



VOLUME 23 / ISSUE 3 / FALL 2020

INSIGHT

3RD QUARTER 2020

*President's Message
Committee Updates
Scholarship Information
Star Corp Franchisee News
and more*



Independent Hardee's® Franchisee Association
4919 Lamar Ave. • Mission, KS 66202



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About the IHFA

IHFA was founded in 1997 to provide a unified voice for Hardee's® franchisees. While serving as a resource for franchisees of all sizes and locations, IHFA provides input and feedback to Hardee's® Foods Systems. Today the IHFA provides input into Hardee's® operational decision-making, including the successful launch of the Thickburger® in 2003.

Calendar of Events

IHFA Convention & Tradeshow

October 12-14, 2021

Chip In for Veterans Charity Classic

April 12-13, 2021

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THE PRESIDENT'S MESSAGE



Mick Cato
Annapolis, MD

Dear IHFA Members,

Over the last two years the IHFA has been dealt unprecedented happenings; challenges that have tested both our abilities and our resolve as an Association. Be it grandstanding office politics, crusading through a worldwide pandemic or supporting a re-construction of our brand nucleus; you have etched your place in history and proven that the IHFA is not only an alliance, but also a tangible influence in the Hardee's Brand. In an ever-changing industry, this now undeniable influence, will be paramount in our efforts to further assist the Brand in a post pandemic environment. You, the IHFA Member and Associate Member, have experienced historic shifts in your personal and business affairs ... and yet together, we have been able to adapt and, in some instances, thrive.

For some context; to say my tenure as your President started out atypical would be an understatement. It began, unnecessarily, in a hurried relationship with a leader who was either incapable or unwilling to lead our brand. It began with KPI numbers that were unsustainable as a direct result of such inept leadership. It began with a Franchise Advisory Board that no one wanted, but somehow still existed, certainly testing the IHFA's spirit. Then seemingly as quickly as my tenure began, the aforementioned leader's reign ended, and Ned Lyerly was named the new CEO of CKE Restaurants. No matter the cause, leadership change in an organization creates uncertainty; however, when necessary, it is incumbent for all involved to do what is right on behalf of the stakeholders. The Franchisee, arguably the most important stakeholder, required the IHFA go above and beyond its customary obligations to support Ned's transition and his re-construction of the Leadership Team. We helped Ned orientate a new CMO, COO, CBO (again), CTO, CPO, CIO, CTO (again) and CFO to the Hardee's Brand; subsequently major portions of their teams as well. While supporting these new leadership team members, we also worked to consciously disable the Franchise Advisory Board and lead the Brand back to a proven working relationship with the IHFA. The reestablished IHFA working relationship with a CEO and a Leadership Team we believe in has been time consuming, exhausting and worth it. The IHFA committees have already begun to demonstrate material results in their working relationships with the Franchisor.

***"One moment of patience may ward off great disaster.
One moment of impatience may ruin a whole life" --- Chinese Proverb.***

The COVID-19 worldwide pandemic has tested the IHFA and the Brand's patience unlike anything we have witnessed before. Every moment we went through, every moment we are still experiencing, all unprecedented. You the IHFA Member and Associate Member have revealed immense patience and control during a crisis where without ... a business may have been ruined. This said, the IHFA was only patient where required. As justifiable, we were immediate to command the requirement of fundamental business resources from the Franchisor and vendor partners alike. The IHFA was first to bring both royalty deferment and HNAF abatement to the conversation with the Franchisor and made it clear that aid was crucial. And to the Franchisors credit, they did respond. In hindsight, HNAF relief may not have been ideal, but considering the average Hardee's restaurant was down over thirty percent year over year, at the time of the debate, with no understanding of where the bottom of this pandemic would be ... the near-term target was to keep the Hardee's Franchisee as cash flexible as possible. An aggressive response by the IHFA was also displayed in the weeks of diligent negotiations, in conjunction with CKE, that afforded payment term relief for Franchisee's with our key vendor supply partner. The afore mentioned examples are only a mere sample of the many instances of how you the IHFA Member and Associate Member accompanied one another, to crusade throughout this phase of potential disaster.

No fewer than nine leadership changes in Franklin, a pandemic the world over ... and you, the IHFA Member and Associate Member, defied all that was probable in improving the rebuild of our Brand nucleua. In an effort to organize our brand messaging via the Marketing Committee; we were successful in the re-instituting of the proven hybrid media plan, the reconnecting of a familiar advertising agency, and we took part in the media buying agency interview process. Moreover, we accelerated the new All-Star Burger line-up ... while all along applied continual pressure in the development of the ever-elusive product pipeline, that admittedly is still underwhelming, but does now in fact exist.

With Brand messaging momentum and opportunity increasing, the Operations Committee was able to work to reduce the burdensome pressure our restaurant personnel slog through. Beginning with the inception of the kitchen technology priority, we saw quick results from char-broiler standardization, split chain opportunity, Prince Castle negotiations and the soon to be implemented pre-cut produce initiatives (Q1-2021).

