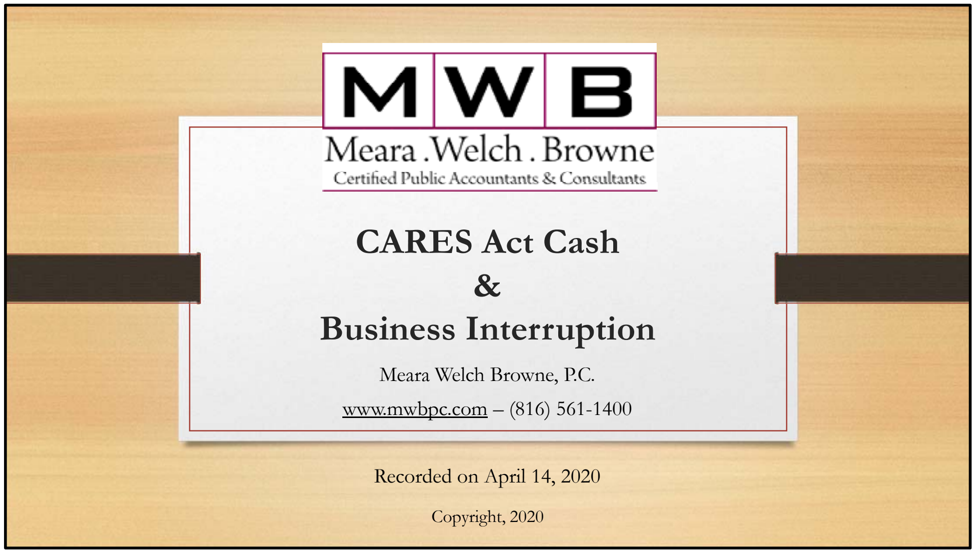

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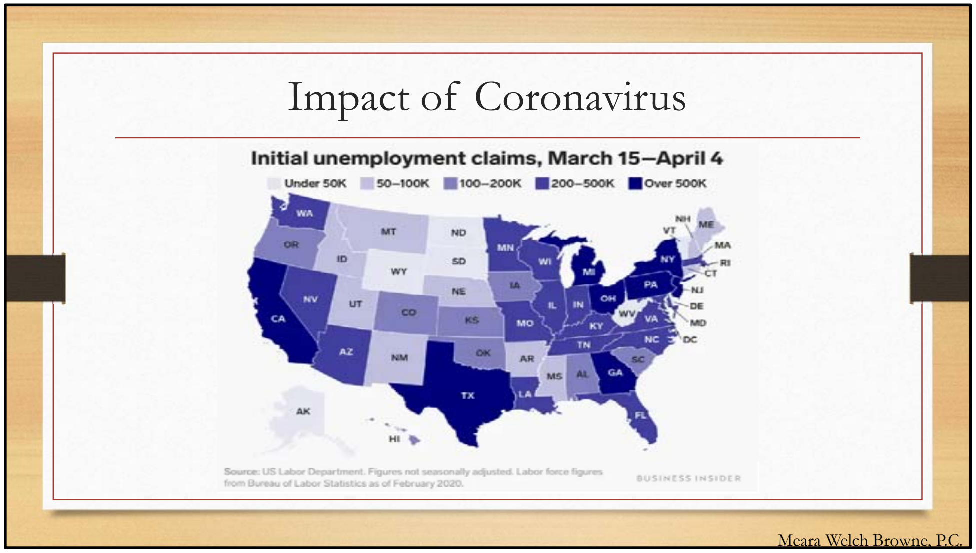
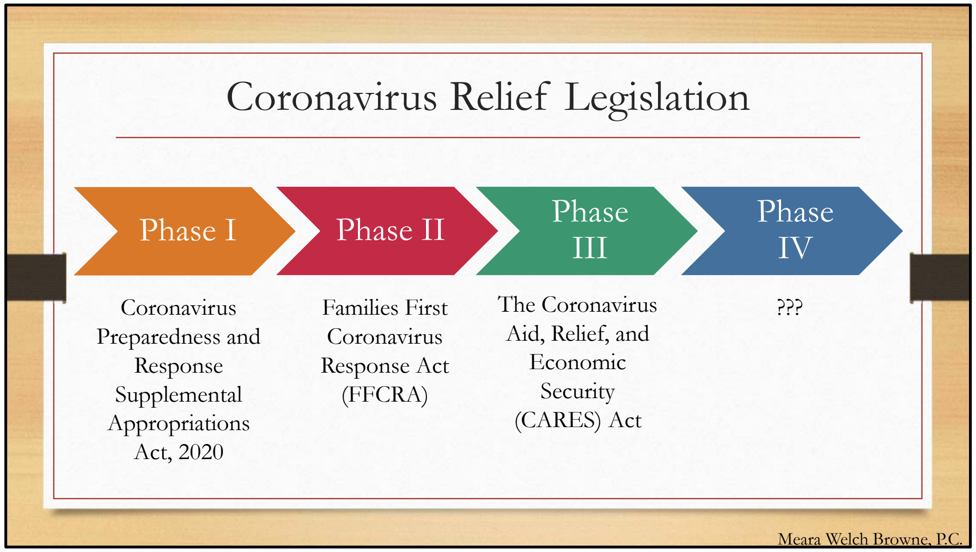


The map above illustrates that the impact of COVID-19 is widespread, and has had an impact on every person and every business in the United States. Offices are closed, manufacturing has been halted and supply chains have been interrupted. The scenario that has been playing out over the last month has never been seen before in our lifetimes. A survey conducted by CNBC on April 3-6 found that:

- One in 10 Americans said they have lost their job
- 16% reported they have seen their wages or salary reduced due to the coronavirus.
- 9% believe unemployment or a pay cut await them.

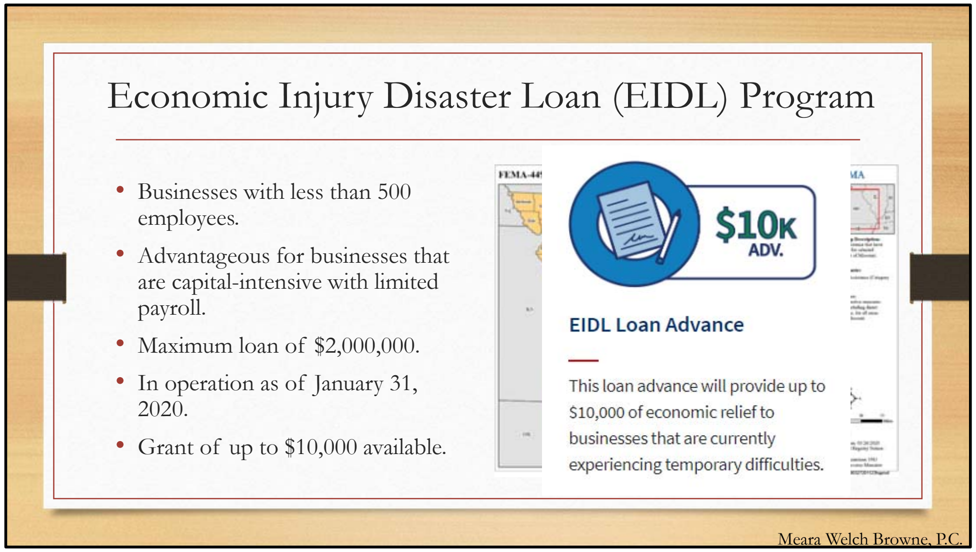
In response to the widespread impact, the government has acted swiftly in three different phases.



- Phase I, H.R. 6074, known as the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, was enacted into law March 6, 2020 and provides $8.3 billion in emergency funding for federal agencies to ensure vaccines developed to fight the coronavirus are affordable, that impacted small businesses can qualify for Small Business Administration (SBA) Economic Injury Disaster Loans (EIDLS), and that Medicare recipients can consult with their providers by telephone or teleconference, if necessary or desired.

- Phase II, H.R. 6201, the Families First Coronavirus Response Act, became law March 18, 2020. This $100 billion package includes provisions for paid sick leave, free coronavirus testing, expanded food assistance, additional unemployment benefits, and requirements that employers provide additional protection for healthcare workers.

- Phase III, H.R. 758 (116), the CARES Act, signed into law March 27, 2020. The legislation provides direct payments to individual taxpayers and their dependents, a huge expansion to unemployment benefits, including the self-employed, student loan forbearance, and much more. Bill totals $2.2 trillion. This is the largest relief package in U.S. history. To put that number in perspective, this stimulus bill is bigger than the 2009 recovery act and 2008 bank bailout combined, according to reporting from the Associated Press. Officials expressed hope the stimulus would inspire $4 trillion in economic activity. The agreement, reached in the early hours of Wednesday, March 25, came after almost a week of tense negotiations and two votes that failed.



Available to small businesses with less than 500 employees that suffer economic injury due to a declared disaster. As such, the USA has declared a national disaster due to COVID-19.

Other examples of businesses that cannot apply for these loans are (not limited to):
- Businesses with over 500 employees
- Businesses engaged in illegal activities
- Businesses with a principal owner who owns 50% or more of the businesses that is more than 60 days delinquent on child support
- Lobbying businesses
- Businesses that derive more than one-third of gross annual revenue from LEGAL gambling activities

Meant to support small businesses to help overcome the temporary loss of revenue they are experiencing as a result of a declared disaster. (December 2007 blizzard, tornado in Joplin - 2011, flooding across the Midwest summer 2019, and COVID-19 2020.)

