Bentson Copple & Associates
Valuation, Transition & Recruiting Services

1-800-621-4664
www.bentsoncopple.com
info@bentsoncopple.com

On Friday, March 27th, the President signed the Coronavirus Aid, Relief, and Economic Security Act – or the "CARES Act". The CARES Act is the largest stimulus package in the nation's history, totaling approximately $2.3 trillion to assist individuals and businesses in the U.S. Our team at Bentson Copple & Associates has been reviewing drafts of the Act while it was being presented in the Senate and has continued to review it after the bill was signed into law this past Friday. It is an extremely long (880 pages) and complicated bill that provides many incentives and stimuli for individuals and businesses. Below is a summary of the sections that are of most importance to our clients and their teams, followed by FAQs related to the CARES Act and FAQs related to Practice Valuations and Transitions.

Also, please note that all sections of the CARES Act are still being interpreted by experts, and our interpretation and comments below are subject to change as additional information is obtained. Due to the complexity of the Act, all of this information is generalized, and all businesses and individuals that wish to take advantage of the benefits in the Act should consult their personal CPA and/or attorney. There are many other sections of the Act that are not covered below.

Click here to read and download the Final CARES Act.

Click here for SBA Interim Final Rule issued on 4/2/2020 regarding the PPP Program.

Section 1102: Paycheck Protection Program ("PPP")

This section (and the related Section 1106 outlined later herein) is the provision most of our clients have heard about and many are asking how they can take advantage of this forgivable loan. This section provides for businesses with less than 500 employees to be provided a loan under section 7(a) of the Small Business Act (SBA) that is guaranteed by the government. If certain conditions per Section 1106 of the CARE Act are met, the loan is forgivable (i.e. does not have to be repaid). These loans are referred to as 'PPP Loans.' There are several definitions to be aware of in this section:

1. Covered period is between February 15, 2020 and June 30, 2020, which basically means the loan must be applied for and proceeds disbursed to the borrower prior to June 30, 2020. Although the bill was passed on March 27, the covered period starts on February 15, 2020 because if certain other SBA loans (e.g. an EIDL loan) were obtained prior to the Act going into effect, the bill covers such loans, and these loans may be converted to a PPP loan if certain criteria are met.

2. Payroll costs means the sum of salary, wages, paid time off (vacation, parental, medical or sick leave and severance), group health care benefits (only the portion that is paid by the practice on

behalf of employees), payment of any retirement benefit (e.g. employer contribution on any retirement plan), and payment of state or local tax assessed on the compensation of employees. However, the compensation of an individual employee in excess of an annual salary of $100,000 shall not be included in the calculation of the maximum loan amount. Further, it does not include employer paid FICA taxes or taxes withheld on behalf of the employee for the payment of income or FICA taxes.

3. <u>Maximum loan amount</u> is 2.5 times the average total monthly payroll costs (i.e. all items above) incurred during the one-year period before the date on which the loan is made (but other pay periods can be used in certain circumstances). Thus, if a practice's total average monthly payroll costs are $50,000, the maximum amount of the PPP loan would be $125,000.

The PPP loan can then be used to pay the following allowable expenses:

1. All payroll costs outlined above.
2. Interest incurred on mortgages (not principal payments) in force before February 15, 2020.
3. Real estate leases/rent on agreements in force before February 15, 2020.
4. Utilities for services in force before February 15, 2020.
5. Interest (not principal) incurred on any other debt obligations that were outstanding prior to February 15, 2020.
6. However, per guidance provided by the Treasury Department on April 1, 2020, not more than 25% of the forgiven amount may be used for non-payroll costs.

To obtain the covered loan, the borrower must make a good faith certification that the business has suffered due to the Coronavirus and acknowledge that the loan proceeds will be used to retain workers and maintain payroll, and make mortgage payments, lease payments and utility payments. It seems that every orthodontic practice in the country will qualify for this loan due to required shut downs in every state.

There is no personal guarantee for the loan, and the interest rate on the covered loan will be no more than 4.0%. However, per guidance provided by the SBA on April 2, 2020, the interest rate will actually be 1.0%.