With both marketing and operations now pointed in the right direction, the IT Committee has been tirelessly focused on assisting the Franchisor in the develop of long overdue performance applications we require to compete industry wide. With technological relevance will certainly come the need for image consequence, and as such we have also been very involved with remodel negotiations. For the first time, in my professional life time, this will afford practical and flexible decision making for each location versus an arbitrary methodology.

Clearly, we recognize that facility asset enhancement is important, though not as important as our greatest asset, our people. During this unfamiliar time, the Human Resource Committee has also been investigating promising employee health care and supplemental coverage strategies. Having the faculty to reestablish a working model of success with the Franchisor and executing results within every Committee during this distinctive era is nothing short of astonishing.

It is also worth mentioning that we welcomed on a new Management Company over the last two years and executed our first ever virtual convention. Unquestionably, there are many more examples of how you have impacted the Hardee's business during these trying times ... I wish I had a more appropriate manner to shout each of your feats. It has always been and always will be the obligation of the IHFA to move the Hardee's business forward, regardless of circumstance. You did this.

Over the last two years, by way of internal and external developments, we have experienced forced short-term behavior change, and we acknowledge the long-term change is still undetermined. What is determined however is that the industry has and will continue to change as a result of a worldwide pandemic... in *every facet*. Patience and assertion will continue to be of the essence and knowing when to employ each - significant. The IHFA Member and Associate Member will continue to be relied upon as architects of change and it is incumbent upon us to deliver. You each have accomplished what no one has before you ... during a moment in history still in the making. Thanks to you the Hardee's Brand is now steered appropriately, effectively on *every* front ... gaining confidence and primed for success. People, Passion, Togetherness ... the IHFA.

I both recognize and appreciate all that you have done. Thank you.

Sincerely,
Mick Cato



CKE POST CONFERENCE MESSAGE

Ned Lyerly, CEO, CKE Restaurants Holdings, Inc.



It was great to connect with our Hardee's Franchise family during the recent IHFA Virtual Conference and see so many familiar faces. 2020 has been a remarkable year and it was a pleasure to share the positive results and momentum we built together in the face of numerous challenges. We appreciate the support and feedback we have received this year from all our franchisees, and we look forward to continuing that valued partnership with the IHFA and

each of you as we move forward.

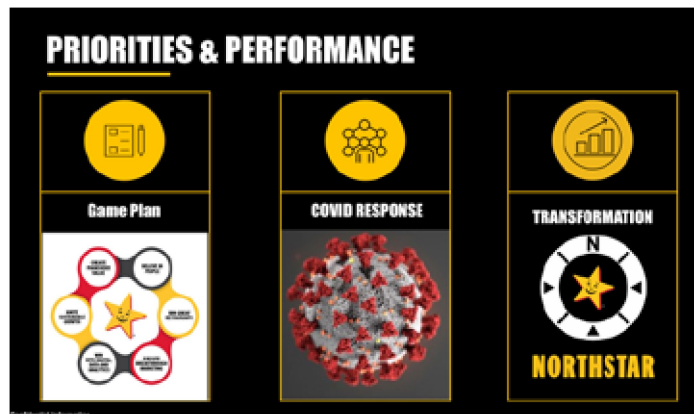
As we shared during the conference, we have momentum and are laser focused on accelerating performance as we commit to our strategic pillars, our Game Plan and our NorthStar transformation plans.

As we move into 2021, we have expanded our Strategic Pillars to include "Believe in People", "Win with Digital, Data and Analytics" and "Ignite Sustainable Growth".

Strategic Pillars

People are the heart of our brand. We will continue to improve our employee value proposition, respect the ideas and contributions of our all our team members whether franchisee or corporate. We are committed to diversity, equity and inclusion and we know that success comes through "Believing in Our People".

Digital, data and analytics are now table stakes for our business. We are making systemwide investments in POS and data standardization, next gen connectivity as well as our entire middle ware tech layer which will drive a digital omnichannel experience for our consumers including online ordering, integrated delivery and loyalty.



Delivering sustainable growth is central to our brand's progression as positive same store sales growth is critical to expanded unit level margins and net new restaurant growth is needed to continue to drive scale, brand presence and awareness.

We will continue successful elements of our 2020 Game Plan into 2021 including:

- **Leverage** our new campaign, new media strategy and new agency relationships
- **Drive**, platform equity build, relevant value, and mid-tier burgers at Hardee's
- **Develop** innovation pipeline and new platforms for growth with focus on core equities
- **Build** and Protect Hardee's Breakfast
- **Evolve** and Accelerate learnings from our Proof Markets
- **Improve** profitability and franchise value proposition
- **Implement** new digital and e-commerce capabilities
- **Accelerate** brand-enhancing asset investments and remodels

Together, we can continue to grow and expand this great brand, even during challenging times such as these. If anything, this year has shown us, that our brand is strong and our teams are committed to delivering a great service experience to all our Guests. That means satisfying their cravings for hot, delicious food and 'making our guests happy' with superior service. Even when that smile is behind a mask.