These loans are from the SBA – not your bank. Some of the SBA's usual requirements have been relaxed due to the current economic climate.

Low-interest (3.75% for small businesses, 2.75% for nonprofits) with terms up to 30 years.
No personal guarantees on loans of less than $200k.
Business assets can be used to secure loans of up to $500k.
Loans larger than this require real estate to secure the loan. The SBA said they will not turn away potential borrowers due to lack of collateral.

Advantageous for businesses that are capital-intensive with limited payroll as opposed to a PPP Loan. Rental Real Estate Businesses qualify which normally are excluded from SBA loans – most businesses are able to apply for these loans. Amount of maximum PPP loan is a payroll-based calculation.

Maximum loan of $2,000,000, however, many applicants are receiving back their loan proposal with a maximum loan amount of $15,000 (which the SBA says is an initial two months of working capital). SBA has not commented if this program is capped at $15k due to overwhelming demand during the pandemic. No payments for the first year.

The SBA determines the loan amount. The formula the SBA uses to determine the loan amount is intended to cover six months of operating expenses.

Business must have been in operation as of January 31, 2020.

Application information includes the business' general information, gross revenues and cost of goods sold for the 12 months ended January 31, 2020. They may request additional information including (but not limited to); federal tax returns and a YTD income statement.

It typically takes the SBA approximately two weeks to make a decision on an EIDL, however, with the overwhelming increase in applicants, processing has slowed down.

<u>$10k grant</u>

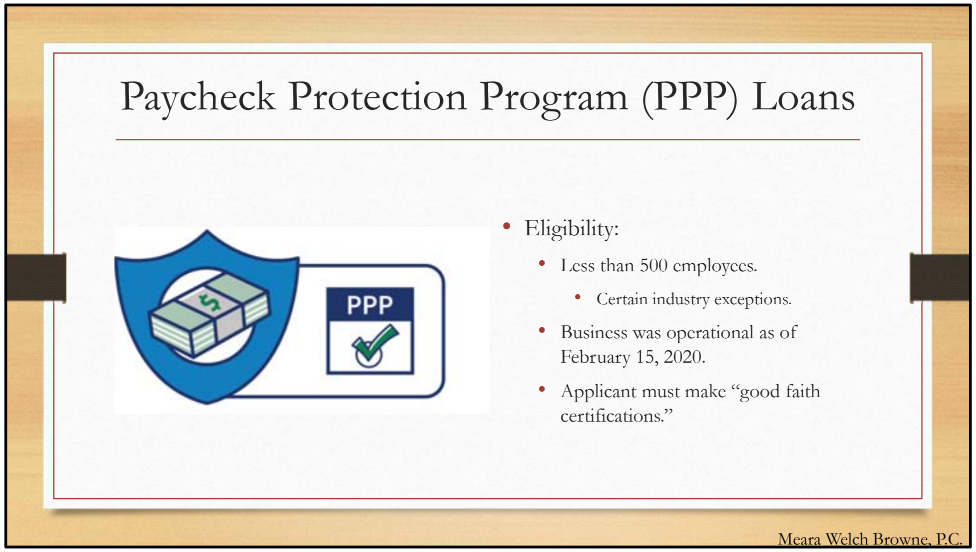
CARES Act created a special program as a part of the EIDLs, in which businesses can request up to a $10k grant as a part of their application. Deadline for this grant is December 30, 2020.

Applicants can request an advance of $10,000 (max) as a grant which must be distributed within three days of application submission. There has been debate due to the interpretation of the CARES Act whether this advance/grant is $10k or $1k/employee (up to $10,000 max). The SBA released an email bulletin on Monday April, 6 stating that it is $1k/employee.

The applicant does not need to repay this advance even if the application is denied if it is used for:

- Sick leave for employees unable to work due to the impact of COVID-19
- Maintaining payroll
- Increased cost of materials due to interruptions in the business' normal supply chain
- Repaying obligations that cannot be satisfied due to revenue loss

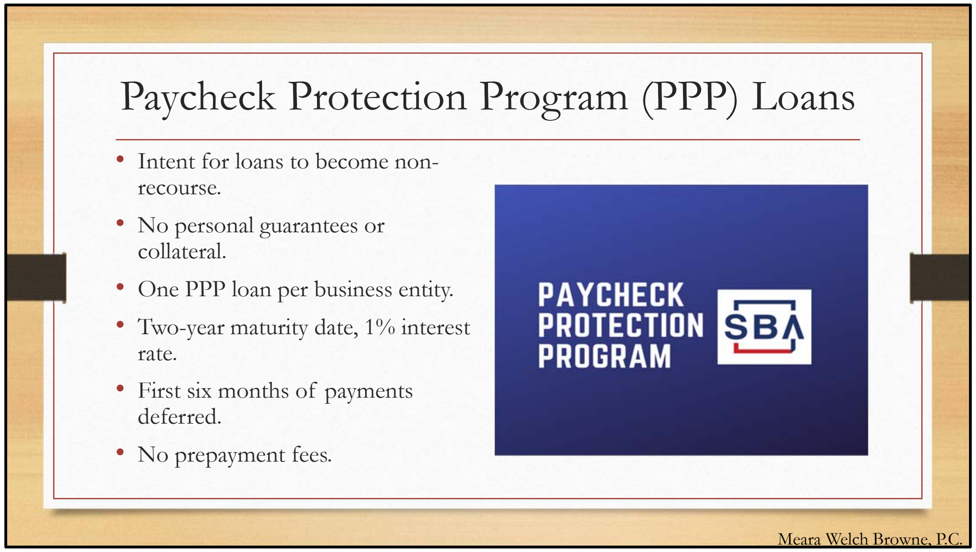
If you receive these funds, the forgivable portion of the business' PPP loan is reduced by that amount.



- Certain industry exceptions to the 500 employee rule
  - Mainly businesses in the hospitality and food sectors that have more than 500 employees across multiple locations. The rule is modified as 500 employees per location.
- Self-employed individuals and independent contractors are able to apply for their own loan.
- Applicant must make other "good faith certifications" that:
  - The current economic uncertainty makes this loan request necessary;
  - The funds will be spent to retain workers and maintain payroll, make mortgage interest payments, lease payments or utility payments; and
  - The applicant business has not received any other PPP loans.
  - You do not need to prove a sharp drop in sales or a forced business closure – you just need to certify that "The current economic uncertainty makes this loan request necessary."
- Examples of unusual businesses that qualify:
  - Hairdressers who work out of their home
  - Souvenir shops next to large sporting venues that depend on foot traffic
  - Any offices not deemed "essential" by governments

Most businesses could start applying April 3, with independent contractors and sole proprietors able to apply starting April 10. Application deadline is June 30, 2020.

Once your application is approved by your lender, it is submitted for approval by the SBA. Once submitted to the SBA and approved, funds are delivered within 10 business days.



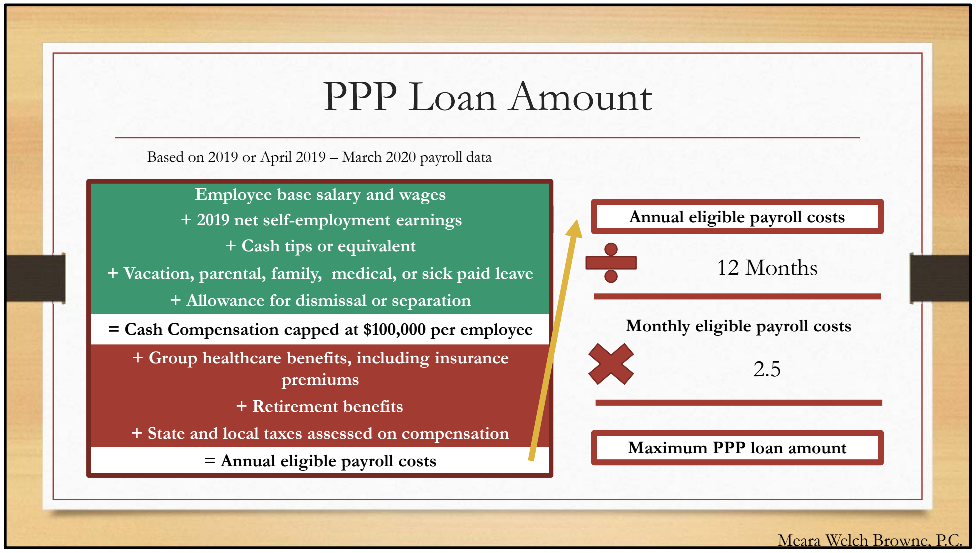
Loan information:

- Non-recourse loan with no personal guarantees
- No collateral is required
- Loan is the lesser of $10,000,000 or 2.5 times the average monthly payroll costs incurred during the one year period before the loan is made
  - Exceptions to the time period of average monthly payroll exist for seasonal and new businesses
- Only one PPP loan per business
- Two-year maturity date, 1% interest rate
- Deferred payments for first six months of loan with no prepayment fees

Functionally a “grant” to fund payroll for small businesses for eight weeks.

Some banks are only accepting applications from businesses that they have a relationship with (some specifying this as a “lending relationship”) – need to work with your bank to determine who you should apply through. There have been many banks applying with the SBA to become SBA-eligible lenders since the PPP has been rolled out.