Interest and principal payments on the covered loan can be deferred for up to 6 months. The loan term is 2 years but may be prepaid at any time.

Section 1106: Loan Forgiveness

The PPP loan will be forgiven and the borrower will not be required to repay the loan if the funds are used for certain approved purposes that are paid during the 8-week period beginning on the date that the loan is obtained. Note that this 8-week period is defined as the "covered period" in this Section 1106. Also, note that the covered period for this loan forgiveness section is different than the covered period for the PPP loan itself. Basically, the PPP loan can be applied for anytime between February 15, 2020 and June 30, 2020 (the covered period for purposes of obtaining the PPP loan). The covered period for the loan forgiveness section means that the funds obtained from the PPP loan must be used on the allowable expenses during the covered period (i.e. the 8-week period after the PPP loan is obtained) in order for the loan to be forgiven.

As long as the PPP loan is used to pay payroll costs, interest on loans, rent, and utilities (electricity, gas, water, transportation, telephone or internet access) during the 8-week covered period, the loan is eligible to be forgiven. However, the compensation of an individual employee in excess of an annual salary of $100,000 is not an allowable use of the loan proceeds that can be forgiven (just as such excess earnings are not allowed to be included in the payroll costs when calculating the amount of the PPP loan). <u>In addition, per guidance provided by the Treasury Department on April 1, 2020 and the SBA's Interim Final Rule on 4/2/2020, not more than 25% of the forgiven amount may be used for non-payroll costs</u>.

The amount of the loan forgiveness will be reduced if the number of full-time equivalent employees is not maintained or if employee compensation levels are not maintained. Employees laid off or salaries reduced between February 15, 2020 and April 26, 2020 will not be factored in to the forgiveness reduction above if employee and compensation levels are corrected by June 30, 2020. In general, the goal of the loan forgiveness is to encourage businesses to rehire employees previously laid off/furloughed and/or maintain employee levels and compensation at levels prior to the start of the COVID-19 crises, and if such levels are not maintained, some portion of the PPP loan must be repaid. The Treasury Department provided the following simplified language on April 1, 2020:

- Number of Staff: Your loan forgiveness will be reduced if you decrease your full-time employee (FTE) headcount.
- Level of Payroll: Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than $100,000 annualized in 2019.
- Re-Hiring: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

Several have asked us how the number of FTEs will be calculated. There may be specific guidance in the future with this, but just know that however FTEs are calculated for the period prior to the Coronavirus crises will be calculated in the same manner as FTEs are calculated during the PPP covered period for repayment. Thus, as long as you hire back your employees, the number of FTEs should be similar. Also, remember that if you do not fully restore the number of FTEs, then your payroll costs should be reduced due to fewer FTEs. This simply means that you received more loan proceeds than necessary to pay employees, and you will have to repay the loan proceeds. A portion will not be forgiven, but they were also not actually used for payroll costs and therefore can be used to repay the loan. The primary purpose of this loan is to pay employees. If you do not use it primarily to pay employees, then you will repay the loan rather than having it forgiven.

If the loan proceeds are not spent on approved expenses or employee counts/compensation is reduced below a certain level, a portion of the loan must be repaid and is not forgiven. The amount that is not forgiven must be repaid per terms above (2 year loan at 1.02% interest, prepayment allowed at any time).

The amount of loan forgiveness can be up to the full principal amount of the loan and any accrued interest.

Unlike all other debt forgiveness, the amount of the PPP loan forgiveness is not included in the gross income of the recipient and is not taxable.

Section 2301: Employee Retention Credit for Employers Subject to Closure Due to COVID-19

The provision provides a refundable payroll tax credit for 50% of wages paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19-related shut-down order, or (2) gross receipts declined by more than 50% when compared to the same quarter in the prior year.

The credit is based on qualified wages paid to the employee. For eligible employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shut-down order. The credit is provided for the first $10,000 of compensation, including health benefits, paid to an eligible employee. The credit is provided for wages paid or incurred from March 13, 2020 through December 31, 2020.