As we move into the new year, let's keep the momentum and energy going. The CKE Team is looking forward to working with our franchise community to deliver great results, by working together.

That's how we'll succeed ... together! Thank you again for your continued support to make it happen! ♦

2020 CONVENTION - IHFA GOES DIGITAL

The IHFA's 2020 Convention took a turn to digital after the pandemic squashed plans to meet in person in New Orleans in October. Despite the change, attendees enjoyed a variety of presentations by IHFA Leadership, CKE's Senior Management Team, and Special Award-Winning Speaker Eric Chester. Mr. Chester and the SMG Deep Dive presentation by Jacqueline Mueller were especially popular.

The Convention kicked off with a touching tribute to Mayo Boddie, which included a Hall of Fame video and the announcement from CKE that they are renaming the Wilber Hardee Operations Excellence Awards to "The Mayo Boddie Sr. Operations Excellence Awards." The video, as well as his love of people and life itself, is worth sharing with your teams.

Exhibitors brought their virtual booths to life by including information on their company with videos, handouts, website

links and pictures. Although they couldn't be with us in person, we appreciate their commitment to the Hardee's brand and look forward to being together again in 2021.

To help incentivize interaction with franchisee and sponsors, prizes were awarded to our top three participants. Saddle Peak, Diamond Hospitality, and StarCorp were strong contenders throughout the three-day event. Prizes ranged from books to gift cards and even a 3-night stay at the beautiful Roosevelt Hotel where the 2021 Convention will be held.

Presentations are posted in the convention app for up to a year, and can be accessed through your personalized registration link (or you can contact the IHFA office for assistance). Special thanks to the sponsors of this year's event who helped make the 2020 Convention possible. ♦



Connect with Convention Exhibitors!

Thank you to all who participated in the IHFA Convention last month! We had amazing participation and feedback, and want to thank everyone who helped bring this event to life.

In case you missed it, there is an interactive vendor directory that you will want to be sure and check out. This directory will stay accessible as a resource for the franchise community. Visit ihfa.pathable.co/exhibitors

For a printable version, go to ihfa.com and select Vendor Directory.

THANK YOU SPONSORS!



COMMITTEE REPORTS

MARKETING COMMITTEE

Jerry Allsbrook - Committee Co-Chair

The IHFA Marketing Committee has been working diligently with CKE to keep our current Sales momentum moving forward into 2021. Prime Rib dual daypart network media promotion lifted all boats to new Q4 Sales levels. We are all proud of this well-tested successful LTO.

New Advertising

72nSunny new Ad campaign “Feed Your Happy” is achieving strong consumer brand awareness and top-of-mind advertising scores. The result is more Sales & Transactions in our Hardee's. The agency continues to adjust the voice, role of Happy Star, continuous improvement with our cravable food quality video & merchandising. Hardee's unique point of difference shines in these new spots and will ensure we attract new guests and high frequency from our loyalist.

National Media

Our final 2020 Network Cable national TV Media flight runs Nov 9- Dec 14. It has been promoting Monster Burger, our core 2/3 lb. Angus quality charbroiled burger, that no QSR can match. Hardee's has (4) Network media flights planned for 2021.

Product Innovation & Marketing Test Calendar

Over (20) new Test underway in our system to continue building our core menu platforms of MFS Biscuits, Angus TB, Star Burgers and Chix Tenders. In addition, LTO News, sweet goods/ snacks, new carriers and unique sauce flavors and sides will continue to attract new guests.

Print

We continue to make available several Print Coupon Options (Aggressive & Less Aggressive) and have geographically targeted choices for SE, MW and Northland owners. In 2021, Print is HNAF funded 9-month, Co-op or local option for remainder of year.

Digital & Delivery

E-Commerce will be the key to our future Sales Building success. Delivery with Uber Eats, Door Dash, Postmates and Grub Hub is available. CKE offers POS integrated systems so you do not have to use counter tablets = much easier Ops & management. The Hardee's system is achieving Sales increases with 3rd Party Delivery services. Contact your Marketing Manager for more info. CKE is developing new mobile APP/ Web to fast-track mobile ordering and pay available next summer. Especially since the Corona Virus, Off-Premise is growing at a rapid rate. Technology is vital for growth with contactless order/service and targeted digital access. We encourage all owners to get on-board with updated POS and ability to reach the heavy QSR customer that is looking for more convenience.

Media

All DMA Media Calls will be complete by end of Nov. to finalize our 2021 Media Plans. CKE implementing new hybrid Media Mix to provide more effective & efficient media coverage across media platforms that benefit all markets. This features a strong presence in network cable TV and digital media. Please contact your Field Marketing Manager for more info specific to your market.