Expenses need to be monitored –
A great way some businesses are anticipating monitoring these expenses is creating a new bank account with the lender, with the loan proceeds being deposited in this account. Then, the only time money is drawn from this account over the next eight weeks is to fund qualifying expenses.



Total PPP loan amount is based off of your average monthly payroll (or net self-employment earnings + wages paid) times 2.5. To calculate, you can use the previous twelve months' (April 2019 – March 2020) or 2019 payroll information. For businesses not in operation in 2019 they may use average monthly payroll for January and February 2020. If your business is seasonal you may use applicable time periods for your calculation. Average monthly payroll costs are defined as (in green above):

- Salary, wages, commissions, tips.
- For a sole proprietor or independent contractor: net earnings from self-employment (current guidance is unclear, however, current interpretations say that you should NOT include health insurance).
- Employee benefits include costs for vacation, parental, family, medical or sick leave.
- Allowance for separation or dismissal.

Other payroll costs included in excess of the $100k cap per employee are (in red above):

- Payments required for the provisions of group health care benefits including insurance premiums.
- Payment of any retirement benefit.
- State and local taxes assessed on compensation (such as SUTA).

PPP Loan Amount Example

CALCULATE MAX LOAN USING 2019 DATA OR PREVIOUS 12 MONTHS	Gross Salary and Wages	Cash Tips or Equivalent	Medical & Other Leave	Allowance for Separation	Cash Compensation (up to $100,000 per employee)	Health Insurance	Retirement Benefits	State and Local Taxes	Eligible Payroll Costs
PAYROLL COSTS BY EMPLOYEE									
Eugene	150,000	-	-	-	100,000	18,000	6,000	285	124,285
Erin	100,000	-	-	-	100,000	18,000	3,000	285	121,285
Keith	30,000	30,000	-	-	60,000	18,000	-	285	78,285
Lyndsey	35,000	5,000	-	-	40,000	-	-	285	40,285
Ani	125,000	-	-	-	100,000	18,000	5,000	285	123,285
Aaron	75,000	-	5,000	-	80,000	18,000	2,500	285	100,785
Tim	55,000	-	-	-	55,000	-	-	285	55,285
Elizabeth	85,000	-	-	-	85,000	18,000	3,000	285	106,285
Kayle	45,000	-	7,000	-	52,000	18,000	-	285	70,285
Megan	60,000	-	-	5,000	65,000	18,000	-	285	83,285
									903,350
								Months	12
								Average Monthly Payroll	75,279
								Multiplier	2.5
								Maximum Loan Amount	188,200

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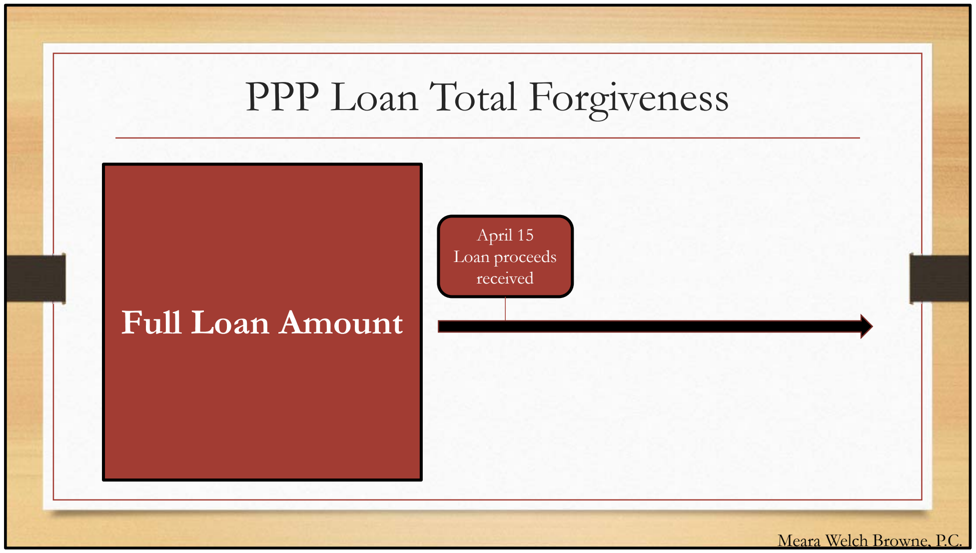
Above is an example of a business that had 10 employees throughout 2019 and approximately $903k in payroll costs. They are entitled to a $188k PPP loan.

This scenario was built using a calculator created by Meara Welch Browne, P.C. and available for free at www.mwbpc.com/blog



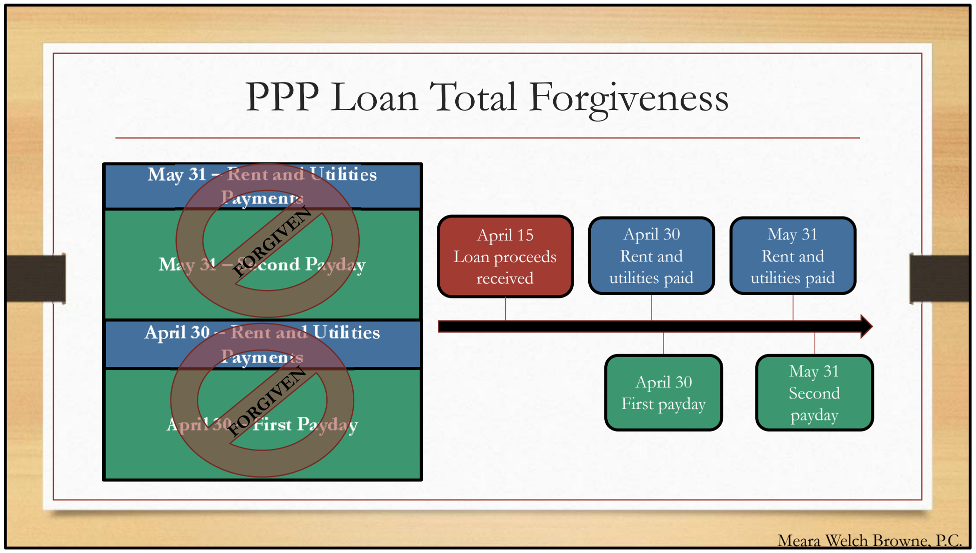
Scenario 1 - A business receives their PPP Loan on April 15th and uses the proceeds to fund payroll, utilities and rent payments on April 30th. Then on May 31st, the business uses the remainder of the proceeds to fund payroll, utilities and rent payments. If the total utilities and rent payments are capped at 25% of the total amount forgivable, the business will have their whole loan forgiven.

Amounts of loan forgiven are not included as income under Section 108 for cancellation of indebtedness, however, employers can still deduct the payments of salary, rent, interest and utility payments. YOU SHOULD BE ABLE TO GET THE ENTIRE LOAN FORGIVEN WITH PROPER PLANNING.

Scenario 2- The facts are the same as the previous scenario, however, the business terminates 40% of employees effective March 1, 2020.

- If a business reduces their number of employees or the amount of compensation paid to employees by more than 25% for any employee that made less than $100,000 annualized in 2019 between February 15, 2020 through April 27, 2020, then the eligible forgiveness is also reduced.
  - If the business eliminates the wage or employment reductions prior to June 30, 2020, full forgiveness of allowable costs can still apply.
  - Total forgiveness % is limited to 100% of forgiveness eligible costs.
- The percent of eligible costs that can be forgiven is approximately 60%. To calculate the percentage of eligible expense that can be forgiven, the business would use the number of FTE employees during the period of 2/15/20 – 6/30/20 divided by the lesser of the average FTE employees during the period of 2/15/19 – 6/30/19 OR 1/1/20 – 2/15/20 (both are 5).
  - If the two employees are rehired prior to June 30, 2020, the loan is eligible to be fully forgiven.

Scenario 3 - The facts are the same as the first scenario, however, business uses 35% of their loan during the 8 week period subsequent to receiving the loan for purchasing materials to manufacture products. 65% of the loan would be forgiven.



