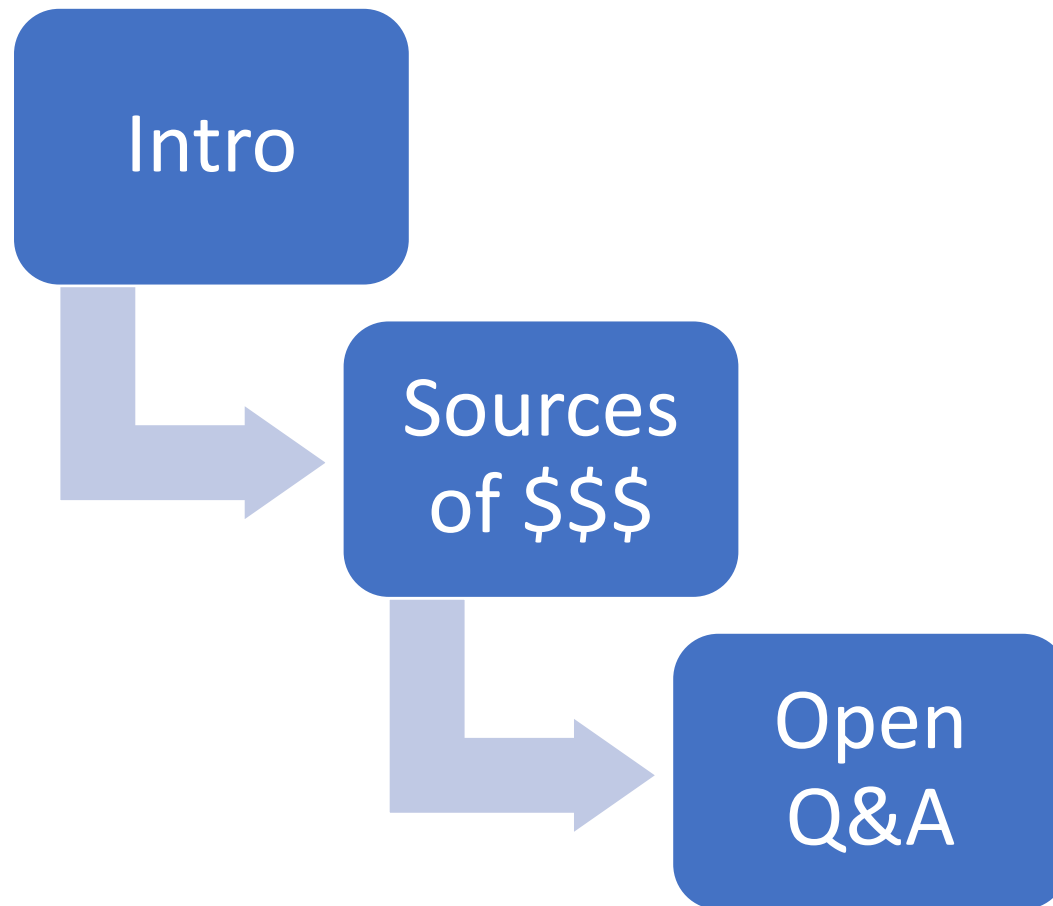


Where Can I Get \$\$\$ During COVID-19

Presented By



Agenda



Overwhelming Information & Decisions



Let's Ease Your Anxiety (by throwing \$\$\$ at the problem)



About Me

Serial
Entrepreneur

Manuel “Manny” Cosme
Founder & CEO



Accounting Firm **FOCUSED** On **Bookkeeping & Strategy**
For Small **Businesses & Non-Profits**

I Understand...And I Can Help



Disclaimer A

Keeping this “high level”

*Keeping this focused on micro-business
(<500 employees ; $<\$5M$ revenue)*



For detailed information...

Go to source docs (links on our website)

Schedule 1-1 consultation.

Disclaimer B

Information Is Changing Frequently!!!

*This is the latest information we have,
but is subject to change.*



Still some unanswered questions.

And...

I am not YOUR Accountant...