This credit cannot be claimed for any wages paid by an SBA loan, including the PPP loan.

Section 2104: Emergency Increase in Unemployment Compensation Benefits

This section does not apply specifically to the doctor, but should be beneficial to practice employees that were or will be laid off or furloughed by the practice. Unemployment benefits (we have seen this referred to as unemployment insurance or 'UI') are administered by the states, and the weekly amounts and time periods that unemployed individuals can receive unemployment benefits vary from state the state. The CARES Act increases the time period that an employee can receive unemployment benefits by allowing the unemployed individual an additional 13 weeks of unemployment compensation from the federal government in the event the state does not extend the benefits by such time period.

This section also increases the unemployment compensation by $600 per week for up to 4 months – the period beginning on the effective date the CARES Act and ending on July 31, 2020. For example, if the state unemployment compensation is for 26 weeks at $350 per week, the unemployed individual is allowed to receive $950 per week ($350 from the state, plus $600 from the federal government) through July 31, 2020. The benefit then reverts to $350 per week after July 31, but will extend for an additional 13 weeks beyond the states' typical 26-week period from the original date unemployment benefits were claimed.

Owner-doctors and family members receiving W-2 wages from their respective S-Corporations or C-Corporations may be eligible for state unemployment benefits while the practice is closed. You should inquire with your respective state agency.

Section 2201:2020 Recovery Rebates for Individuals

This section also may not apply specifically to the doctor, but should be beneficial to practice employees. All U.S. residents with adjusted gross income up to $75,000 ($150,000 married), who are not a dependent of another taxpayer and have a work eligible social security number, are eligible for a $1,200 ($2,400 married) rebate. In addition, they are eligible for an additional $500 per child. This is true even for those who have no income, as well as those whose income comes entirely from non-taxable means-tested benefit programs, such as SSI benefits.

For the vast majority of Americans, no action on their part will be required in order to receive a rebate check as IRS will use a taxpayer's 2019 tax return if filed, or in the alternative their 2018 return. This includes many low-income individuals who file a tax return in order to take advantage of the refundable Earned Income Tax Credit and Child Tax Credit. The rebate amount is reduced by $5 for each $100 that a taxpayer's income exceeds the phase-out threshold. The amount is completely phased-out for single filers with incomes exceeding $99,000, $146,500 for head of household filers with one child, and $198,000 for joint filers with no children.

FAQs From Clients on the New CARES Act and Their Individual Transition Plans

FAQ #1:
Does my practice qualify for the forgivable PPP loan?

A: It seems that nearly every orthodontic practice would qualify for a PPP loan because of the ADA's directive that all non-elective dental procedures be halted and because most states and state dental societies imposed similar shut-downs. All practice types are eligible for the loan – e.g. C- and S-corporations, sole proprietorships, independent contractors and eligible self-employed individuals.

FAQ #2:
How do I apply for a PPP loan?

A: The loans will be handled through most traditional banks, and you should first speak with your local banker. As of this writing, there is not a process in place to apply for these loans. The forms to complete the PPP application are a simplified 2-page form (plus 2 pages of instructions). It is also expected that funds will be disbursed quickly once the application is completed and evidence verifying the amount of the loan is provided. Stay in touch with your local banker to determine when the application process can be started.

Link to the application (for informational purposes; still speak with your bank before completing):

https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf

FAQ #3:
What should I do in preparation of applying for the PPP loan?

A: Start speaking with your local bank about the process and when the application will be available. Begin gathering all reports and invoices to calculate the total monthly payroll costs. These will include:

- Monthly and/or quarterly payroll reports for calendar 2019 and first quarter of 2020 (actual time period used for loan amount calculations could vary per the Act). These reports should provide employee compensation, paid time off, and employer taxes paid on such compensation.

- 2019 Employees – 1099's for 2019 employees and independent contractors that would otherwise be an employee of your business.
- Invoices for premiums on group health plans for 2019 and 2020. You will need to determine the amount the practice actually pays on behalf of the employees (gross premiums, minus the amounts withheld from employees' pay to cover their portion of the premium).
- Retirement plan reports for 2019 that detail the employer portion of retirement plan contributions.