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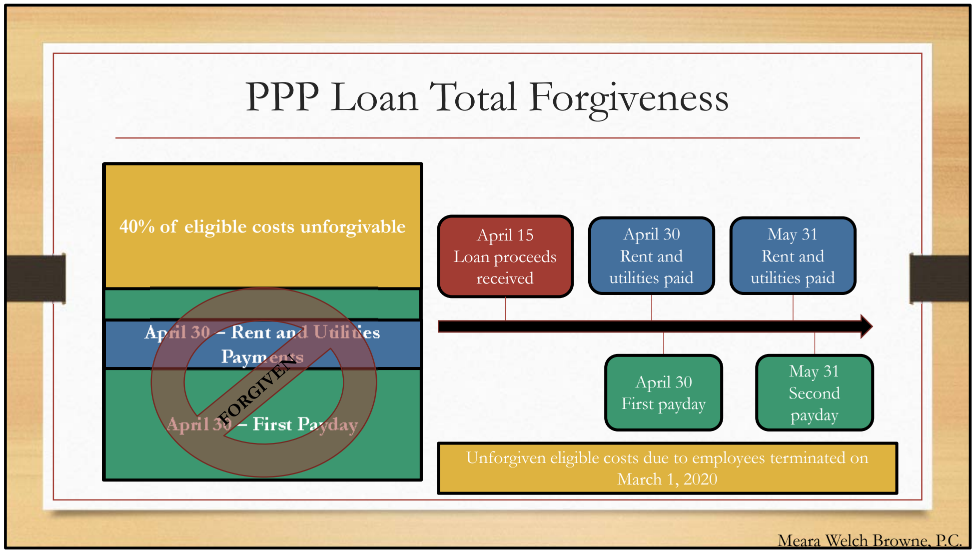

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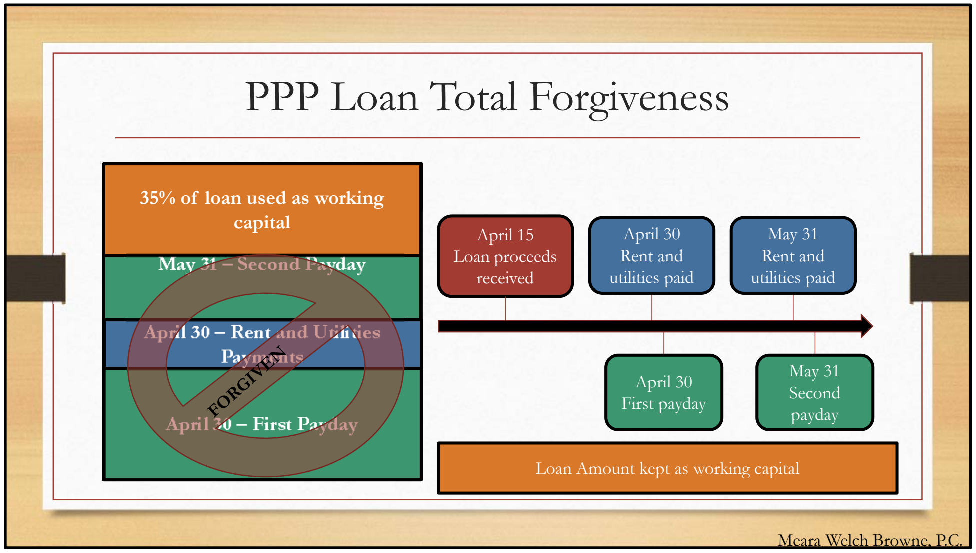

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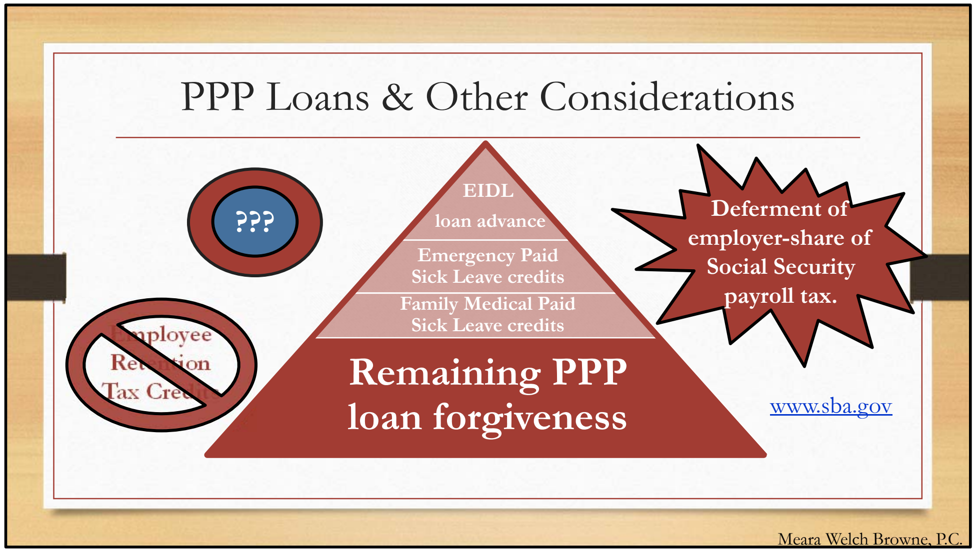


Problems with the rollout of the program-

- Banks being overwhelmed
- Banks not receiving technical information from the SBA until hours before businesses could begin applying
- SBA guidance being very vague for everyone

You can apply for both the EIDL and PPP Loan – as long as they are being used for separate purposes

- Example – PPP Loan to fund payroll while an EIDL is used to cover overhead and replace lost revenue.
- EIDLs can be refinanced into a PPP Loan.

There is a lack of guidance in how the forgiveness of PPP Loans relates to legislation created in the FFCRA, and this interpretation is based upon current guidance.

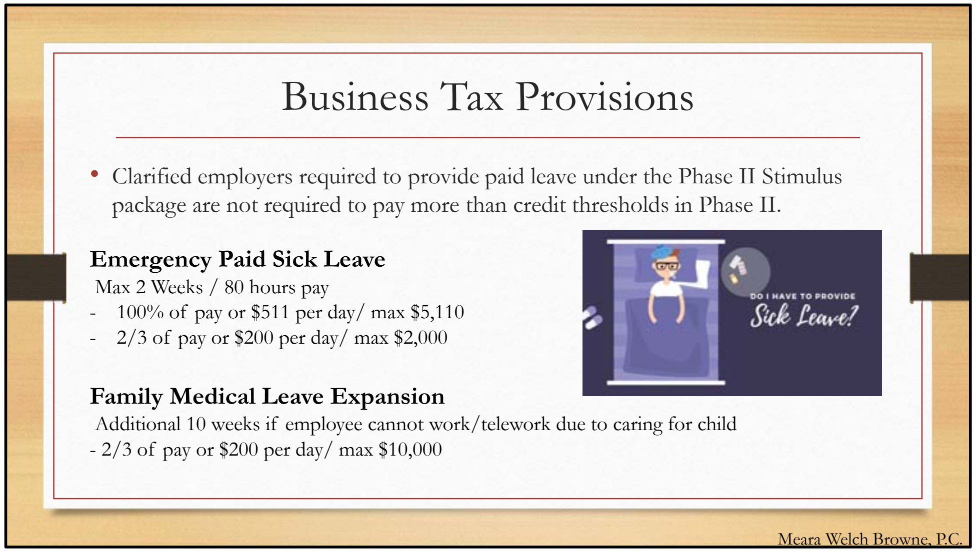
The triangle represents the total amount of the PPP Loan that can be forgiven.

PPP loan forgiveness is reduced by:

- EIDL loan advance.
- Emergency Paid Sick Leave credits.
- Family Paid Sick Leave credits.

If a PPP loan is received, you are disqualified from generating Employee Retention Tax Credits.

Businesses can defer Social Security payroll tax until a forgiveness decision has been made on the PPP Loan, then half of the total amount deferred is due December 31, 2021 with the other half due on December 31, 2022.



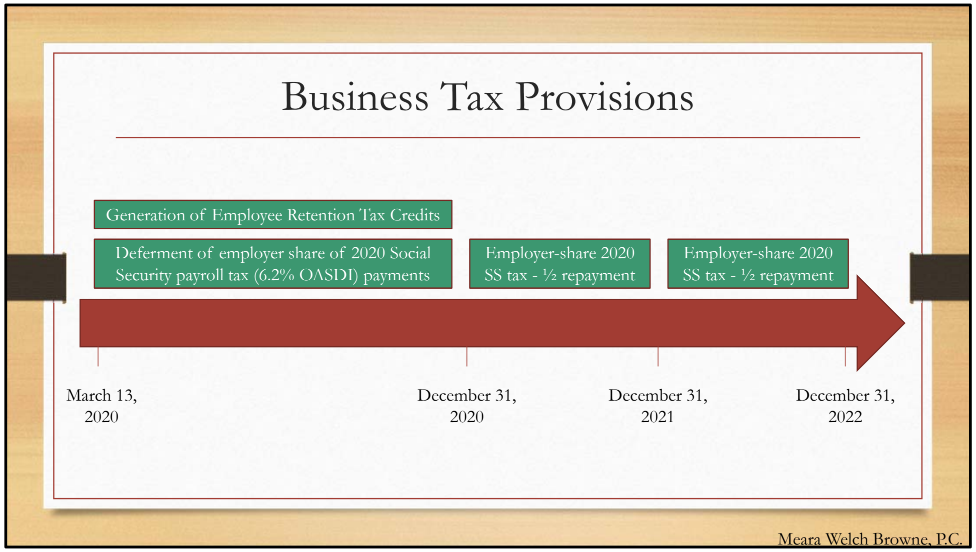
Emergency Paid Sick leave requires businesses with fewer than 500 workers to give qualified workers two weeks of paid sick leave if (1) quarantined under State, Local or Federal order, (2) quarantined due to guidance of a healthcare professional, or (3) seeking diagnosis or preventive care for coronavirus. These reasons are paid out at 100% of the employee's normal wage, and the employer receives the lesser of the employee's pay or $511/day of a tax credit, with the maximum of $5,110 per employee.

It also applies if they are (4) caring for someone under quarantine, (5) caring for children whose schools are closed or whose child care provider is unavailable because of the coronavirus, or (6) are experiencing symptoms of a similar condition specified by the HHS (US Dept of Health and Human Services), which is paid out at 2/3rds of the employee's normal wage. Employers will receive the lesser the amount paid out or $200/day of tax credits, with the maximum of $2,000 per employee.

Additionally, the Family Medical Leave has been expanded. This gives an additional 10 weeks of paid leave (so 12 in total) to people caring for children whose schools are closed or whose child care provider is unavailable because of the coronavirus. This is paid out at 2/3rds the employee's normal wage. Employers will receive the lesser of the amount paid out or $200/day of tax credits, with the maximum of $10,000 per employee.