*Touch base with your CFO / Accountant / Bookkeeper
to help you take advantage of programs*

Sources of \$\$\$

Federal Programs

- SBA Economic Injury Disaster Loan (“EIDL”)
- Paycheck Protection Program (“PPP”)
- Employee Retention Credit
- Sick Leave & Family Medical Leave Payroll Tax Credit

State Programs

- DC: Grant Program (now closed)
- MD: Loan Program & Grant Program

Local Programs

- MD – Montgomery County: Grant Program

Private Programs

- Facebook Grant

Federal Legislation

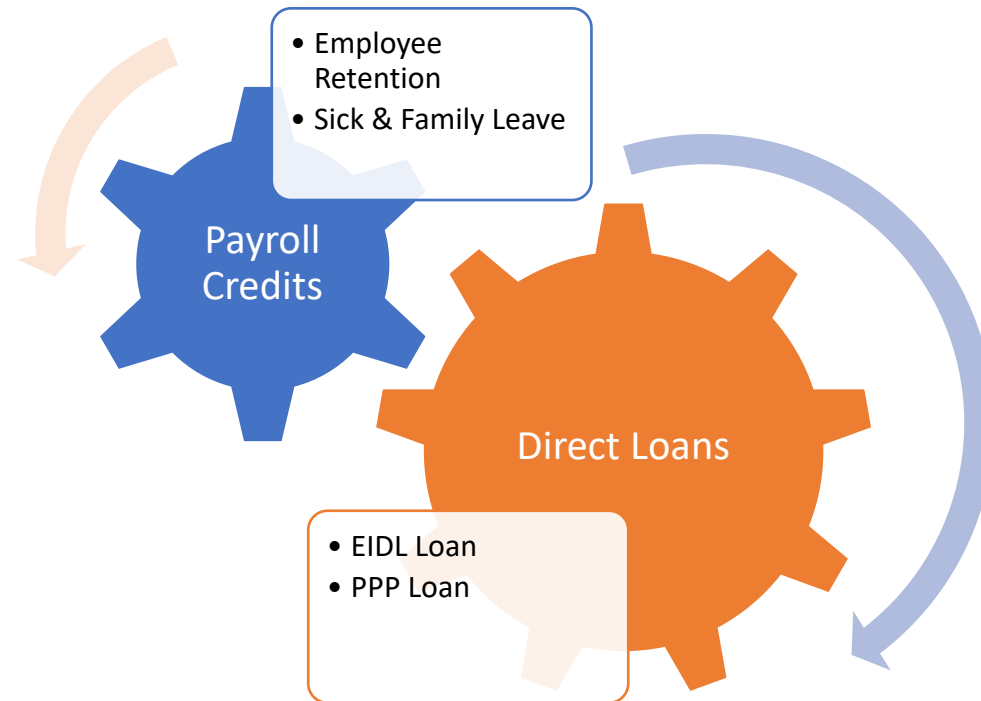
Families First Coronavirus Response Act (FFCRA)

- Established Paid Sick Leave and Paid Family Leave

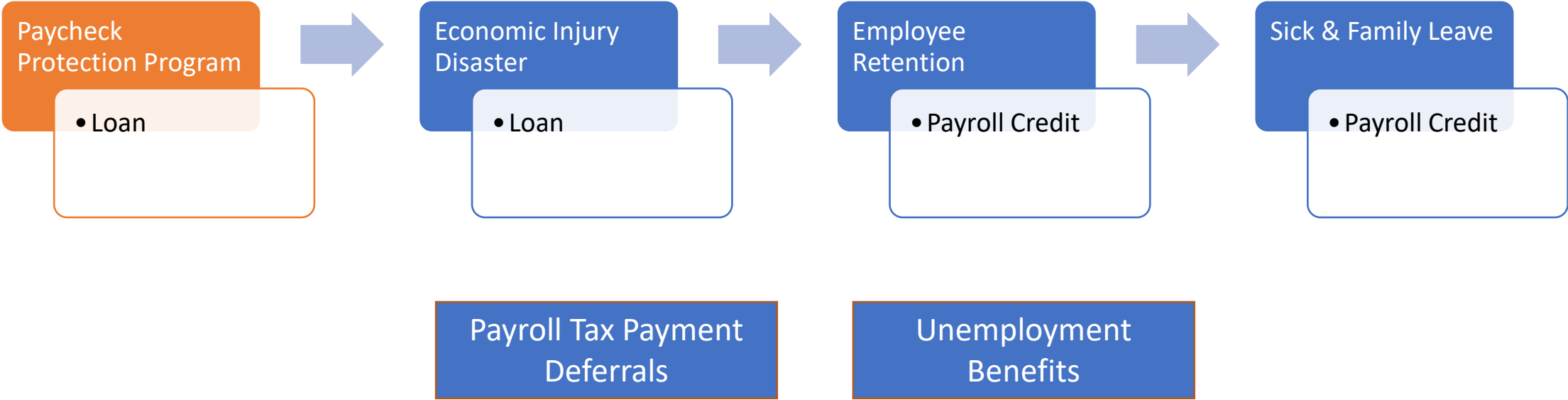
Coronavirus Aid, Relief and Economic Security Act (CARES)

