

By February 29, 2020, several long term contracts were canceled by clients claiming "force majeure".

Given the pandemic declaration, we did not see any recourse to have these contracts reinstated.

In addition, three of our clients had not paid their bills in more than 60 days. That is most unusual and, normally, our legal team would be pursuing collections via the courts. However, all courts were closed due to the pandemic.

As such, our continued cash flow was termed by us- and other reasonable individuals- to be at risk. Given these facts, we considered it prudent to request participation in the Payroll Protection Program.

We understood that if we managed to grow our firm's financial situation to equal last years, there would be an additional tax burden imposed on our partners. This also meant that the government, even though the loan would be forgiven, would recover a reasonable portion of our loan principal. Should we not recover from this financial setback, the government may not collect additional taxes.

## The Adjuvancy

Calendar year 2019		8 week average	5/4/2020 to 6/28/2019
<b>Income</b>			
	100%	15.4%	15.0%
<b>Gross Profit</b>	<b>100%</b>	<b>15.4%</b>	<b>15.0%</b>
<b>Operating Expenses</b>			
Ads	15%	0.0%	0.0%
Automotive Expenses	5%	0.8%	0.0%
Bank Charge	0%	0.0%	0.0%
Biz Taxes	1%	0.0%	0.0%
Business Services	9%	1.4%	1.0%
Business Travel	7%	0.8%	0.1%
Meals	5%	0.6%	0.7%
Meetings/Seminars	2%	0.3%	0.5%
Subscriptions and Dues	5%	2.0%	1.9%
Executive Salaries	6%	0.9%	0.9%
Payroll, other	12%	1.8%	1.8%
Payroll Taxes	2%	0.3%	0.3%
Healthcare:Insurance	5%	0.8%	1.0%
Gifts	0%	0.0%	0.0%
Insurance	2%	4.6%	4.8%
Licenses and Permits	0%	0.0%	0.8%
Office	7%	1.2%	1.0%
Postage and Delivery	0%	0.0%	0.4%
Rent	5%	0.8%	0.8%
Utilities	3%	0.5%	0.5%
Communications (phone, web)	6%	1.1%	1.0%
<b>Total Operating Expenses</b>	<b>95%</b>	<b>18.0%</b>	<b>17.5%</b>
<b>Operating Income</b>	<b>5%</b>	<b>-2.6%</b>	<b>-2.5%</b>
<b>Net Income</b>	<b>5%</b>	<b>-2.6%</b>	<b>-250.0%</b>

941, State unemployment forms for Q2-2020 attached hereto. Payroll registers and bank statements for May and June 2020 attached.

Four lease agreements attached hereto  
Utility bills attached hereto. Bank statements as above.

$$\text{Payroll } 2019/2020 = 3\% / 3\% = 100\%$$