By having all of this information available, you can calculate the expected amount of the PPP loan and ensure your application is processed quickly when you decide it is the right time to formally submit the application and request the loan to be disbursed.

FAQ #4:
When (or how quickly) should I apply for and obtain the PPP Loan?

A: This depends on your specific situation. You may want to consider waiting to obtain the loan until all stay at home mandates or directives by the ADA, local governments, state societies, etc. are lifted and your practice is allowed to operate freely. This is for the following reasons:

- With increased unemployment benefits provided by the CARE Act (up to an additional $600 per week in addition to current state unemployment benefits), it may be just as beneficial to your employees for them to receive full unemployment benefits rather than to work part-time in your practice if not truly needed (as this drains your cash balance if little to no revenue is coming in during the mandated office closure). This unemployment benefit extends through July 31, 2020, but the start date when unemployed individuals will receive it may vary from state to state.
- The PPP loan proceeds must be used during the 'covered period' which is the 8-week period immediately after the loan is funded. And, the loan proceeds must be used on allowable expenses, which includes payroll costs. If your practice is not up and running at or at least close to operating levels prior to the Coronavirus-related closures, there is no reason to obtain the PPP loan too early.
- Practices have until June 30, 2020 to obtain the PPP loan.
- Thus, waiting until the practice is open again may be the best option because your employees will be taken care of through the increased unemployment benefits, and you can take full advantage of the PPP loan proceeds and loan forgiveness once the practice is operating with a complete (or nearly complete) team.
- However, this also depends on how many team members you need while your practice is closed. Some practices are doing virtual monthly treatments and need more team members during the closures. Others are not and can manage rescheduling or communicating primarily with complicated or emergency cases only with the doctor and a couple of team members.
- Remember that 75% of the loan proceeds must be used for payroll costs in order to be forgiven. Thus, once the loan is obtained, it would be most beneficial to re-employ most, if not all, or your team.

In any event, you should not delay compiling all of the pertinent data to calculate the loan amount and prepare your application. However, you may want to wait to submit the application and obtain the funds closer to when the practice will be opening again.

Big caveat on timing: Approximately $350 billion has been appropriated to support small business. Although there is plenty of chatter from members of Congress that this program will be extended, if necessary, we can only relay on the guidance that is in place. The SBA Interim Final Rule released on 4/2/2020 (link at the top of this document) on page 2 states: "Applicability Date: This interest final rule applies to applications submitted under the Paycheck Protection Program through June 30, 2010, or until funds made available for this purpose are exhausted." The same document states on page 13 under Section 2. "What Borrowers Need to Know: (m) Is the PPP 'first-come, first-served?' Yes."

So, there is the possibility that the program runs out of funds, the program is not extended, and loans are no longer granted. Thus, get all of your information compiled and stay in communication with your banker to determine if you should submit the application sooner than expected/planned.

FAQ #5:
Can owners' compensation be included in the payroll costs when calculating the amount of the PPP loan (payroll costs x 2.5)?

A: This is a bit of a gray area. It appears that owners' W-2 wages, up to the maximum $100,000 per year, can be included when calculating the maximum PPP loan amount. The owners' W-2 wages are readily available for practices that operate as S-corporations and C-Corporations. Section 1102(a)(2)(A)(viii)(I)(bb) states that "the term 'payroll costs' means the sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than $100,000 in 1 year…" The language does not specifically mention partnerships or limited liability companies (LLCs), although the language "net earnings from self-employment" should cover these types of entities. Thus, it appears that owners' compensation can be included in the calculation of the maximum PPP loan amount for all types of operating entities, but this must be clarified and verified by your personal CPA or attorney.

It is noted that the final PPP loan application issued on 4/2/2020 now includes LLCs and Partnerships as entity options to be selected when completing the application. Thus, it appears all ownership compensation from any type of entity or operating structure will be includable.

