



Live Q&A with Armanino's SBA Team

Armanino Overview



PURPOSE

To be the **most innovative** and **entrepreneurial** firm that makes a **positive impact** on the lives of our **clients, people and our communities.**



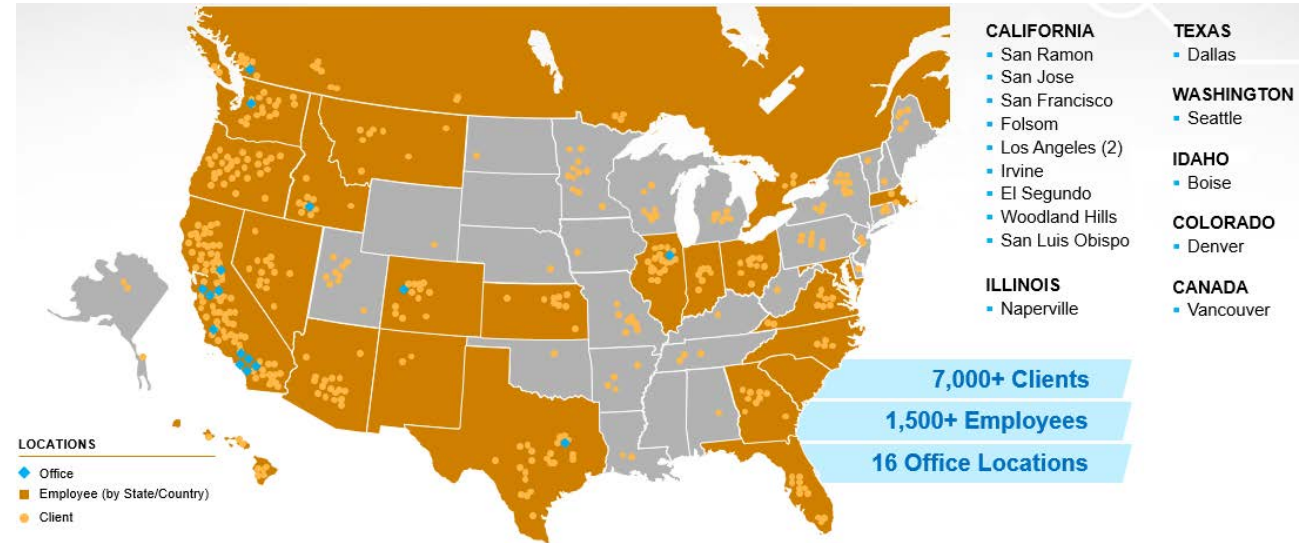
SNAPSHOT

- 1500+ Employees
- Team Members in 22 States
- 23rd Largest CPA & Consulting Firm
- Largest Niche: Non Profit

Affiliate Companies



LOCATIONS



RECOGNITION & AWARDS



Speakers



John Schweisberger

*Business Outsourcing
Services, **Partner***



Jenn McCabe

*Business Outsourcing
Services, **Partner***



John Kogan

*Business Outsourcing
Services, **Director***



David Miller

*Business Outsourcing
Services, **Partner***



Matt Petroski

*Tax, **Director***

SBA Loan Programs



CARES/Paycheck Protection Program (PPP)

Economic Injury Disaster Loans (EIDLs)

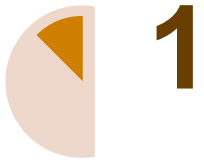
Emergency Economic Injury Grants

What are the Main Differences Between the Loans?

	PPP	EIDL	EEIG
Maximum Loan	\$10 million	\$2 million	\$10,000
Terms	1% and 2 years maturity As of 4/2/2020	Up to 3.75% Up to 30 years	None
Basis of Loan Amount	Monthly Payroll Costs	Demonstrated Need	Request (subset of EIDL)
Funded By	Local Bank	SBA	SBA
Time to Funding	1-2 weeks (expected but uncertain)	3-4 weeks (estimated)	3 days
Forgiveness	Yes (Partial to Full)	No	Yes
Personal Guarantee	No	Yes	No
Collateral Required	No	Yes	No
Application Requirement	Simple	Complex	Simple
Compliance Requirement	Complex	Simple	NA
Appropriate For	Capital to cover the cost of retaining employees, paying rent and utilities, interest on mortgage debt	Payroll and other operating expenses that could have been met had the disaster not occurred	An emergency infusion of cash to cover you right now; an advance against EIDL

Requirements

Eligible Entities must meet the following:



Business
Operational on
February 15, 2020



No more than 500
employees
(excludes independent
contractors in
calculation)



Current COVID-19
economic
environment makes
this loan request
necessary



Borrowers certify to
lenders, in good faith, to
use funds to retain
workers, maintain payroll
and other debt obligations;
including mortgage
interest payments, rent
under a lease agreement
and utilities

Loan Amount Calculation

❑ Based on 12 months of "Payroll Costs"

- Application Says – 2019 12 months
- CARES Act says – 12 months from loan origination (~4/2019 to 3/2020)
- Look at both to get the maximum loan amount
- Divide sum by 12 = Average Monthly Payroll Costs

❑ Multiply by 2.5 = The Product

❑ The Lesser of The Product of the final calculation or \$10.0m

❑ What is in the Payroll Costs?...



