



COVID-19 Action Center
An ESOPTM Association Webinar



Overcome Your Cash Flow Challenge



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OVERCOME YOUR CASH FLOW CHALLENGE

TODAY'S AGENDA

I

Situational Assessment



II

**Proactive Internal Financial
Review & Initiatives**



III

**Third-Party Funding
Resource Management**



IV

ESOP Repurchase Obligations





I Situational Assessment



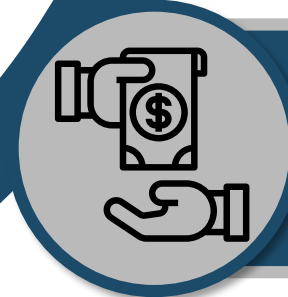
Are you in a mandatory shut-down State/County? Will you be?



Are you an Essential Business that can remain open?



Will your suppliers continue to supply?



Will your customers continue to buy?





II Proactive Internal Financial Review and Initiatives



- Conserve Cash – Prioritize Fixed & Variable Costs
- Accelerate Accounts Receivable
- Extend Payables
- Inventory Management (if applicable)

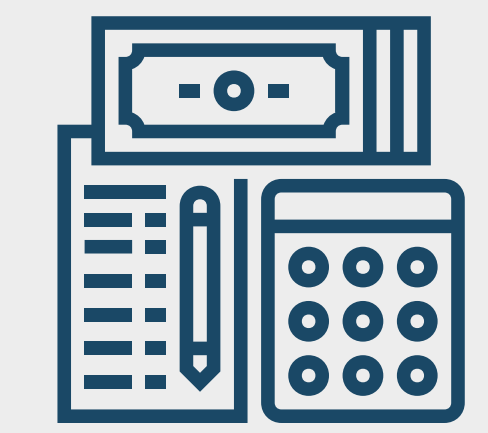
- Churn rate
- Seek lower cost of goods



- Defer Growth CAPEX
- Prioritize Maintenance CAPEX
- Measure Sensitivities



- Budget Review
- Rent Abatement Options
- Variable Cost Reductions
- Reduce Service Levels





III Third-party Funding Resource Management

Traditional Financing Sources – Commercial Banks:

1

REVOLVER DRAW



PRINCIPAL PAYMENT HOLIDAY

2

3

INTEREST ABATEMENT



COVENANT WAIVERS

4

5

WAIVE EXCESS CASH FLOW RECAPTURE



III Third-party Funding Resource Management (Cont'd)



Traditional Financing Sources (Cont'd):

Non-Bank Loan Market:



Stretch Asset-Based Lending



Distressed Liquidity Lines



Mezzanine Financing

Private Equity:



Institutional



Retail

III Third-party Funding Resource Management (Cont'd)

Secondary Financing Sources:

Government Programs



SBA Disaster Relief
Loans



Paycheck Protection
Program (PPP)



Payroll Tax Credit



Payroll Tax Deferral



Commercial Business
Interruption Insurance

Resources*

- U.S. Department of Labor: <https://www.dol.gov/coronavirus>
- U.S. Small Business Administration: <https://www.irs.gov/coronavirus>
- IRS Coronavirus Tax Relief: <https://www.sba.gov/disaster-assistance/coronavirus-covid-19>

III Third-party Funding Resource Management (Cont'd)



Secondary Financing Sources (Cont'd):

Secondary Financing Sources



Fin-Tech SMB Bridge Loans



Factoring Facilities



ESOP Seller Notes



Senior Management Team Reinvestment



RO Management Options:

- Plan Document Review
- Distribution Planning & Timing
- Termination, Diversification, & Segregation Practices
- Interim Valuation
- Covenant Waiver Requests
- Conversion to Notes



Key Considerations:

- Communications
 - Plan Participants
 - Trustee
 - Advisors: ESOP Counsel, TPA, Financial Advisor
- Historical Practices & Distribution Policy
- Plan Amendment
- Fairness Considerations
- IRS Discrimination Test
- Associated Fees





Thank You

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