Also, we have many clients that operate as a partnership of professional corporations. This is where the operating entity is a partnership or LLC (it collects the patient fees, employs the staff, pays expenses), and this partnership is owned by the individual doctor's S-corporations. The partnership's profits are distributed to the doctor's S-corporations, and the doctors are then paid W-2 wages from their own S-corporations. Our understanding is that the multiple entities will be viewed as affiliated entities for purposes of calculating the payroll costs and the amount of the PPP loan. Thus, the payroll costs for the partnership and the owners' S-corporations will be aggregated and used in the amount of the PPP loan the operating entity will receive. As with all of these examples, consult with your own tax advisor on your specific situation.

FAQ #6:
Can the owners' compensation be part of 'payroll costs' and considered an allowable use of the PPP loan proceeds that will be forgiven?

A: Similar to above, 'payroll costs' in section 1106-Loan Forgiveness has the same definition as 'payroll costs' in section 1102- Paycheck Protection Program. Thus, earnings for owners in any type of entity or operating structure will be included in payroll costs as allowable use of the PPP loan proceeds.

FAQ #7:
I am an S-corporation orthodontist working as an independent contractor for another practice. Do I apply for the PPP Loan or does the practice for which I work apply for the PPP Loan?

A: The CARES Act was not clear on this point. However, the SBA Interim Final Rule released on 4/2/2020 (link at the top of this document) on page 11 states: "(h) Do independent contractors count as employees for purposes of PPP loan calculations? Answer: No, independent contractors have the ability to apply for a PPP loan on their own so they do not count for purposes of a borrower's PPP loan calculations."

Thus, it is now clear that if you work for a practice as independent contractor, whether you are an entity (S-corp, LLC) or an individual, you, as the independent contractor, must apply for the PPP loan yourself. The orthodontic practice for which you work cannot include you in its own PPP loan calculation.

FAQ #8:
I still have student loans outstanding. Can I defer my monthly student loan payments?

A: Section 3513 of the CARES Act includes temporary suspension of payments for federal student loans until September 30, 2020. During this time, interest will not accrue on the outstanding balance. In addition, the payments owed during this period of suspension are deemed paid, which reduces your outstanding loan balance. Involuntary collections related to the loan are also suspended during this time (e.g. wage garnishment). However, these provisions relate only to Direct Loans and Federal Family Education Loans (FFEL loans) that are currently owed by the U.S. Department of Education (i.e. federal loans). It does not apply to private loans. Regardless, loan borrowers should call their lender to verify eligibility.

For dentists who are currently paying down student loans, it's possible that a private lender may offer the option to refinance your loans at a lower interest rate, providing that you qualify. Since only private lenders offer student loan refinancing, the decision to refinance and move any federal loans will make those obligations private loans. Be aware that those with private loans may miss out on the benefits in the CARES Act outlined above.

<u>Transition Related FAQs</u>

FAQ #9:
How will the Coronavirus pandemic and the mandated closure of my office affect the value of my practice?

A: This depends on many factors. There is no clear answer because it depends entirely on how much longer the pandemic causes practices to be closed and when you plan to sell your practice. If it passes quickly and offices are re-opened in mid to late April (unlikely), it is much more likely that the practice returns to normal, patient flow returns to normal, and thus, the practice value returns to normal. This is particularly true if you do not plan to sell your practice in the near term. However, if the crisis continues and practices are closed for several more months, it could affect patient behavior as more patients may not be able to afford discretionary orthodontic care or they may not be comfortable from a health perspective to have elective dental procedures performed. In any event, we feel time will correct this unprecedented anomaly, and practices will return to normal. How long that takes will obviously depend on the length of the crisis. If you need to sell your practice in the very near term (say, for health reasons), it is very likely that the value will be re-assessed and the purchase price reduced.

We have heard of some sellers wanting to sell in the very near future and are agreeable to a price reduction, but want to include an earn-out provision where the price can be increased to the original value if patient flow and production return to normal. In our opinion, it is unlikely that a buyer who is an individual orthodontist that plans to own and operate the practice him or herself will agree to such a model. They are not willing to include an earn-out that increases the price while they are taking on the risk of ownership and debt in such uncertain times and working harder than normal to rebuild the practice. However, such incentives or earn-outs may be likely in sales to DSO-type buyers or other orthodontic practices where the seller will continue to work for the buyer as an associate and take part in rebuilding and increasing production post-sale.

