen

[ARTICLE LINK](#)

[DOL RELEASE LINK](#)

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