Remember, PPP Loan forgiveness is reduced by any credits received under the paid sick leave provisions.

Guidance is expected to be issued later in April for exemptions of paying the Family Medical Leave for businesses with fewer than 50 employees, if doing such "would jeopardize the viability of the business as a going concern", but they must still give their employees paid sick leave. Companies with more than 500 employees are not obligated to give either kind of leave.



Provides a refundable payroll tax credit (the Employee Retention Tax Credit) for 50% of wages, including health benefits, up to $10,000 paid to each eligible employee during the COVID-19 crisis (March 13 to December 31, 2020). This credit is refundable or can be used against the employer's share of Social Security tax (6.2%). Businesses can also file with the IRS to receive an advance on the credit. The credit is available to employers whose:

- Operations were fully or partially suspended, due to a COVID-19 related shut-down order, OR
- Gross receipts declined by more than 50% when compared to the same quarter in the prior year.
- Exception - Eligible businesses with fewer than 100 workers can claim the credit, even if their employees kept working through the crisis.

The credit is *not* available to companies that take out a paycheck protection program loan. (You can still claim the credit if you take out an economic injury disaster loan.)

Allows employers to defer making payroll tax payments of the employer share of the Social Security tax (6.2% OASDI). Also allows self-employed individuals to defer paying half of the Social Security portion of their self-employment tax.

Deferred payments must be paid over the following two years, with half due by December 31, 2021 and the other half by December 31, 2022.

The combination of these two provisions provides a business with increased cash flow to pay their employees, while providing an incentive to keep paying their employees throughout the end of the year.

Business Tax Provisions

Tax Year NOL Incurred	Existing NOL Rules	CARES Act NOL Rules
2016 – 2017	3 year carry-back	3 year carry-back
	20 year carry-forward	Indefinite carry-forward
	No taxable income limitation	No taxable income limitation
2018 – 2020	No carry-back of NOL	5 year carry-back
	Indefinite carry-forward	Indefinite carry-forward
	NOL Limitation - 80% of taxable income	No taxable income limitation

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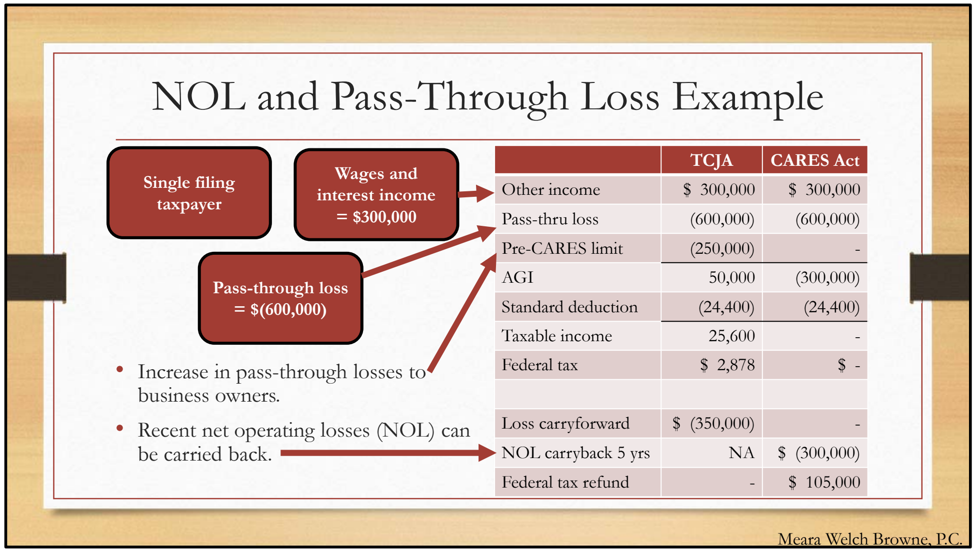
Allows net operating losses (NOL) from 2018, 2019, or 2020 to be carried back five years, and temporarily removes the 80% of taxable income limitation allowing an NOL to fully offset income.

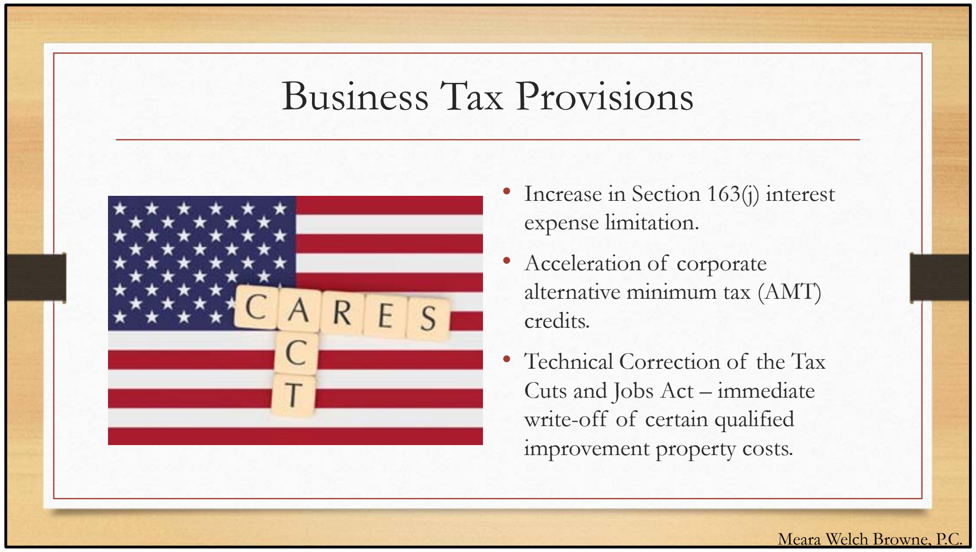
2018 NOLs that previously could only be carried forward can now be carried back.
Extension of the “easy” form (Tentative Carryback Adjustment Form 1139 & 1045) to be filed by June 30, 2020
2018 returns can be amended to incorporate business changes in CARES Act (163j limitations, QIP and the limit on pass-through losses).



The CARES Act also modifies the loss limitation applicable to pass-through business owners and sole proprietors to allow full utilization of business losses rather than a $500,000 limit ($250,000 for single filers) as required under the 2017 Tax Cuts and Jobs Act (TCJA).

<u>Example</u>
Single filer with wages and interest income of $300,000 and a pass-through loss of ($600,000). Assume filer in 35% marginal tax bracket in NOL Carryback year

- Under the TCJA, NOL carryovers were limited to 80% of Taxable Income calculated without regard to NOL deduction
    - CARES Act temporarily removes the 80% taxable income limitation to allow an NOL to fully offset income (2018, 2019, 2020)
- 2018 -2020 NOLs can be carried back 5 years - as early as 2013 when the highest marginal rate was 39.6% for individuals and 35% for corporations
- CARES Act temporarily modified the loss limitation for excess business losses (Section 461) arising in 2018, 2019, 2020
- Amended returns for 2018 losses should be considered.



Accelerates corporate alternative minimum tax (AMT) credits into 2019 (or 2018 with election) originally allowed over several years through 2021.

- The bottom line is that the **CARES Act** allows corporations to claim 100% of AMT credits no later than in 2019 (and, at least 50% for 2018). That is, these new provisions of are meant to accelerate a corporation's ability to obtain a cash refund for its carryforward of minimum tax credits following the TCJA's repeal of the corporate AMT.

Section 163(j)

For taxpayers subject to Section 163(j) interest expense limitations as required under the TCJA, increases the limitation on the ability to deduct interest expense from 30% to 50% of taxable income for 2019 and 2020. Practical application:

- Assume that a business had "adjusted taxable income" (ATI) of $7 million in 2019 but a negative ATI in 2020. Because of the above exception, the business could elect to deduct $3.5 million of interest expense in 2020 (50% of $7 million using ATI from 2019 instead of 2020), generate a larger loss, and then use the favorable new NOL provisions to carry back the loss to 2019 and receive a refund on some or all of the taxes otherwise paid.

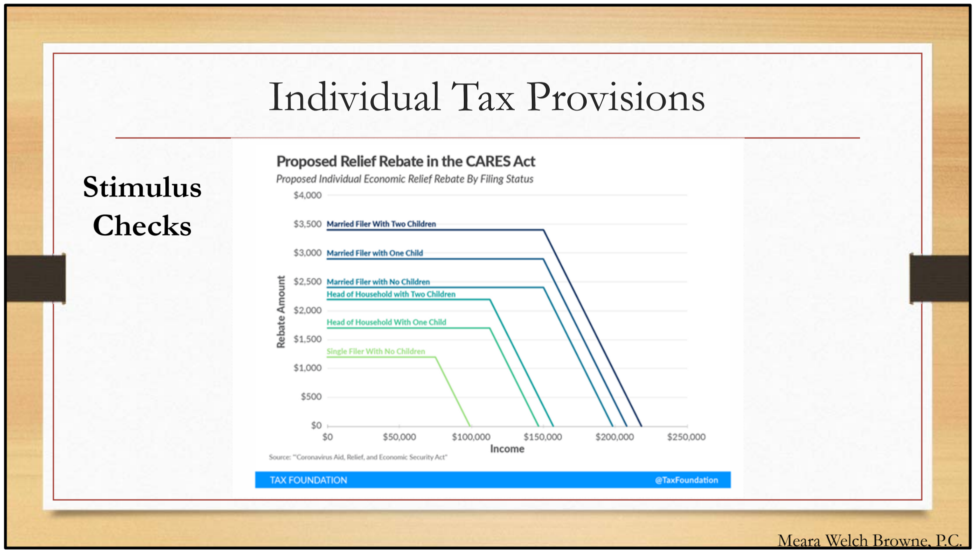
Technical Correction

Provides a technical correction for qualified improvement property enabling businesses to immediately write-off costs associated with improving facilities (correcting a drafting error in the 2017 Tax Cuts and Jobs Act (TCJA)).

