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PRESENTS

BOTTOM LINE

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BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING YOUR BUSINESS

FROM THE EDITOR - EDWARD MCWILLIAMS, CPA

While the pace of regulatory, economic, and environmental change has been rapid over the past few years at no other time has it felt as quick and constantly changing as it has right now during the COVID-19 Pandemic. Everyday there have been new stimulus programs and updates to help businesses survive the pandemic and new changes from public health officials on the status of the pandemic, what is coming next and how your business needs change.

This issue of The Bottom Line is focused on different suggestions for what changes you may need to make in your business going forward as a result of the pandemic. It has not been easy for anyone so far (*even if I am writing this cover letter in sweatpants and a comfy t-shirt*) and in an environment of constant changes, the struggle of the unknown will probably be the only constant for the foreseeable future.

While remote work is still the norm and expected to continue even post pandemic, many are starting to see cracks in the model and realize there will be a need for physical space for nearly all businesses. However, the size and price of this space are very much negotiable and unknown at this point. Rethinking your physical space needs and pricing going-forward is going to be crucial for businesses. Understanding what options are available is the first step for any business thinking of making a change.

During the initial part of the pandemic, when many businesses were shutdown as a result of no customers, because of an inability to remote work an ineffective remote work environment, or the general fear of the unknown, one piece of advice I found us constantly giving to clients was to use this time to tackle the “*if I only had time...*” lists that every business has. With everything being so fluid then (*and even now*) this is a great time to think about how to re-invigorate your business going forward with new, fresh ideas at all levels of your business.

Finally, many employees are feeling stressed as the pandemic rolls on and are even more stressed in thinking what happens next as spaces continue to reopen. Employers should always be looking for new and inventive benefits to provide to their staff to help keep them healthy and motivated. As a result, many employers are expanding options in their **Employee Assistance Plans (EAP)**. One such area that is often overlooked, but can be a significant stressor to employees, is providing care for loved ones; third party services are now available to assist in this process and such benefits can be very popular with your staff.

With every problem there presents not only a solution but also opportunity. The pandemic has been hard on everyone, but using this time to prepare your business for the next stages is crucial and a once-in-a-lifetime opportunity.

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MAKING YOUR WORKPLACE MORE CAREGIVER-FRIENDLY



1 in 5 working adults are exhausted — physically, mentally, and financially — as they struggle to manage care for aging, chronically ill, or disabled family members. Despite the prevalence, there is no support or infrastructure to help, and many caregivers risk their careers, personal well-being, and finances to help manage care.

Caregiving has never been more complex. According to a recent national survey we performed 48% of respondents with caregiving responsibilities have increased how much time per week they are spending on care-related activities since COVID-19. Families are having to navigate a fragmented healthcare system with a laundry list of caregiving responsibilities that don't come with instructions — on top of demanding jobs, challenges with childcare, and the added stress and anxieties brought on by a global pandemic.

For employers, supporting working caregivers is an opportunity to invest in total well-being, manage healthcare costs, and see returns in loyalty, retention, and productivity. And for family caregivers, support can make a world of difference.

Here are some ways companies can offer employee caregivers significant and sustained relief:

CREATE A CULTURE OF CARE

Caring companies should have a culture of support and open dialogue, generous and inclusive leave programs, opportunities for counseling, and access to resources that can help families navigate whatever they may be dealing with outside of work. Doing what you can to establish this sort of reputation as an employer pays for itself many times over. It can make a big difference in recruitment and retention of employee caregivers.

PROVIDE FLEXIBILITY

Managing care requires a ton of time for families with already busy schedules, and often includes tasks that can't be performed outside of regular work hours. They're meeting with specialists, facilitating transportation, navigating bills and insurance claims, and so much more. Providing and encouraging flexible work arrangements helps ease the burden for hard-working employees, and gives families time back to focus on themselves.

OFFER INNOVATIVE BENEFITS

Third-party caregiving support services, such as Wellthy, provided by employers can provide family caregivers with comprehensive support from all angles. These services connect families with a dedicated Care Coordinator to help tackle the logistical and administrative tasks of care on the family's behalf — setting up a plan, making the calls, getting the appointments, filling out the paperwork, and doing what needs to get done. It can be a valuable benefit for employees as part of your Employee Assistance Program.

