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SPECIAL EDITION

HBK Dealership Solutions Group
Third Thursday Webinar Series

The Coronavirus Crisis: Impact of the CARES Act On Dealers and Their Dealerships

May 7th



Rex Collins, CPA, CVA

Principal

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Rex is a Principal of HBK CPAs & Consultants and directs the firm's [Dealership Solutions Group](#). He has worked extensively in the dealership industry since 1984 as a department manager, a general manager and an owner, as well as providing tax, accounting and operational consulting services exclusively to dealers as an independent CPA. This experience includes working closely with hundreds of dealers from coast-to-coast since 1987 on creative tax planning and financial statements issues. He provides clients with a wide range of transaction work services and consults for them in specialty areas such as operations, government regulatory compliance, valuations and M&A feasibility studies. Rex is active in many professional associations. He is the current Chairman of the BDO Dealership Industry Group, contributes articles and commentary to dealership industry publications, is frequently called upon to speak to industry associations and conferences, provides expert testimony, and is regularly quoted by industry and the general media.



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Jordan Baierl is a Manager with the [HBK Dealership Solutions Group](#), who specializes in tax, advisory and other consulting services for dealer clients across the country. Jordan works out of the firm's Pittsburgh, PA office. A graduate of Virginia Polytechnic Institute and State University (commonly known as Virginia Tech) where he received both a BS and Master's in Accounting.

Jordan has worked on a wide variety of client solutions with HBK, including but not limited to tax planning and preparation, financial statement preparation and review, store performance and control reviews, expense and margin benchmarking, buy/sell support and assistance with manufacturer dealer candidate applications. Jordan is passionate about the dealership industry and loves working together with people to solve complex problems.

Jordan successfully completed the National Automobile Dealers Association (NADA) Dealer Academy Training Program, a year-long, intensive program focusing on each dealership department, as well as leadership and financial success.



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Ron is a member of Stoll Keenon Ogen's Indianapolis office and joined the firm in 2018. He is Chair of the Auto Dealer Services practice and comes to the firm with decades of experience representing dealerships throughout the Midwest, Southeast and Northeast. He also lends his significant expertise to SKO's Business Services and Labor, Employment & Employee Benefits practice groups.

In his chair role at SKO, Ron works with hundreds of franchised auto, truck, farm implement and power sports dealers. His representation extends to non-dealer clients, including closely held corporations in manufacturing and service providers.

Ron is the lead outside counsel for the Automobile Dealers Association of Indiana, Kentucky Automobile Dealer Association, Indianapolis Auto Trade Association, and he has represented the Equipment Dealers Association and United Equipment Dealers Association and their members in various legal matters.

An attorney who is committed to sharing his knowledge with others in his profession, and staying on top of auto industry trends, Ron serves on the Board of Directors of the National Association of Dealer Counsel and several board subcommittees.

“Rapid change, accommodating it can be one of the great human capacities. But living through it can be the stuff of stress and often suffering”

- Ron Suskind

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What's new this week?

- Economic Uncertainty and Eligibility and Related Safe Harbor
- Rehiring of Employees Safe Harbor
- Tie-In to Employee Retention Credits
- Deductibility of PPP expenses
- <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>
- <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program#section-header-7>
- <https://www.congress.gov/bill/116th-congress/senate-bill/3548/text?q=product+actualizaci%C3%B3n>



What are some conditions that may lead to economic uncertainty?



How far out can I be looking to determine if I had economic uncertainty at the application date?

Our dealership has not experienced a significant decline in sales so far this year.

Are there any circumstances in which I am eligible?

What about ineligible?



Our dealership has experienced significant loss of sales and profits, but we have access to other forms of credit through bank financing.

Am I eligible for the PPP loan?

What about if I cannot obtain sufficient bank financing,
but I have independent wealth that I could make a capital
contribution into my store?



I'm part of a publicly traded dealership group. We could issue additional shares of stock to raise capital for the dealership. Are we eligible for the loan?

I've heard through the news that all loans over \$2 million dollars will be reviewed, and that other loans will also be reviewed by the government as appropriate.

What should I be doing to prepare in case my loan is selected for review?

I've decided to return my loan by May 14, 2020 after carefully analyzing my unique position.

Are there any other benefits available to me?

There are so many dates and date ranges involved in this program. Some of them in 2019 and other involving this time period and earlier in 2020.

Can you recap those again?

What is a full-time equivalent? Based on those date ranges, I am trying to understand how my current employment levels are going to effect my loan forgiveness.



Which impacts the forgiveness calculation more
increasing payroll dollars or increasing head count?

Someone told me if I offer someone their job back that I had previously laid off and they refuse, I won't be penalized on my loan forgiveness.

Is this true?

I already replaced them with someone I didn't really need because of this test. Can I terminate that person and still take advantage of this?

I had to reduce my team member's hours because of decreased demand and limiting the number of people in the dealership to comply with social distancing mandates.

How is this going to effect me?

I heard that if I rehire and restore people's pay by June 30, 2020 that I will not be penalized as if I had reduced headcount and wages during my 8-week time period.

Can I just do that towards the end of my 8-week period or right before June 30, 2020 and take advantage?

I decided to bring everyone back to restore payroll in line with the program's initiative, but my business is hurting right now.

I'm going to lay off a significant number of workers at the end of the 8 weeks. What kind of issues may I face with this?

Is your answer different if it's just a handful of employees?

Do we know yet if I am including eligible expenses on a cash basis or an accrual basis?

Do I have to spend the money in 8 weeks or by a certain date?

- Forgiveness calculation
- Eligibility for the loan

I'm starting to get confused by all the annualization and de-annualization of wages that accountants, attorneys, and bankers are talking about.

Do I have to keep the total pay per employee for the 8-week time period under \$15,384 ($\$100,000 * (8/52)$)?

Or do I have to keep each pay cycle under \$100,000 annualized?

Can I pay bonuses or increase pay during the 8 weeks to help with my wage comparison to the previous quarter for the forgiveness test?



I make an annual matching contribution to my employees' retirement plan. If I pay that during the 8-week period will that increase the amount of forgiveness?



What documentation do I need to apply for forgiveness?

How long will it take me to know what is forgiven?

What if I use the funds for an “ineligible use”?

What are my forgivable expenses?

I've read about a lot of lawsuits against businesses in response to COVID-19.

What if I have an employee or a customer get sick? Do they have any recourse against the dealership?

I have an employee who has possibly been exposed to the virus outside of work.

Do I have to send the employee home?

Can I send the employee home to self quarantine?

How will that employee be compensated while being self quarantined?



Join us next week

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The Coronavirus Crisis: Looking Past the Pandemic

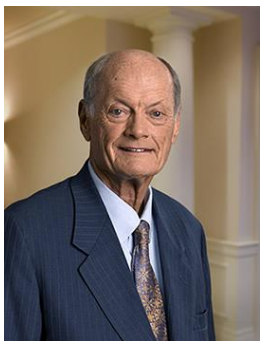
May 14th

Topic Subject to Change...

Registration link will be provided after this webinar.



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