Technical Correction of TCJA Example:

A taxpayer owning a chain of fast-food restaurants spent $1 million to make interior improvements during 2018. But, due to the glitch in the TCJA, these improvements had to be capitalized with depreciation deductions being spread out over the normal 39-year MACRS recovery period for commercial real estate. Now, with the technical correction to qualified improvement property (and, assuming that the 2019 return has *not* yet been filed), the 2018 return can be amended to take an immediate deduction for the $1 million (and, the mid-month depreciation deduction originally taken would be eliminated). And, if an NOL resulted, it could be carried back as far as the 2013 tax year (i.e., due to the new carryback provisions noted previously).

John Connors, "Comprehensive Analysis of CARES Act and Other Stimulus Provisions," 2020

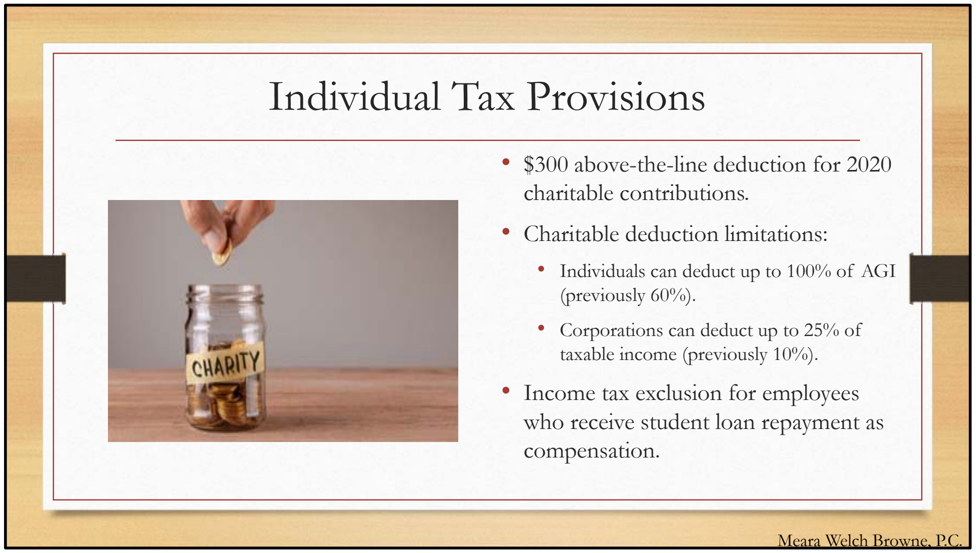


Checks or direct deposits up to $1,200 for single taxpayers and $2,400 for married joint filers plus $500 for each of the taxpayer's dependent children under age 17.

- Phaseouts ($5 for every $100 in income above the threshold) begin at $75,000 for single taxpayers and $150,000 for married joint filers, and phaseout entirely (for those without children) by $99,000 for single taxpayers and $198,000 for married joint filers.

Examples:

- Married filing jointly with an AGI of $175,000 with two children under 17 years old receive a check of $2,150.
- Married filing jointly with an AGI of $199,000 with two children under 17 years old receive a check of $950.
- Married filing jointly with an AGI of $100,000 with two children under 17 years old receive a check of $3,400.



$300 above-the-line deduction for charitable contributions made in 2020 – for taxpayers who take the standard deduction.

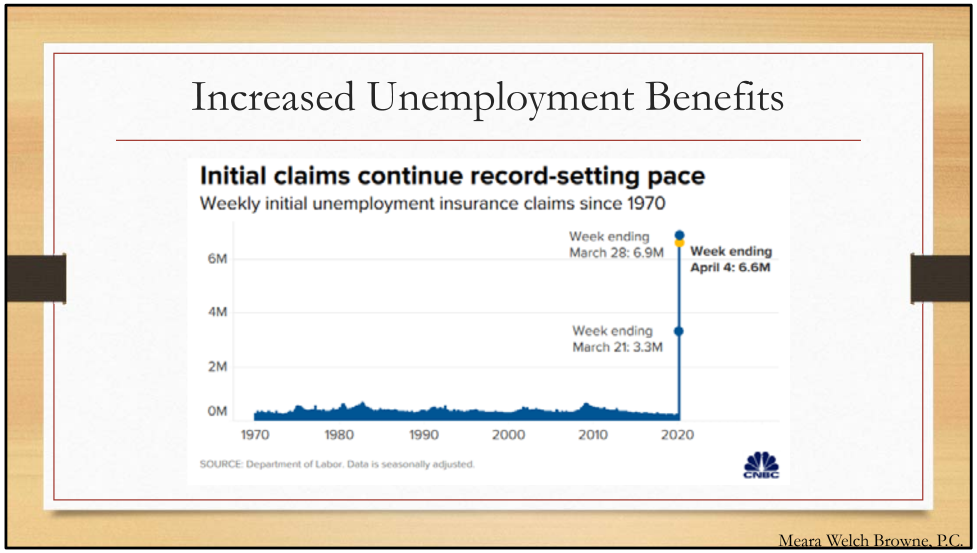
100% donation or $300 donation (for individual deduction "above the line") cannot be made to a donor advised fund, supporting organization, or private foundation.

Charitable deduction limitations relaxed by suspending the individual 60% of adjusted gross income limitation for 2020. (For corporations, the 10% taxable income limitation is increased to 25% of taxable income.)

- Travis and Kelsey - AGI of $250,000.
    - For years other than 2020 - maximum deduction of $150,000 in cash donations. (60% of $250,000)
    - For 2020 - maximum deduction of up to $250,000. Excess donation is carried forward to subsequent years. (100% of $250,000)

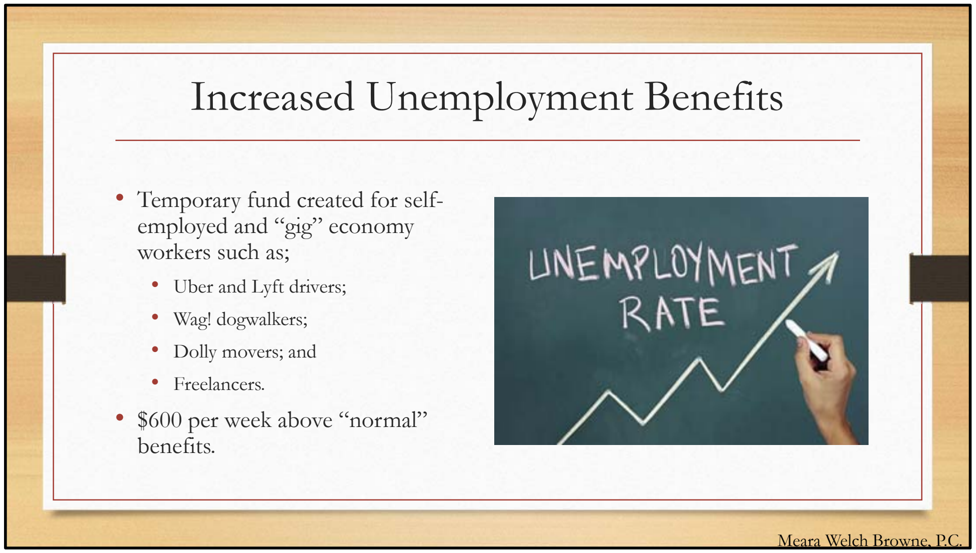
- Chiefs Corp. has taxable income of $250,000 before deducting charitable contributions.
    - For years other than 2020 - maximum deduction up to $25,000 in charitable contributions. (10% of $250,000)
    - For 2020 - maximum deduction of up to $62,500. Excess donation is carried forward to subsequent years. (25% of $250,000)

Income tax exclusion for employees who receive student loan repayment assistance up to $5,250 from their employer.



The DOL reported approximately 16.8 million American workers, making up about 11% of the US labor force, have filed initial claims for jobless benefits in just the prior three weeks alone.

Bank of America economists predict employers will cut between 16 million and 20 million jobs, with the unemployment rate peaking at 15.6% between now and June.