Taking steps to ensure workplaces are caregiver-friendly is not only smart for business, but can be life changing on a personal level to massive segments of the workforce that have been silently struggling for far too long.



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5 WAYS TO REINVIGORATE YOUR BUSINESS

The whole world has been put on pause because of the COVID pandemic, and for many business owners, the same holds true for their business. We are so bogged down in understanding changing regulations, worrying about CDC guidelines, and getting caught up in the minutia of getting through another COVID quarantine day, that our businesses and our psyche have suffered. Instead of looking at this as another day in the COVID pandemic doldrums, why not use this as a time to try to reinvigorate your business by infusing new energy and strategies.

We have put together our top 5 ideas that you can use to improve your business operations, grow revenues, and hopefully improve your bottom line:

SET ASIDE TIME EACH DAY TO WORK ON YOUR BUSINESS AND NOT JUST IN IT:

If you ask most business people where they spend the majority of their time, they will respond in the present, focused on crisis management. It is very hard to move your business forward if every day you are stuck in the weeds or putting out fires. You should set aside time each day to focus on your business. Look at your business; understand your strengths, weaknesses, opportunities, and threats in each phase of your business and think strategically on how you can utilize that understanding to catapult your business to new levels. Work with your management team to divvy up responsibilities to take advantage of internal expertise. Consider bringing in outside specialization where necessary to supplement internal resources. The goal should be to look at your business as if your team were consultants hired to improve the overall effectiveness of your business model. This may result in the need for your company to pivot to a new way of doing business, new product/service line or new ways of interfacing with your clients and staff. The goal is to make sure you capitalize on the changes we are experiencing in the current business climate.

DEVELOP AN ADVISORY BOARD:

Wouldn't it be great to be able to put together a group of people and ask them candid questions about your business? So why don't you? You have customers, vendors, distributors, etc. who are all vested in your long-term success. Why not bring them together and have them provide some strategic thought process into what you do well and what you can improve. If you feel it might be more beneficial, set up mini-boards that meet regularly, say once a quarter, who are focused on different aspects of your business. For instance, a customer board could be focused on sales processes, customer service, and quality related issues, while a vendor board may be focused on the supply chain, inventory levels, and payment systems. The goal here is to get an outside view from people who regularly interface with you and your systems on how you can run your business more effectively. You will find that people are more than willing to help if they are just asked.

CREATE COLLABORATION ARRANGEMENTS:

There are millions of private companies that do so many different things, many of which, I'm sure, are complementary to your business. Do some research, seek them out and open up a dialogue about collaborating. If you are a sustainable product, find other sustainable products, and find ways to cross/joint market. Your customer base is already into sustainability, as is theirs, so by collaborating, you can leverage each other's contacts and customers for joint benefit. The key here is to make sure you do your homework on your potential partners because if you are going to joint market, you don't want their poor quality, bad customer services, or any other issues to blowback on you.

IMPROVE YOUR WEBSITE AND SOCIAL MEDIA PRESENCE:

When was the last time you updated your website? How often do you add content? How are you interacting with your customers and why should they visit you? If COVID has taught us anything, it's that the world is going virtual and we need to be there or we will get left behind. Traditional brick and mortar will need to be supplemented or replaced by an online presence. The problem is that there are so many online businesses screaming at the top of their lungs, it is hard for anyone to hear your message. You need to create engagement within your customers. Consider regular social media postings, utilizing influencers, adding regular meaningful content to your website, doing giveaways - whatever it takes to create engagement. You need to give people a reason to come to your website and let others know about you too. Also consider reaching out to your customers and find out what they would like more information on so you can blog it out to your customers and potential customers. Ask your customers to rate you - positive reviews are the currency of the internet. See what your competitors are doing/talking about and consider if you should be incorporating that into your messaging too. The key is engagement. You need to be engaging your customers and prospects regularly if you want your message to stick.