Communications

IHFA Marketing Committee is conducting calls several times per month with Chad Crawford's CKE Marketing Team to get further ahead in planning and flawless execution. We know the keys to our marketing success are well Tested products & promotions that create NEWS to attract heavy QSR customers. We continue to work with CKE to streamline the menu & merchandising (especially at D. Thru), improve beverage program, provide Gift Card promo during peak seasons, improve our everyday Value menus across all dayparts, bundles & Large Orders, And manage merchandising clutter and cost.

If you have Digital Menu boards issues contact your Marketing Manager and they will work with Xenial/SICOM to have it fixed.

Visit the Hardee's website to view commercials and the latest news and sign up for all our social media channels to follow your brand.

We hope your family & TEAMS are safe, healthy and ready to celebrate a Happy Holiday Season .. We all BELIEVE that 2021 will be an outstanding year of growth & success because of all the owners commitment to Be The Best!! ♦



IT COMMITTEE

By Bob Larimer – IT Committee Co-Chair

With the new CIO (Phil Crawford) in place, technology initiatives are starting to move at lightning speed. If you attended the IT portion of the IHFA virtual convention in October, you heard that Phil wants to have all of the Hardee's brand installed with new POS by July of 2021. This is an aggressive plan and Covid-19 could possibly slow the progress down, but it appears that the support mechanisms and the technology is ready for the franchisee community. Below I will highlight some of the dates and make some suggestions on how you can have a successful implementation and avoid some of the issues that can arise with the implementation of new POS and back office software.

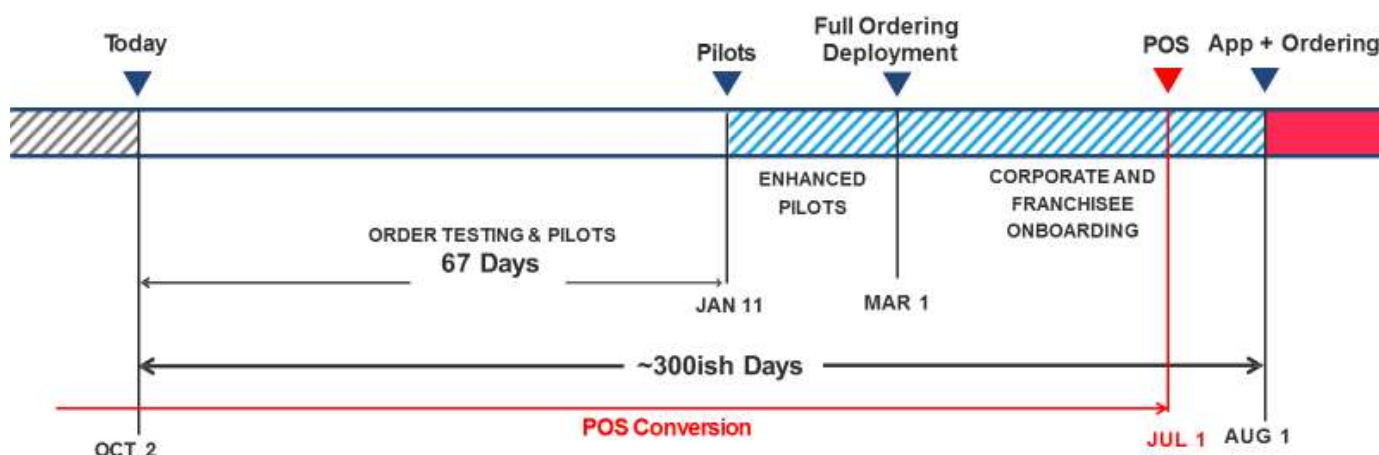
Here is the timeline slide Phil Crawford presented during the IT Town Hall in October with the dates for the new technology initiatives, so you can see how quickly things are moving now.

By now you should be close to finishing POS surveys, if you do not have the POS standard (PAR Brink or Xpient IRIS 4.1.x). The surveys are very important to identify any gaps you may have regarding cabling, network equipment, or POS

hardware. A successful implementation relies on a solid network and equipment that is up to date and in good working order (QSR Automation kitchen, PAR 7700 and above terminals or Dell All-in-ones, and an updated back office with at least Windows 10 as the operating system). You also should be close to completing the Network upgrades to the Cisco Meraki solution with cellular back up. Solid restaurant connectivity is also very important with the cloud-based systems that will be utilized and the ability for your restaurant to accept digital orders from our guests.

Once you have chosen your POS platform (PAR Brink or Xpient IRIS 4.1.x), you will want to choose a partner to help implement the POS software and support your POS environment moving forward. There are several options for support for your POS system. You can have CKE support your POS, but this will require you to choose PAR Brink and Crunchtime for your POS and back-office solution. Lucas POS and POS Technical can support and implement both Par Brink/ Crunchtime and Xpient. CKE will be providing contacts for all of the partners and you will just need to choose which partner best fits your needs.