- Established Paycheck Protection Program (“PPP”)
- Expanded SBA Economic Injury Disaster Loan (“EIDL”)
- Established Employee Retention Credit
- Expanded Unemployment Benefits (for employees)

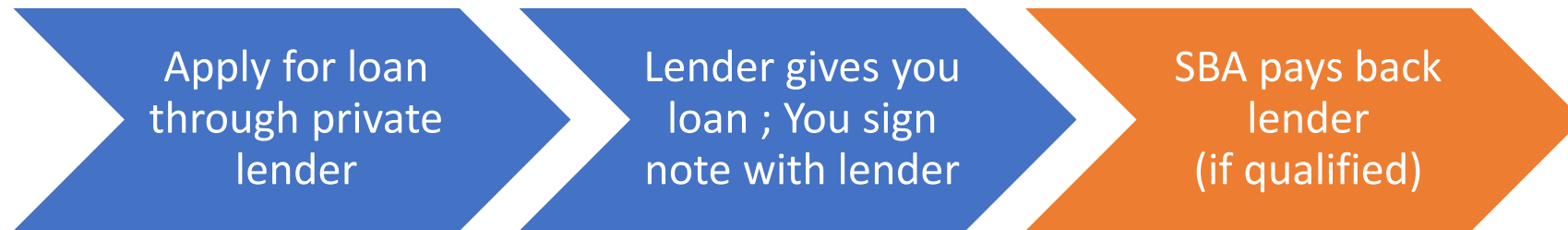
Classify In Two Major Buckets



Let's Look At Loans First



Paycheck Protection Program (“PPP”) How It Works



Paycheck Protection Program (“PPP”) Who Is Eligible?

Small business or
501(c)(3) <500
employees

Sole proprietor or
independent
contractor

Operating before
Feb 15 2020

“Need” loan
because of
uncertainty

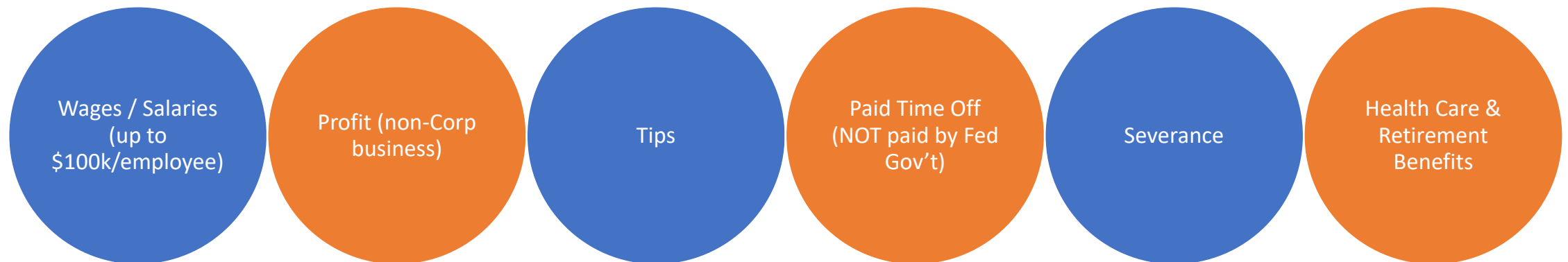
Use loan to pay
workers, mortgage,
lease, utilities,
transportation

No credit check or
collateral needed

Paycheck Protection Program (“PPP”) How Much?

Up to 2.5x “average monthly payroll costs” over last 12 months *

Average Monthly Payroll Costs =



* Different criteria for new businesses or seasonal employers

Paycheck Protection Program (“PPP”) Forgiveness

Amount Spent
During 8 Weeks
After Funding

- Payroll (and profit for sole prop)
- Mortgage Interest and Office Lease
- Utilities
- Transportation

No Employee
Reduction During
8 Weeks After
Funding

- Headcount Not Reduced
- Wages Not Decreased More Than 25%
 - (for employees paid over \$100k...reduction doesn't start counting until wages reduced below \$100k) (e.g. you can reduce wages to \$75k before penalized)

Paycheck Protection Program (“PPP”) Forgiveness (cont.)

Not “All or Nothing”

If you reduce employee count or wages by more than 25%...

Can still get some forgiveness.

(see our website for links to calculator)

And...if you already laid off / reduced wages between now and April 27...

Forgiveness fully restored IF you bring everyone back by June 30

Paycheck Protection Program (“PPP”) Repayment (if loan not forgiven)

Max Interest Rate = 1%

Max Loan Repayment Period = 2 years

No Prepayment Fees

First Payment Deferred 6 to 12 Months

Paycheck Protection Program (“PPP”) FAQ

Can I Include 1099 Contractors In The Loan Amount?