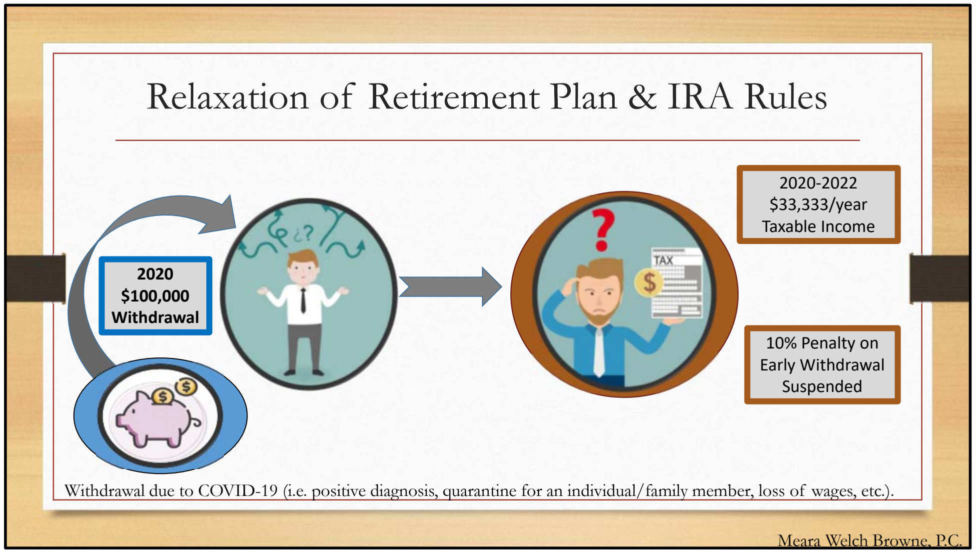


A temporary fund is created that provides unemployment to individuals who are not traditionally eligible for such benefits like self-employed people or workers in the "gig" economy.

An additional $600 per week above "normal" benefits is available for each recipient for up to 4 months.

States will be reimbursed by the Federal government for the additional week of benefits if they opt to start benefits immediately instead of waiting the traditional one-week waiting period.

An additional 13 weeks of federally funded unemployment benefits, through the end of 2020, for individuals who exhaust their state unemployment benefits.

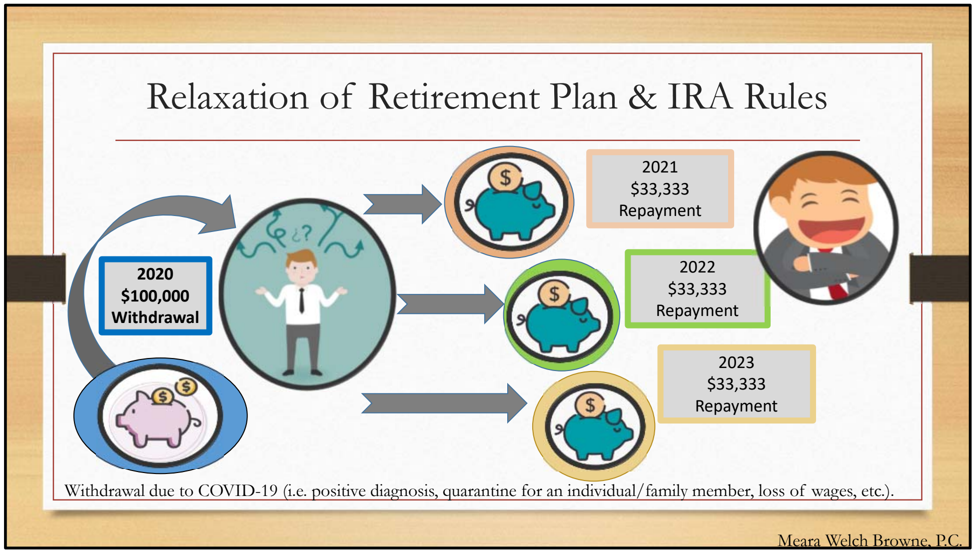


Temporary waiver of the 10% early withdrawal penalty for distributions from qualified retirement accounts for COVID-19 related purposes up to $100,000 per individual (i.e. positive diagnosis or necessary quarantine for an individual/spouse/dependent, loss of wages due to pandemic, etc.).

- Any such withdrawal will be taxed over 3 years in equal installments (or in the year withdrawn at the election of the taxpayer) and can be recontributed within 3 years without regard to the normal annual contribution limits or reported as income over 3 years.

Ex. Travis is diagnosed with COVID-19 in April, 2020 and is unable to continue working. Withdraws $100,000 from his IRA during 2020 to cover expenses.

- Travis is able to recognize $33,333 as taxable income in 2020, 2021 and 2022.
- Not subject to the normal 10% penalty on early withdrawals.

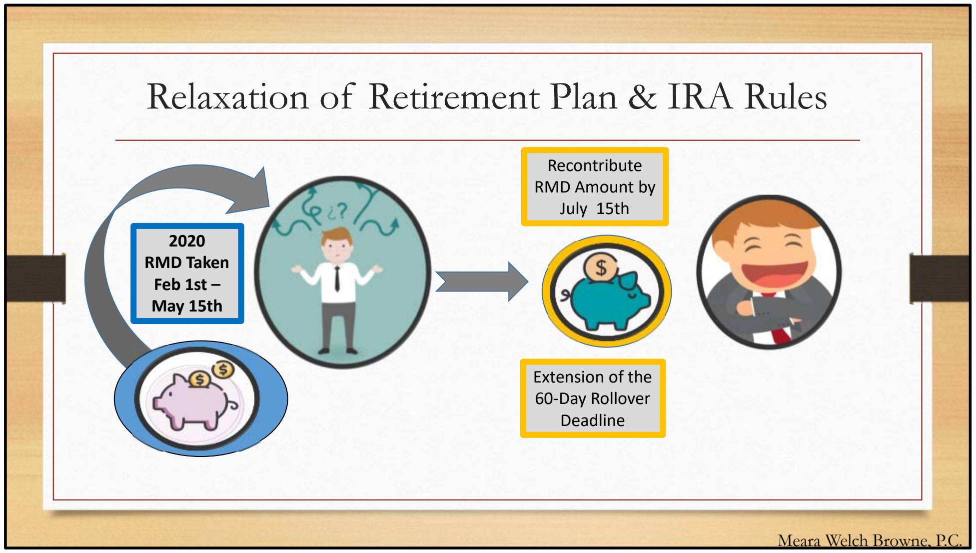


Individuals who meet the same criteria (i.e. positive diagnosis or necessary quarantine for an individual/spouse/dependent, loss of wages due to pandemic, etc.) can take loans equal to the lesser of $100,000 or 100% of the account balance (increased from the previous $50,000 limit or 50% of the account balance).

- Payments on loans due in 2020 from qualified plans can be deferred one year.

Ex. Travis is diagnosed with COVID-19 in April, 2020 and is unable to continue working. Travis borrows $100,000 from his IRA during 2020 to cover expenses.

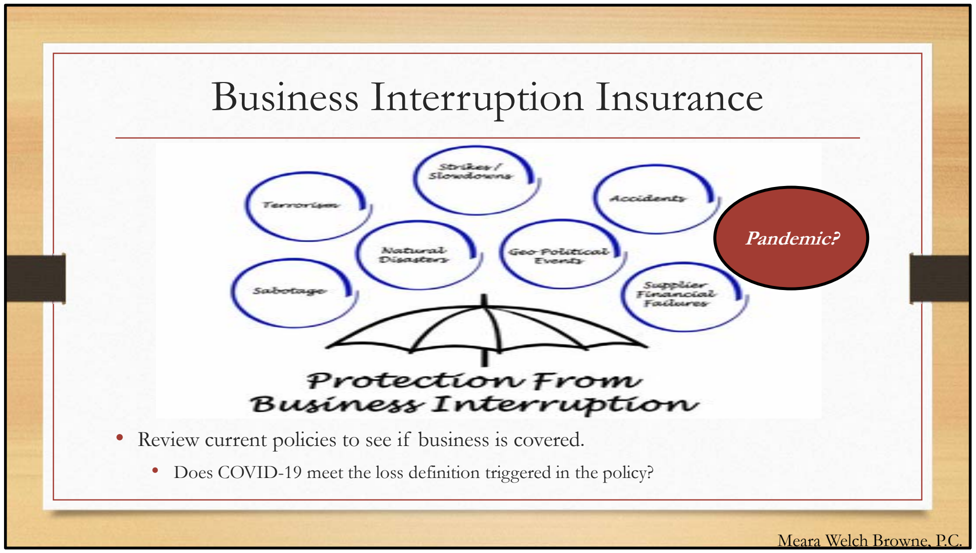
- He does not experience a tax consequence related the loan in 2020.
- He waits until 2021 to repay the loan and experiences no tax consequence.



For 2020, there are NO required minimum distributions (RMD) from qualified plans or IRAs. Applies regardless of age and includes;

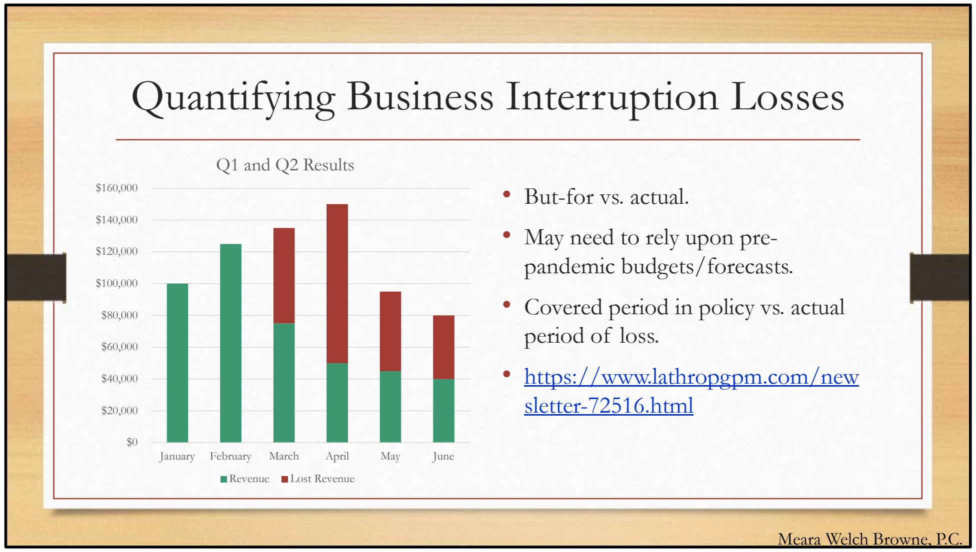
- Original account owners over age 70 ½;
- Original account owners who turned 70 ½ in 2019 but have not taken their distribution yet; and
- Inherited IRA beneficiaries of any age.