TIMELINE



As far as choosing a POS system (PAR Brink or Xpient), I would encourage you to demo both systems to find which system best fits your needs. They both have solid POS functionality and are similar in functionality.

Crunchtime is the back-office system CKE has chosen and it will integrate with both PAR Brink and Xpient IRIS. What is critical for a successful implementation is to identify any gaps with your current system and the new system you will be installing. Moving from a known POS system and back office to either PAR Brink or Xpient IRIS will be stressful, but if you prepare, you can minimize the stress on your operations folks. Below are some suggestions on ensuring a successful implementation.

- Encourage involvement of your operations teams in testing and ringing up items on a test system so they are familiar with the new system and can identify any gaps that exist.
- Bring in a demo system early into your journey in order to have plenty of time to address gaps before your first install. Verify that all recipes and items you sell are configured correctly on the POS.
- Communicate to your POS partner any back-office applications you are utilizing (Mirus, Infosync, ADP, Paylocity, etc.) that are utilized from an accounting or payroll purpose. These external systems can usually be connected to either Par Brink or Xpient IRIS, but this will need to be identified early in order to have the configuration completed for the first install.
- Let your partner know of any restaurants you have that may have a different configuration from the majority of your locations (two drive thrus, more than two registers on frontline, etc.). You want to address these early on to avoid install day issues.
- Discuss with your partner who you use for credit card processing. In today's P2P/EMV environment, hardware is sometimes not compatible, but the POS providers can usually work something out to move you to their processing platform.
- Negotiate having one of the partner's subject matter experts onsite for the first day of the first install. They should be able to resolve issues quickly and answer any questions your ops folks may have. After the first install, it is very helpful to have one of your trained folks attend the first day of subsequent installs.
- Be sure to understand and have in writing the Service Level Agreement (SLA) regarding how quickly configuration changes, menu and pricing updates, and "break fix" items will be addressed. Hold the partner accountable to these service level agreements.
- Ensure your restaurants know the new partner's number to call in order to receive either hardware or software support.
- Insist that you have an escalation contact if you do not receive support in an adequate timeframe.

- Avoid installing a second location until you have a majority of the gaps resolved from the first install. This will make the process of installing additional locations much easier.

I will add to this list as we monitor the progress of the franchisee's installs and learn from the opportunities that will arise with such a large project. The biggest advice I can give is to not underestimate the time and involvement that will be needed from your folks (particularly ops) in the very beginning of the transition in order to achieve a successful first install. Once you get through the first install, things usually settle down and the process becomes easier.

Once the brand is finished with the POS upgrades, Hardee's will be ready to implement mobile ordering, integrated delivery, and loyalty so we can compete in the digital sales world. Upgraded POS and Connectivity are vital in accomplishing these important initiatives and moving the Hardee's brand forward. If you have any questions, please reach out to me at bob@bne.inc. ♦

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ROUNDUP CAMPAIGNS

Support of Long-Time Military Charities & Communities Continues

Although the Stars for Heroes campaign was suspended this year due to COVID-19, that didn't stop many individual franchisees from supporting long-time military charities.

Boddie-Noell Enterprises (BNE) began the "ROUND-UP" promo in all their Hardee's back in August. The BNE program raised funds for the regional military charity "Patriot Foundation" which funds scholarships for children of military warriors. Of course, it also serves as a way to keep coins available for operations. BNE has supported the Patriot Foundation for almost 15 years. They have raised about \$75,000 since August 2020 and plan to continue through year end and beyond if the coin shortage remains an issue.

Xenial/Expient POS handles this with ease. They have minimal POP at point of order to build awareness especially with Veterans Day in November. "Continuing to support our military charities across BNE communities is important to our "We Believe in People" culture," stated Jerry Allsbrook, BNE Chief Marketing Officer and IHFA Marketing Co-Chair.

StarCorp reported that they will be supporting USA Cares thru round up at their Hardee's and Stand up and play at their Carl's Jr. locations by rounding up until the end of the year. Xenial has a very easy function that has been added for Xpient 4.x users.

Mick Cato reported that OTAC also has a round up program through Xenial. They recently concluded a local feed your neighbor campaign in which 2,000 meals were distributed through their partnership with the local TV station and food banks. Chief Operating Officer of OTAC Hardee's Franchises and IHFA President Mick Cato says that giving back to the community is simply the right thing to do. He adds that they are always looking for ways to get involved and give back. "In times like this there's really no separation between community and business. We're all one community and one people. We can't survive without each other. It's just honestly the right thing to do," said Cato.

