



# Live Q&A with Armanino's Dallas Team

# Firm Overview



## PURPOSE

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

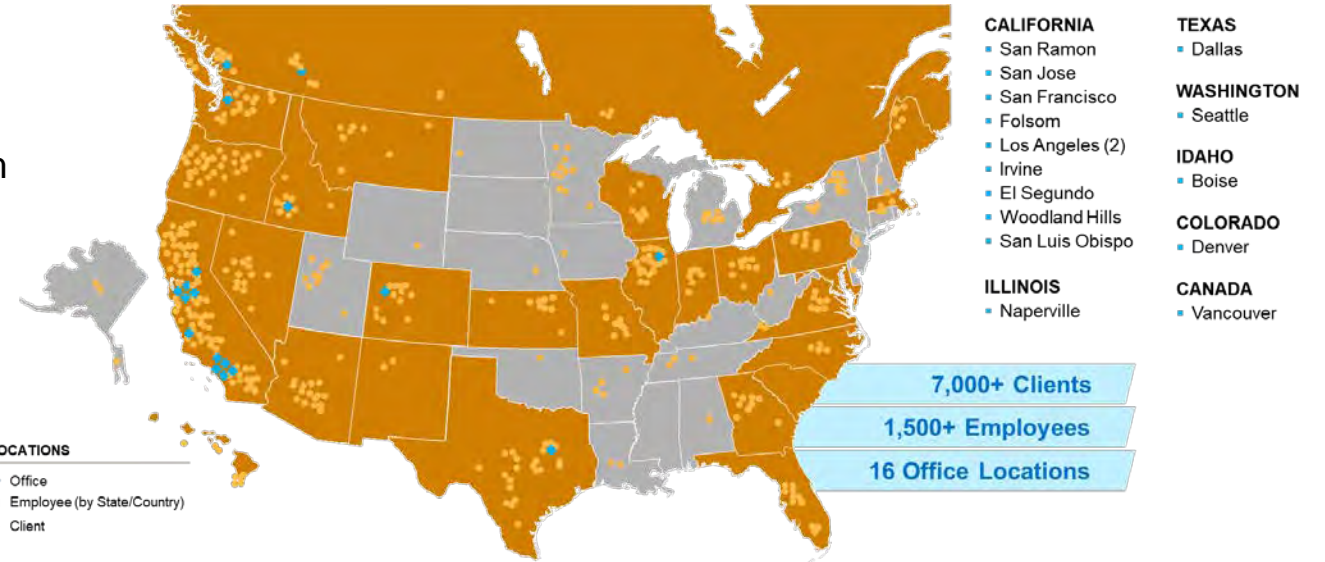


## SNAPSHOT

- 1500+ Employees
- Team Members Across U.S.
- Top 25 CPA & Consulting Firm



## LOCATIONS



## RECOGNITION & AWARDS



# COVID-19

## RESOURCE CENTER

ACCESS THE  
RESOURCE CENTER

### Cash Controls & Crisis Management

We answer the question, "How do I stay in business given market volatility?"

- [Business Continuity Planning for COVID-19 \(and Other Disruptions\)](#)
- [Crisis Planning Checklist](#)
- [Managing COVID-19 and Beyond: Where CFOs and Business Owners Can Start](#)
- [COVID-19 'Hot Half Dozen' Things Small to Mid-Sized Companies Should Do Right Now](#)
- [Cybersecurity Best Practices for Your Workforce](#)
- [Remaining Vigilant Against Financial Fraud](#)

### Government Aid & Access

We answer the question, "How do I access government assistance?"

- [Small Business Interruption Loans \(Paycheck Protection Program\) 7\(a\) Loan Checklist](#)
- [SBA Streamlines Criteria for Economic Disaster Loans](#)
- [SBA Loans: The Basics of Personal Guarantees](#)
- [Key Funding Provisions for Small and Midsized Businesses](#)

### HR & Remote Workforce Enablement

We answer the question, "How do I manage my employees?"

- [Furlough FAQ – What Employers Need to Consider](#)
- [Coronavirus: What You Can Do to Minimize the Impact on Your Business](#)
- [Tips for Using Sage Intacct While Working Remotely: Reporting and Automation](#)
- [Salary Cuts in Lieu of Layoffs: What Business Leaders Should Know](#)
- [Online Meeting Etiquette: 5 Tips for Conducting Virtual Meetings](#)
- [Tips for Remote Working: Keeping Productivity High During COVID-19](#)

### Internal & External Communications

We answer the question, "How do I manage what is being shared about the pandemic?"

- [COVID-19: Crisis Communications Best Practices](#)

### Industry Solutions

We answer the question, "How do I solve for issues specific to my industry?"