FAQ #10:
If I am a younger doctor and planned to purchase a practice in the near future, what do I do?

A: The short answer is that you must delay the transaction, or consider renegotiating the purchase terms. The fact is that unless you are already approved for the loan and planned to close very soon, you likely cannot obtain financing for a purchase in the current environment (see FAQ on what lenders are saying below). However, in this environment, it is also nearly impossible to find an employment opportunity until practices throughout the country re-open. It is not an ideal situation (understatement of the century, I know!).

FAQ #11:
If I planned to bring on an associate or younger partner into my practice in the near future, what should I do?

A: Again, the answer depends somewhat on timing. Many of the partnership transactions we are involved in typically have the younger orthodontist joining the practice as an associate in the summer. The associate will work in the practice as an associate for a year or so and then start buying into the practice. This situation is at least a 2-part question:

First, do you still have the orthodontist join the practice as an associate this summer? Depending on the size of your practice prior to the mandated closures (bigger practices can obviously handle a downturn and still take on an associate), your relationship with the planned associate (e.g. family member or great friend whose joining has been planned for a long time, vs. a casual relationship where each party wanted to test the possibility of a partnership), and your individual situation (Do you need a partner? Are you adding an associate to slow down and provide more flexibility? Can you take an income hit while the practice rebounds?), your decision to add the associate will vary greatly, and it will ultimately be up to you as to whether you want to proceed with the association period or not. We can only prompt you to contemplate the questions you need to consider to help you make your decision.

Some of our clients are proceeding with adding the associate, but at a reduced schedule and reduced pay until the practice rebounds. Also, the promise of a partnership is dependent almost entirely on the practice returning to its former production levels. This is because a partnership plan may not work if the practice declines rather than grows. One of the primary reasons our clients add a partner is because their practice is growing too much for them to handle by themselves. If growth is questionable, the partnership plan may no longer be viable purely from a financial and business standpoint.

The second part of the question is whether the partnership plan needs to be altered, or practice value decreased based on the current crises and temporary office closure. In general, our opinion in a partnership transaction is that the plan that has been created and agreed upon by the parties (or what the seller has been expecting if the plan has not yet been presented to the future partner) should not be altered materially. It may be best to delay the start of the buy-in/partnership rather than materially alter the terms. This is because, as stated above, most owners only entertain partnership transactions for specific reasons – most often that the practice is growing and adding a partner will allow the practice to continue to grow. If the Coronavirus crises causes the practice to decline and creates concern for future growth, the current owner will most likely only delay the plans rather than accept a materially lower price or enter into a partnership that simply decreases their compensation. By definition, when selling an ownership interest, the owner is giving up a portion of the future profits. If future profits are expected to be less than historical levels, the current owner is much less likely to want to give up the future profits. Time should allow the practice to return to normal, and a seller is not willing to accept a lower price or agree to concessions based on a short-term, once-in-a-lifetime anomaly that temporarily affects the practice's operations and value.

We can discuss your individual transactions at your convenience as your specific situation and goals for considering the partnership in the first place will help guide us in deciding what to do.

FAQ #12:
If both parties want to proceed with a transaction (whether a 100% buy-out or a partial buy-in and partnership arrangement), are banks still lending in the current environment?

A: We have spoken with several large dental lenders, and they are very cautious at the moment. They are still accepting applications for acquisition loans for future transactions, but most have halted closings that were planned to occur in April and May. They want to see when practices are allowed to re-open and see if patient flow returns to normal. Most lenders are also allowing current clients (e.g. a borrower who purchased a practice in the past and still has an outstanding acquisition loan) interest-free 90-day deferral on loan payments. New buyers would also need 90-day payment deferrals. Thus, it makes more sense to delay the transaction rather than close on the deal in the current environment. The lenders will also likely become stricter on borrower liquidity requirements, meaning the borrowers will need more savings, possibly up to 10% or more of the requested loan amount, and less credit card liabilities to qualify for future loans. The current crises may also mean that smaller, local banks are less aggressive in pursuing dental transactions going forward.