Capstone Restaurant Group has been doing roundup for those restaurants that had coin issues with banks since mid-June on Xpient 4.x with no issues. They have raised almost \$9k so far and donated to the same charities that they do for the Chip in for Vets Golf Tournament according to Todd Pahl, President, CFO and Partner of Capstone Restaurant Group. ♦



Hardee's family,

I don't know about you but to me this has been one crazy year. In March we thought COVID-19 would last maybe 3 months and here we are still fighting a invisible enemy.

And as tough as it has been on us imagine our national charities, USA Cares and Stand Up and Play. The are still addressing needs from our veterans and our active troops while losing the majority of their funding. That's stressful!

One solution we all can do is "Round Up For Veterans". It's easy. Contact your POS provider and install a round up key which will round your sale to the next dollar. Your customers love it, our operators love it and it sends a little money to our national charities who desperately need it.

Let's commit to making a difference to help others. The commitment and service to humanity is the best work of life!

Thank you

Bryan Haas



BENEFITING
STAND UP & PLAY
PGA HOPE



MONDAY, ~~MAY 18TH, 2020~~ APRIL 12, 2021

Daniel Island Club - \$375 per person

includes Golf, Box Lunch, Cocktail Reception & Silent Auction following Golf
(Sponsorships Available)

600 Island Park Drive, Daniel Island, Charleston, SC

TUESDAY, ~~MAY 19TH, 2020~~ APRIL 13, 2021

Wescott Plantation Golf Club - \$125 per person

includes Golf, Box Lunch, BBQ Buffet
(Sponsorships Available)

5000 Wescott Club Drive, Summerville, SC

For more information and sponsorship opportunities
visit **www.hardeesgolfforcharity.com**



Thank you to our Associate Members



*Our Most Sincere Appreciation
for Your Support!*



COMMUNITY EVENTS

Since March 31st, a total of 87 Hardee's locations throughout the states of IL, IN, KY, TN, MO SD,ND, MN, and OH have delivered over 5,300 Sausage Biscuits to COVID-19 Frontline workers. Since the launch of our amazing Cinnamon Rolls, our teams have begun delivering those and have received an abundant amount of positive feedback. Fire Stations, Police Departments, Health Services, Grocery Store workers, and essential workers in their local communities have been enjoying our team members taking the time to give back.

Our Police Officers in Hamilton, Ohio love their Hardee's!



Our General Managers recognize essential workers throughout their community not only as first responders, but the good people at Goodwin Insurance in Princeton, KY!



Lori, our amazing General Manager in Union City, TN made some special deliveries with hot biscuits for staff members at the local Urgent Care and Eye Doctors.

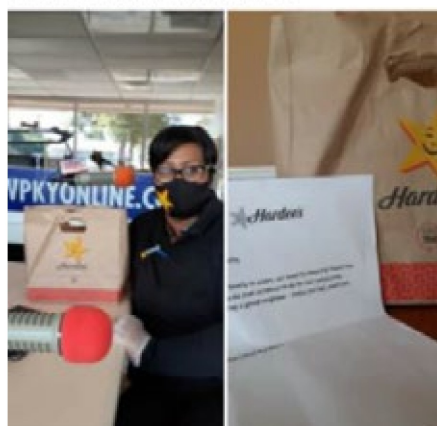


Ms. Shannon, Our General Manager from Princeton, KY made a sweet delivery to the local radio station with a dozen cinnamon rolls. WPKY FM 103.3 was kind enough to give us a shoutout on their Facebook page!



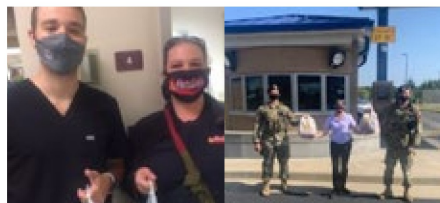
WPKY Online - FM 103.3
46m · 📶

Its officially a gorgeous, sunshiny kind of day!! This pretty lady, Ms Shannon, from Princeton's Hardees, dropped off a bag of much appreciated, delicious, warm, cinnamon rolls for the WPKY Crew!! Ms Audrey said it best..."What a sweet surprise!"



Our General Managers go above and beyond to deliver hot and fresh food to first responders in their Illinois region every Tuesday morning.

Litchfield Family Practice in Hillsboro, IL- Security Forces Squadron in Springfield, IL



Our Hardee's crews in the state of Illinois have ensured our first responders never have to work on an empty stomach. Thank you to our superstar crew members for making it happen!



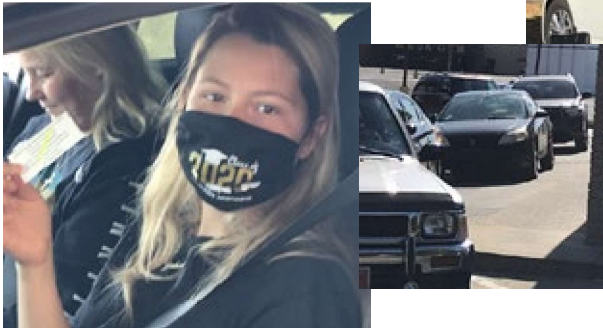
Dennis, our General Manager in Jacksonville, IL are making sure no child goes without a lunch this Summer!