CONSIDER REBRANDING:

Many companies have created logos, taglines and brands many years ago and their company has evolved but their branding has not. The imaging may be stale, colors no longer trending or messaging just not what the market wants to hear. Just look at the Washington Football Team

(the team formerly known as the Redskins). It was time to rebrand as their name was no longer politically correct. Now that is not to say you need to change your name, but a facelift may not be a bad idea. A good rule of thumb is that you should review your branding every 5 to 10 years to see if your look and messaging are still on target or if they need a little remodeling to get with the times.

While I understand that this is a top 5 list, we are non-traditional in our thinking, so here is a bonus way you can reinvigorate your business:

FOCUS ON YOUR STAFF:

When was the last time you walked around and had a meaningful conversation with your staff? You know, the people on the front lines interfacing with clients, producing products, cleaning the building. They have a tremendous level of information about their jobs and how they interface with others, and many of them have ideas on how they can help improve your company's operations. The problem is, nobody ever asks them. Give your staff a voice. Offer them a bonus for ideas you implement into your business model. You may be surprised by the ideas that you are presented with.

I understand that the pandemic has made everyone a little stir crazy and has sucked some of the imagination and life out of all of us. Things will hopefully be getting to the new normal soon, whatever that is. The steps you take today to reinvigorate your business and yourself will go a long way in setting the tone for what your business will be in the future. Retake control, your business will thank you.

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LONG-TERM PROPERTY SOLUTIONS AMID COVID PANDEMIC

We've spent the last 5 months answering questions for New York City tenants on how to: navigate rent payment solutions and lease restructuring for existing leases, leverage the COVID-19 NYC real estate market for new or renewed leases, and redesign existing spaces amid social distancing and flexible work strategies to optimize reopening. Here are some of the more frequently asked questions we have had to grapple with:

How Has COVID-19 Changed the Office Leasing Market? What Can We Expect Going Forward?

More than ever before, landlords and tenants are engaging in meaningful and transparent conversations around lease restructuring. We've seen a variety of solutions unique to each specific situation, but the key takeaway is that small and medium sized tenants matter more than ever to landlords. No landlord wants to be strapped with yet another vacancy, especially amid the uncertainty of the rental market going forward, so you have more leverage to restructure your lease (or sign a new one) with favorable terms. Similarly, tenants subleasing their space are more willing now to dramatically decrease their rents and get the space off their books, creating a unique opportunity to take a high value, low cost space.

Experts predict a 20%-30% market adjustment on office leasing rents over the next 18 months, though nobody can say for sure. Since asking rents haven't substantially decreased yet, the real flexibility lies in negotiating substantial discounts off the asking rent; for tenants renewing leases on their existing space, we've seen 10% to 20% discounts, with subleases trending around 30%-40% off asking rents as tenants look to get these spaces off their books immediately. Flexibility on new direct deals with landlords varies but has been trending towards the lower end of the range at 10-15% below asking rents.

I'm a Tenant with an Upcoming Lease Expiration and Want to Stay in My Space. How Can I Take Value Out of This Market?

We would recommend doing a blend and extend, where you extend your lease beyond its current expiration date using a blended rate of what you currently pay vs. market value of your space; this is especially relevant following events like COVID-19 that hurt market values. In exchange for signing a longer-term lease now, you receive:

- a.** Favorable base rent relative to what you currently pay
- b.** Multiple months of free rent now
- c.** Real estate tax reset to \$0; (depending on when you signed your lease and your building, this can have a significant favorable impact on your bottom line)



I'm a Tenant With An Upcoming Lease Expiration and Want to Move. How Can I Take Value Out of This Market?

As tenants reevaluate their remote work strategy and real estate, many have put their existing space on the market and are looking to get it quickly off their books. For tenants looking for a high value, low price space, this can be a rare opportunity; we've seen 30% – 40% adjustments on sublease rents in the last few months, many being for newly built out space with modern finishings, strong natural light and lots of windows, and furnished with nearly new furniture; in other words, the type of space you might have paid top dollar for pre-COVID.

Even if you only want a short-term commitment, you can look for a sublease with 1-2 years left on the term. They're out there.

I'm a Tenant With 3+ Years Left on My Lease. How Can I Take Value Out of This Market?