IRS issued notice that allows anyone who took an RMD between Feb 1 and May 15 to put the money back by July 15. Essentially an extension of the 60-day rollover deadline.



Review of Policies

- Review current policies to see if business is covered.
- Is there contingent business interruption coverage for the inability to secure essential supplies or provide goods and services?
- Are there sub-limits that cap or limit coverage?
- Is there a relevant "extension" or additional coverage?
- Is coverage expressly excluded altogether ("act of God")?
- BIG Business Interruption Group non-profit formed largely by restaurants to bring legal action in every state if insurers do not start paying.
- Federal subsidies for insurers may be inevitable.
- Potential legislation is being crafted in various jurisdictions which might force insurers to cover claims related to COVID-19.



<u>Quantifying Losses</u>

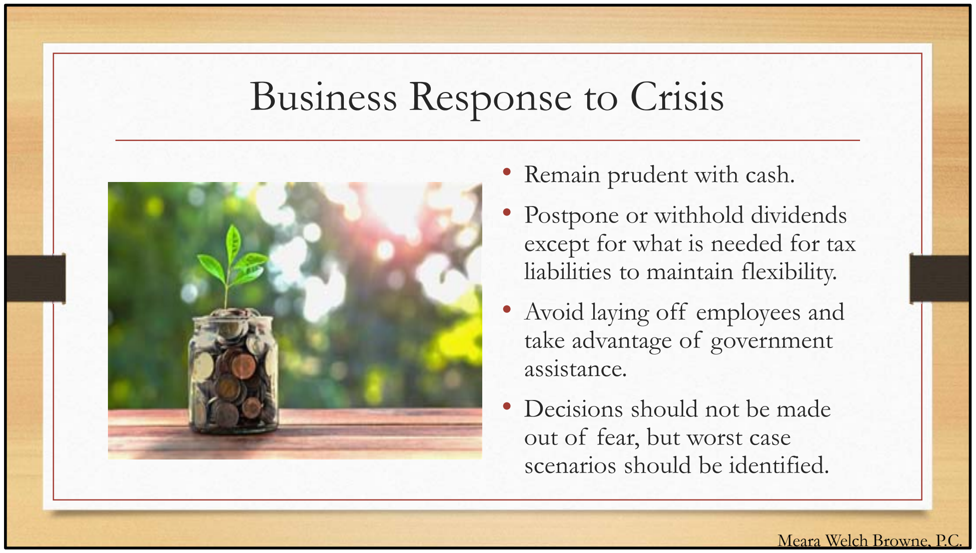
- But-for vs. actual, or what would have happened compared to what did happen
- Includes two elements of lost profits and extra expenses
- Revenues less non-continuing/avoidable/variable costs OR Lost profit plus continuing/non-avoidable/fixed costs = Total loss
- Some additional considerations may include:
    - Seasonality, Capacity constraints, Varying cost structures, Reasonableness of computed results
    - Financial discounting of future lost profits to present value; time value of money and “normal” or pre-pandemic risk
    - Mitigation – may actually be an increase to computed losses
    - Potential crossover between BI insurance and government financial assistance/stimulus?

<u>Basis for Projections</u>

- If the entire market, industry, economy, etc. is impacted but the even causing the BI loss, then traditional quantification methodologies may need to be adjusted for losses due to the pandemic
- There may be no un-impacted benchmark or yardstick to determine a reasonable basis for what should have happened (secondary location, industry and/or macro-economic data
- Is there any truly “independent” variable data available to regress and predict what the “dependent” variable should have been?
- May need to rely upon historical trending and/or pre-pandemic budgets or forecasts if available

<u>Loss Period</u>

- What is the covered period in the policy vs. what is the actual period of loss?
- Could the business be permanently impacted and/or potentially not be able to recover at all, and thus suffered a complete destruction or loss of business value instead of just lost profits/extra expenses?



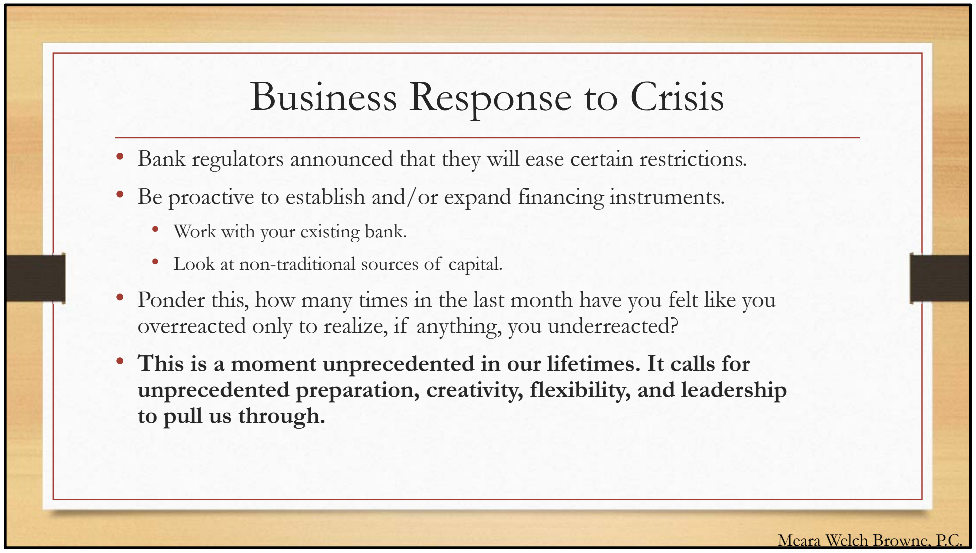
The most important thing a business can do right now is to be prudent with cash.

- Maintain liquidity in a time of great uncertainty.
- If you are not in a secure cash position, hold off on investments in new products, employees, infrastructure or locking into new contracts.

Postpone or withhold dividends except for what is needed for tax liabilities to maintain flexibility.

If needed, develop a plan for laying off or furloughing employees while helping them get available governmental support.

Decisions should not be made out of fear, but it is prudent to identify worst case scenarios in order to be prepared.



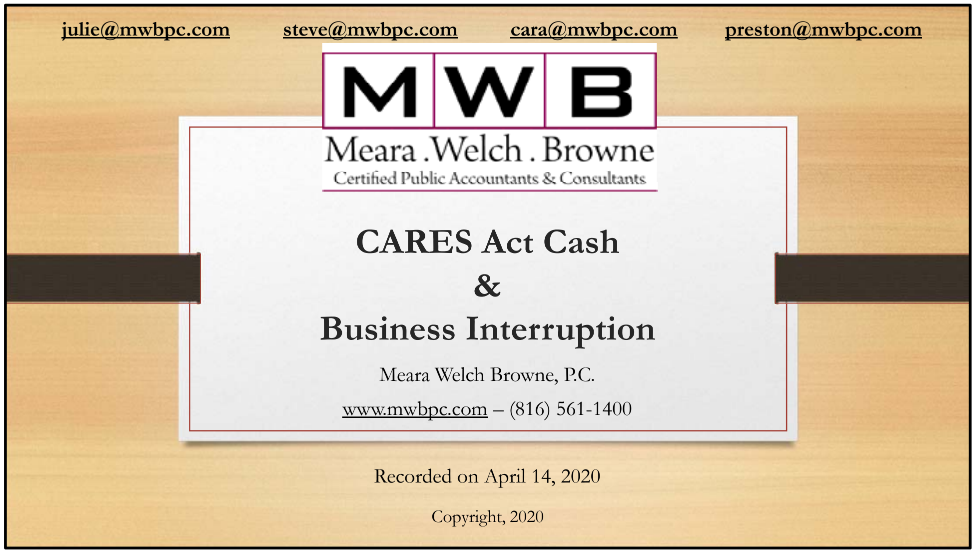
Bank regulators announced that they will ease certain restrictions that borrowers might normally face when seeking loan modifications and pledged not to criticize lending institutions for working with borrowers in response to the pandemic.

Be proactive to establish and/or expand financing instruments by either working with your current bank or looking elsewhere to more non-traditional and creative partners to secure capital.

- Both Missouri and Kansas have been granted eligibility by the US Small Business Administration (SBA) to allow for small businesses and nonprofits in the state to apply for low-interest disaster loans for working capital.

Don’t hoard cash or other goods but ensure you and your organization have what is needed to survive.

- Having a balanced portfolio of stocks and bonds so that your money keeps up with inflation, or even grows, makes sense. But retirees may want to think about having enough cash set aside for a year’s worth of living expenses and big payments needed over the next five years.



We hope you and your families remain safe and healthy during this unprecedented COVID-19 pandemic. If there is anything we can do to help, please let us know.

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