- [Nonprofits: Continuity Planning for COVID-19 \(and Other Disruptions\)](#)
- [Practical Steps for Nonprofit Finance Teams](#)
- [Key Considerations for SEC Registrants](#)
- [Crisis Planning Checklist for Private Education Facilities](#)

# CO-HOSTS

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**Perry Kaufman**  
Partner, Armanino  
& Co-Host



**Fred Bastie**  
Partner, Armanino  
& Co-Host



# Highlights of the Paycheck Protection Program

# OVERVIEW OF STIMULUS BILL

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On March 27, 2020 President Trump signed a \$2.2 trillion economic stimulus package to mitigate the worst effects of the of the coronavirus pandemic on the US economy. It is the largest stimulus package ever assembled and and provides relief to several groups impacted by the coronavirus pandemic.

- **INDIVIDUALS: \$560B**
- **BIG CORPORATIONS: \$500B**
- **SMALL BUSINESSES: \$377B**
- **STATE/LOCAL GOVERNMENTS: \$339.8B**
- **PUBLIC HEALTH: \$153.5B**
- **EDUCATION/OTHER: \$43.7B**
- **SAFETY NET: \$26B**

Here are some the highlights that apply to many small businesses:

- Paycheck Protection Program Loans will be funded with \$349B in loan guarantees and loan subsidies to be used for employee salaries, rent, payroll costs, and interest on certain debts with a maximum amount of \$10M per company.
- Paycheck Protection Program Loans may be forgiven based on employee retention levels.
- The availability of Net-operating losses (NOLs) will be relaxed allowing losses from 2018, 2019, or 2020 to be carried back five years, and would temporarily remove the 80% taxable income limitation to allow an NOL to fully offset income.
- Modification of Business interest expense limitation increased to 50% for effected taxpayers
- Retroactive technical amendment regarding qualified improvement property depreciation

# OVERVIEW OF PAYCHECK PROTECTION PROGRAM

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## PURPOSE

Provide significant relief for small businesses substantially affected by COVID-19 with potentially forgivable loans (Section 7(a) loans)



## ELIGIBLE ENTITIES

- Companies that qualify as a small business under the Small Business Act, OR 500 or fewer employees (unless industry's SBA size standard allows more than 500 employees)
- Small businesses, non-profits (except those that receive Medicaid reimbursements), and veteran's organizations
- Sole proprietors, independent contractors and other self-employed individuals
- Businesses in certain industries with more than 1 physical location and no more than 500 employees per location
- The affiliation rules are waived for businesses in the restaurant and hospitality industries, and approved franchises on the SBA's Franchise Directory

# REQUIREMENTS

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## Eligible Entities must meet the following:



Business Operational  
on February 15, 2020



Paid employees'  
salaries, OR paid  
independent contractors



Significantly impacted  
by COVID-19



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 TERMS

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## **Maximum loan is the lesser of:**

- \$10 million, **OR**
- The average monthly payroll for the prior 12 months (prior to the loan date) times 2.5, **OR** the outstanding amount of certain SBA loans made on or after January 31, 2020

## **Maximum maturity is 10 years**

## **Interest rate will not exceed 4%**

## **Any canceled indebtedness will not be included in taxable income**

## **Borrower supplies lender with the following:**

- Application with number of full-time equivalent employees on payroll and other allowable costs
- Payroll tax filings
- State income, payroll, and unemployment insurance filings
- Financial statements verifying payment on debt incurred

## **Collateral and personal guarantees will be waived during the covered period**

## **Borrower and lender fees for 7(a) loans will be waived**

# INTENDED USE OF FUNDS

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- **Employee salaries (up to \$100,000 in annual salary), payroll support, paid sick or medical leave, group healthcare benefits**
- **Interest payments on debt obligation existing prior to February 15, 2020**
- **Rent under a lease agreement existing prior to February 15, 2020**
- **Utilities**
- **Insurance premiums**
- **Other debt obligations incurred before February 15, 2020**

# LOAN FORGIVENESS

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- **Maximum forgivable amount is equal to the amount spent in an 8-week period (after the loan origination date), on the following items:**
  - Payroll costs, interest payment on mortgages held prior to February 15, 2020, rent payments (if lease in force prior to February 15, 2020), utility payments (if service began prior to 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 will not be penalized for reduced payroll**
- **Amount unforgiven can be repaid over 10 years at a rate not to exceed 4%**

Still not sure where to start?

# INFORMATION NEEDED TO CALCULATE MAXIMUM LOAN AMOUNT & ESTIMATED FORGIVABLE AMOUNT

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- **The company's average monthly salaries (up to \$100,000 per year, per employee)**
- **The company's anticipated costs (same as above) for the next 8 weeks (after loan origination date)**
  - Payroll costs
  - mortgage payments or rent payments (under a lease prior to February 15, 2020)
  - utilities
  - other debt payments for the past 12 months prior to February 15, 2020
- **The company's anticipated average number of full-time employees during the 8-week period**
- **The company's average number of full-time employees (February 15, 2019 through June 30, 2019)**
- **The company's average number of full-time employees (January 1, 2020 through February 29, 2020)**
- **Specifics on any anticipated salary reductions during the most recent full-quarter**

# PAYCHECK PROTECTION PROGRAM ANALYSIS

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Please contact [info@armaninoLLP.com](mailto:info@armaninoLLP.com) for help with your PPP Analysis.



Any additional questions from the audience?