If you're not open to a longer time horizon with a blend and extend, that's okay too. We've structured several rent relief options that don't extend your term, but still provide much needed cash preservation now. Here are some of the more common solutions:

- a.** using your security deposit entirely or partially as rent payments now, to be replenished later
- b.** 3-6 months of deferred rent now, to be paid back at a later date over the term of your lease
- c.** 3-6 months of free rent to be added to the end of your existing lease

I'm A Restaurant or Retail Tenant. How Can I Take Value Out of This Market?

We recommend a percentage lease, a model that's gained traction during COVID-19. In lieu of rent you pay the Landlord 10% (or a pre-determined specific %) of gross sales for the next 18 months, at which point the rent reverts back to a fixed monthly number for the rest of the term.

This solution works for restaurants and retail owners because it takes the idea of paying a fixed cost amid uncertain, changing circumstances, and allows you to pay rent only if you make money. Landlords are more willing now to move forward in this way to avoid vacancy.

How Can Businesses Best Evaluate the Effectiveness of their Facilities and Workspaces Amid Social Distancing and Remote Work Strategies?

With rapid shifts in the workplace caused by the pandemic and shifts in delivery of services and mission, many businesses are regrouping to study how they use space and how their buildings support their most essential functions.

1. The first step in this effort is to evaluate space needs starting with a simple premise: Facilities should support long-term success strategies. Savvy business leaders believe that modern, well-planned workplaces boost productivity, wellbeing, and employee retention – all ultimately benefiting their mission and customers.

Starting with a survey of all employees and, if helpful, clients and partner providers, develop a wish list of ideal settings for the work underway and insights into what's working well – and what isn't. These findings then become useful roadmaps for, as an example, what functions need to be closer together, or more open to others visually and acoustically. It also will help inform decisions about relative space allocation and needs for specific kinds of furnishings or resources such as utilities, work tools, and even daylight and outdoor views.

As an example, Spacesmith helped revamp the headquarters of a major regional human-services provider to optimize limited office area and a constrained operational footprint. The new interior architecture supports the charity's recently implemented "mobile workforce" program, freeing many of its 300 employees to spend more than 50% of their time outside the office -- boosting caseworker and therapist productivity -- and equipping staff with key tools and technologies for on-the-road services. These steps also help set the stage for a successful mobile operation during the Covid-19 pandemic.

Back at the provider's main facility, the survey results called for a desk-sharing solution, more flexible training rooms, and visiting suites needed for clients. The staff said they needed easier access to stored books, toys, strollers, and diapers, with more ample family visiting areas and a full medical clinic to round out their support mission. Adding to this, Spacesmith created a plan for adding "phone booths" and revamped storage zones so that, in the end, the nonprofit group could deliver the resources they promised while using only a lean, 90-square-foot allotment per employee. At the same time, the new offices create an inspiring and attractive home base for client intake, therapy meetings, case files, and the training of foster parents. While this was a nonprofit solution, similar strategies can be done with a companies sales force, consultants, or anyone else that spends significant time out of the office servicing clients/customers.

2. The second step is to develop a more flexible layout to ensure greater adaptability on a day to day and week to week basis, as well as to ensure more stability and continuity of operations when scope and funding do change. This is where business innovation meets design innovation. Even where companies are dealing with reduced revenue, better facility designs can furnish workplaces on a budget while still boosting operations, enhancing morale, and creating a branded dimension to an organization's mission, vision, and operations. No matter what industry you're in, the workplace should boost recruiting and retention of employees and provide an open collaborative opportunity for staff and clients alike.

In fact, efficiency gains and cost reductions often come with new buildings that serve as platforms for long-term success. An example is the 15,000-square-foot home for an organization in the Bronx, N.Y. With highly resilient finishes, furnishings that fold, stack and roll, as well as more open, flexible interior layouts, the facility has become a cornerstone of community life. Inside, its modern, welcoming expression enhances such new facilities as a full-service kitchen and dining area, food pantry, counseling offices, a clothing exchange, showers, a barber shop, and full medical and dental suites.

In another example, Spacesmith created a flexibly furnished multipurpose room for a company, which supports group training and quickly resets as a conference room or presentation and event space. Adding this valuable asset came as part of a consolidation of the company's space needs, proving that good design – even with less space – could boost effectiveness.

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