Dennis has teamed up with the local churches in the Jacksonville Community and is donating 100 lunches weekly for them to pass out to children in need throughout June, July, and August until school is back in session. Just another example of Hardee's doing the right thing and Giving Back to our Communities.





The Seniors of Graves County spent their morning at Hardee's enjoying a hot breakfast and socially distance with students and staff members.



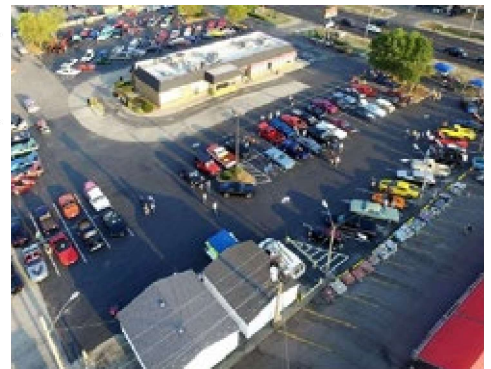
Our General Manager, Denice in Springfield, IL strives to exceed the expectation. Denice knows how to take care of her community. She dropped off hot sausage and egg biscuits to local radio stations. The staff members were beyond grateful and showed us some love on their social media platforms.



98.7 WNNS
Posted by Kyle Hutchinson
53 mins · 📍
It's always a good day when food is dropped off. Sausage and egg biscuits from Hardee's 🍔



Our Hardee's team in Jacksonville, IL hosted the 24th Annual Car Show and Cruise for the community. While practicing social distancing, guests were able to enjoy some hot and fresh Hardee's while exploring the beauty of vintage cars.

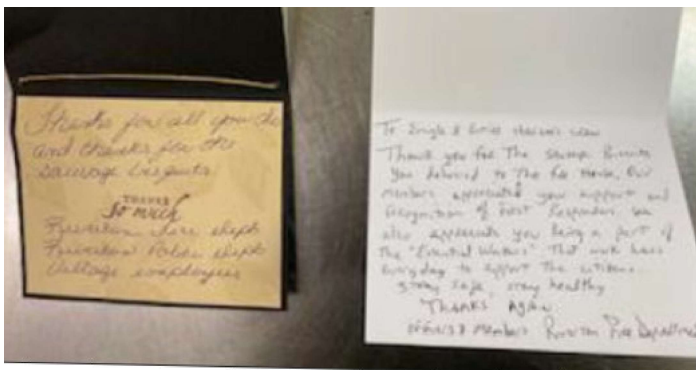


Delivering Cinnamon Rolls to polling sites for workers to encourage them to stay energized throughout the day and night.

Hillsboro, IL



Since making surprise deliveries to COVID-19 Frontline workers, our Hardee's crews have received an abundant amount of Thank You cards and letters from local first responders, healthcare staff, and essential workers. We cannot express enough how much these mean to our superstar crews.



Petersburg, IL



Viriden, IL



PPE FORGIVENESS UPDATE



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The Initial Paycheck Protection Program

The CARES Act provided much-needed economic relief to businesses and employees impacted by the COVID-19 crisis. The most significant provision of the CARES Act for employers established “paycheck protection” loans administered by the SBA to help employers cover payroll costs and other expenses during the COVID-19 crisis.

The initial program provided that the federal government would forgive the loans in an amount equal to the total money spent on payroll and other specified costs during an eight-week covered period. The amount of loan forgiveness would be reduced proportionally based on calculations involving reductions in full-time equivalent employees and wages over 25% for certain employees. The PPP also provided that any reduction in loan forgiveness could be avoided entirely if the employer rehired all employees laid off between February 15, 2020 and April 26, 2020, or increased their previously reduced wages, no later than June 30, 2020.

The Paycheck Protection Program Flexibility Act

In June 2020, Congress passed the Paycheck Protection Program Flexibility Act (PPPFA), which significantly changed the PPP. Amongst other changes, the PPPFA extended the covered period during which PPP loan funds may be used from 8 to 24 weeks after the disbursement of the PPP loan, or up until December 31, 2020, whichever period ends earlier.

PPPFA also amended the CARES Act to provide that any reduction in loan forgiveness is avoided if the employer rehires all employees laid off between February 15, 2020 and April 26, 2020,

and increases their previously reduced wages, no later than December 31, 2020.

The Flexibility Act also created an additional exemption to the reduction-in-loan forgiveness, providing that the amount of loan forgiveness will be determined “without regard to a proportional reduction in the number of full-time equivalent employees” if the borrower, in good faith:

- Can document an inability to rehire individuals who were employees of the eligible recipient on February 15, 2020 and an inability to hire similarly qualified employees for unfilled positions on or before December 31, 2020; or
- Can document an inability to return to the same level of business activity as the borrower was operating at before February 15, 2020, due to compliance with requirements established or guidance issued by the Secretary of HHS, the Director of the CDC, or OSHA during the period between March 1, 2020 and December 31, 2020, for certain COVID-19 reasons.