FAQ #13:
I am a non-owner associate in an orthodontic practice and have been furloughed with no pay. What do I do?

A: The reality is that you are an employee (or independent contractor) just like every other practice employee. And, just like every other practice employee, when the office is closed, there is no work to do and you will most likely not be paid unless the owner makes a personal and discretionary decision to try to pay employees as future revenues dry up. Many associates have made the point that orthodontic practices are still collecting monthly revenue through automatic drafting of patient's monthly fees. This may be true, but you have to realize that the offices are required to be closed per ADA guidelines and often state mandates. New case starts are not occurring, and it's unclear when normal operations will resume or if monthly revenues will continue. Orthodontic practices, like any other business suffering from this crisis, must make a business decision on how to allocate resources and stretch their remaining cash balances to pay bills and ensure they can survive this crisis and eventually re-open.

As an employee, you are eligible to file for unemployment to receive unemployment compensation (see summary above re: Section 2104 of the CARES Act) that will provide you some financial relief until the crises is over. Also, the practice for which you work may be able to obtain the forgivable PPP loan and use a portion of the proceeds pay a portion of your salary and benefits once obtained.

If you are an independent contractor rather than an employee, you may still be able to file for unemployment benefits under the expanded unemployment laws per the CARES Act. Also, as an independent contractor, you can also apply for the PPP loan (see FAQ #7 above).

FAQ #14:
What if I have accepted a job that starts this fall but I still need to take a licensure exam?

A: Due to state's actions to slow the spread of COVID-19 many examinations are not being administered, and most testing agencies have postponed all school-based examinations starting March 16th until May 1st. At this time, the schedules of examinations for most agencies outside of the affected date window will not be impacted unless requested by the schools.

Most agencies will continue to monitor developments during this time and will continue to maintain flexibility for candidates with patient cancellations, and candidates will not be penalized or charged for patient cancellations during this time. Additionally, if testing sites are required to cancel or postpone examinations, most agencies will work with programs and candidates to provide an opportunity for the affected candidates to reschedule.

Most testing agencies are providing updates on their websites stating that information is subject to change at any time.

About the Authors:

Doug Copple, CVA is a Partner at Bentson Copple & Associates, LLC. Doug is a member of the National Association of Certified Valuation Analysts (NACVA). He ensures the firm's practice valuations are properly performed and adhere to generally accepted valuation standards. Doug is also integral in structuring and negotiating orthodontic partnerships and purchase transactions and the related tax and structural issues between buyers and sellers. Doug can be reached via email at doug@bentsoncopple.com.

Shannon Patterson, CPR, CMSR is a Partner at Bentson Copple & Associates, LLC and a Certified Professional Recruiter specializing in the placement of orthodontist across the United States. She works closely with both clients and candidates to help each find the right fit and opportunity for long term success whether it is an associate opportunity, partnership opportunity or buy-out. She manages an extensive resident/buyer and selling doctor applicant tracking system for a proactive recruiting approach. Shannon is also a Kolbe Certified™ Consultant and an expert in the Kolbe suite of assessments for selection of the ideal candidate match specializing in strength-based relationships for both doctors. Shannon can be reached via email at shannon@bentsoncopple.com.

About Bentson Copple & Associates, LLC:

Bentson Copple & Associates, LLC exists solely to assist orthodontists nationwide during the pivotal points within their careers. As an established transition company, the company is comfortable with any situation from practice valuation, recruiting and placement services, to negotiating transitions. Every doctor has unique needs when it comes to his/her practice's value and transition goal; we tailor a transition to fit each individual doctor's needs while being fair to both parties. Having been involved in thousands of practice transitions, our extensive experience provides a unique perspective to one's individual situation. Our knowledge and understanding of the orthodontic marketplace will help us identify any major problems or barriers that may prevent a smooth and effective practice transition. Learn more by visiting www.bentsoncopple.com.