Eligibility – Payroll Costs

☐ “Payroll Costs” include payments for:

- Salary, wage, commission, or similar compensation +
- Cash tips or equivalent +
- Vacation, parental, family, medical or sick leave + (exclude FFCRA Leave)
- Employer paid portion of the health care benefits (including premiums) +
- Any retirement benefit paid by company (e.g. 401k matching)
- Employer paid state or local tax assessed on compensation of employees (for example state unemployment tax)

☐ “Payroll Costs” exclude payments for:

- Compensation of an individual employee in excess of an annual salary of \$100,000
- 1099 contractors
- Taxes imposed or withheld as part of FICA, RRTA, or wages held at the source of income (Chapters 21, 22, or 24 of IRC)
- Compensation of an employee whose principal place of residence is outside the United States
- Qualified sick leave for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act
- Qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act

Loan Forgiveness

- **Maximum forgivable amount is equal to the amount spent in an 8-week period (after the loan origination date) on essential operating expenses:**
 - Payroll costs, rent, utilities, and interest payment on mortgages
 - Leases and mortgages needed to be in place before February 15, 2020
- **Amount forgiven will be reduced:**
 - Proportionately to any reduction in number of employees retained compared to number of employees existing in one of two testing periods, **AND**
 - If there is any reduction in an employee's wages greater than 25% during the most recent full quarter
- **Borrowers that rehire employees previously laid off and re-hired by June 30th will not be penalized for reduced payroll**
- **Amount unforgiven can be repaid over 2 years at a 1% interest rate, with deferred payments for at least 6 months from date of the loan**
- **Develop a strategy of when and how many you rehire and align that with furloughs or layoffs to maximize the benefit of the forgiveness**

Still not sure where to start?

The Simple Summary

- ❑ **Calculate your loan**
- ❑ **File your application**
- ❑ **Plan ahead...**
 - Develop a plan for usage of funds including a staffing plan
 - Manage compliance through tracking of your essential business operating costs



Armanino's SBA Support Products

Pre-Application

Start Application

Submit Application

Receive Approval & Funding

Compliance Reporting

Forgiveness Application

Pre-Application Consulting

- i. In-depth advisory session with an Armanino SBA subject matter expert to address client-specific options
- ii. Review your loan calculation process for completeness and consistency with requirements

Application Consulting

- i. Interview session to help client prepare loan application form
- ii. Collect "Payroll Costs" data and prepare loan amount calculation
- iii. Help gather and compile application materials
 - 1. Employee and Payroll Costs documentation
 - 2. Tax returns
- iv. Support you with your lender through loan approval

Forgiveness and Compliance Management

- i. Prepare estimated forgiveness calculation analyses
- ii. Prepare spending plan to maximize the total forgiveness amount
- iii. Gather and analyze 'use of funds' materials during the covered period of the loan
- iv. Complete forgiveness application for Bank
- v. Support you in discussions with bank regarding uses of funds and forgiveness



Cash Controls & Crisis Management
We answer the question, “How do I stay in business given market volatility?”

Government Aid & Access
We answer the question, “How do I access government assistance?”

HR & Remote Workforce Enablement
We answer the question, “How do I manage my employees?”

Internal & External Communications
We answer the question, “How do I manage what is being shared about the pandemic?”

Industry Solutions
We answer the question, “How do I solve for issues specific to my industry?”

armaninollp.com/articles/covid-19-resource-center

FAQs

1. Does the \$100,000 payroll cost per person limit mean I exclude that person's wages entirely? Or do I only exclude payroll expenses over \$100,000 per person?
2. Can I include 1099 contractors in my payroll cost as a basis for my loan?
3. I use a PEO. Can I apply and use my payroll expenses?
4. Can I have both SBA loans – the EIDL and also the PPP?
5. Do I include Workers Comp in the payroll expense when I calculate my base pay?
6. Do I need to file my 2019 taxes before I apply?
7. What banks are doing this program?
8. Where do I submit my application?
9. How do I count my 500 employees?
10. Can I use the PPP loan proceeds to pay off debt?
11. Can I take advantage of the Federal Payroll Tax Deferral plan if I am applying for the PPP?
12. Am I eligible if my business hasn't been interrupted?
13. Can I apply for the PPP for all my companies? If I am owned by a foreign entity/person can I apply?
14. Can a hospital that is *not* a 501c(3) apply for the PPP?
15. What are the requirements for the EIDL?



Any additional questions from the audience?