These exemptions are important for businesses that have been, or are, unable to return to full operation because of restrictions on customer capacity or similar reopening restrictions.

Furthermore, the Flexibility Act established that borrowers must use at least 60% of the PPP loan amount for payroll costs, and at most 40% of the PPP loan amount for non-payroll costs (rent, mortgage interest, and utilities). Under the Flexibility Act, payment of principal, interest, and fees are deferred until the date that the amount of forgiveness is remitted to the lender, and borrowers have ten months from the exhausting of funds to apply for forgiveness.

Loan Forgiveness Applications

Following the PPPFA, the SBA has issued a number of PPP loan forgiveness applications. These applications can be found at the SBA website. Which application you use will be determined on various criteria, including for example the loan amount, how much you reduced salaries and wages of employees during the covered period, and whether you reduced the size of your workforce. The SBA’s Interim Final Rules provided that after employers submit applications for forgiveness, lenders must respond within 60 days. The loan forgiveness applications can be found at the SBA website.

Loan Forgiveness – What We Know Now?

The SBA began processing loan forgiveness applications on October 2. However, many borrowers remain uncertain about whether their loans will be forgiven and what implications the forgiveness process has going forward. And while the process remains somewhat fluid – much like the PPP has since its inception – here’s what we know for sure.

Generally, a loan is eligible for 100% forgiveness of the principal and interest if the borrower used the money within PPP param-

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SCHOLARSHIP INFO

THE INDEPENDENT HARDEE'S FRANCHISEE ASSOCIATION SCHOLARSHIP PROGRAM

The application program will be live on or after November 1, 2020 6:00 am Central Time. Please encourage applicants/interested employees to return then and navigate to the Scholarship America Hub to register and begin the application process!

The Independent Hardee's Franchisee Association (IHFA) has established a scholarship program to assist employees who plan to continue their education in college or vocational school programs. Scholarships are offered each year for full-time study at an accredited institution of the student's choice.

Applicants to The Independent Hardee's Franchisee Association Scholarship Program must be:

- Employees of Independent Hardee's Franchisee Association members who have a minimum of six (6) months employment with the franchise as of the application deadline date. Employees must remain employed at the time awards are paid.
- Employees who plan to enroll or are already enrolled in full-time undergraduate study at an accredited two- or four-year college, university, or vocational-technical school for the entire upcoming academic year.

AWARDS

If selected as a recipient, the student will receive a \$1,000 award. Up to twenty (20) awards will be granted each year. Awards are not renewable, but students may reapply to the program each year they meet eligibility requirements. Awards are for undergraduate study only. All applications must be submitted by January 15, 2021.

For more information visit <https://learnmore.scholarsapply.org/ihfa>

PPE FORGIVENESS UPDATE *continued from page 16*

eters (payroll costs, rent, utilities, 60%/40% rule) to maintain their payrolls at commensurate levels of before the pandemic.

Borrowers must submit loan forgiveness applications to their lenders and have up to 10 months after exhausting the loan proceeds. Lenders then have 60-days to review applications (and supporting documentation) before submitting forgiveness requests to the SBA. The SBA has 90 days to notify lenders of its decision and release funds if approved after receiving forgiveness requests.

Loan Forgiveness – What We Don't Know


Given the timeframes for both lender review and the SBA's decision, it is uncertain whether borrowers are likely to receive a determination of loan forgiveness before the end of 2020. Because of that, many borrowers are weighing options to determine whether or not to submit for forgiveness now. If you have not yet applied for forgiveness, it is advisable to consult a legal or tax professional to make an informed decision.

Furthermore, given the changes to the program that have occurred since March, it is unknown at this time whether the program will be subject to additional changes or clarifications.

However, given the program's history, additional changes or clarifications are likely forthcoming, especially since utilizing the full ten-months provides most borrowers time to apply for and receive forgiveness. Waiting also provides borrowers with time to determine the prospect of another economic stimulus package, talks of which have stalled in the weeks leading up to the election.

Stay the Course

For many borrowers, the thought of having a significant debt eliminated from the books is promising. But acting hastily may result in unintended consequences. Generally speaking, borrowers should apply for forgiveness when their total employee count and salaries/wages are at their highest points. Borrowers would be well-served to assess current business needs to determine whether applying for forgiveness now is prudent or whether waiting for additional guidance or changes makes sense. ♦



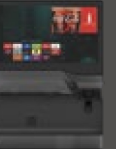


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2021 IHFA CONVENTION & TRADESHOW

NEW ORLEANS

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WWW.IHFA.COM

FALL CONVENTION & TRADE SHOW - Watch your email for updates!

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