- No, Only Employees

Can I Pay 1099 Contractors With The PPP Loan?

- No, They Can Apply For Their Own

What If I’m Not On The Payroll

- Include Your Business Profit So You Can Pay Yourself With The Loan Proceeds

Do I Have To Hire Back The Same Person?

- No, Just Keep The Same Head Count (or FTE Count)

If I Have A Bunch Of Part-Time People, Do I Have To Hire Them All Back?

- No, It’s Full Time Equivalentents (FTE’s)

What If I Recently Hired / Increased My Payroll

- Use The Last 12 Months Of Payroll Cost

Will The Loan Forgiveness Be Considered Taxable Income?

- Nope!!!

Paycheck Protection Program (“PPP”) Example

Acme Bakery is a small business with 10 employees.

They pay the following wages:

- \$20,000 in salaries

- \$2,000 in cash tips

- \$3,000 in health and retirement benefits

...so their average monthly payroll is \$25,000

The loan they can get is max $\$25,000 \times 2.5 = \$62,500$.

They apply and receive the loan on May 1.



Paycheck Protection Program (“PPP”) Scenario A

During the next 8 weeks (May 1 to June 26)...

Spending

Spent all money (\$62,500) on paying employees, rent utilities

Employees

Did not lay anyone off or reduce wages

Forgiveness

Entire amount forgiven

Paycheck Protection Program (“PPP”) Scenario B

During the next 8 weeks (May 1 to June 26)...

Spending

Spent \$30,000 on approved expenses (spent rest on unapproved)

Employees

Did not lay anyone off or reduce wages

Forgiveness

Only \$30,000 forgiven

Paycheck Protection Program (“PPP”) Scenario C

During the next 8 weeks (May 1 to June 26)...

Spending

Spent entire amount (\$62,500) on approved expenses

Employees

Laid off one employee and reduced everyone else to part-time

Forgiveness

Some of the \$62,500 will be forgiven (use calculator)

Paycheck Protection Program (“PPP”) Scenario D

During the next 8 weeks (May 1 to June 26)...

Spending

Spent entire amount (\$62,500) on approved expenses

Employees

Before loan: Laid off 1 employee and reduced everyone else to part-time
As of June 30: Rehired employee and everyone back to full-time

Forgiveness

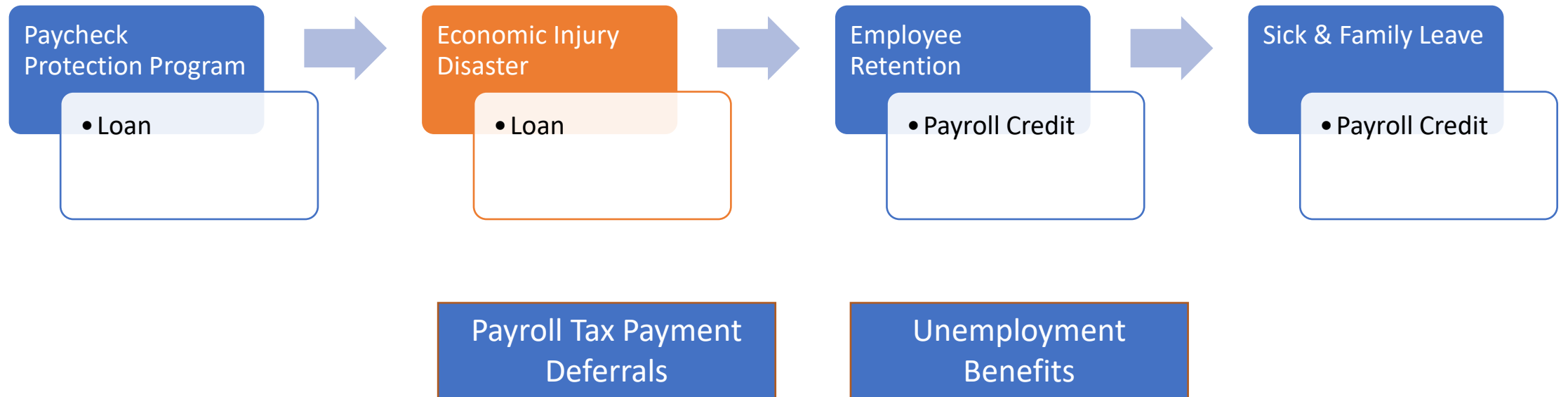
Entire amount forgiven

Paycheck Protection Program (“PPP”) Key Takeaway

KEEP GOOD BOOKKEEPING RECORDS
ON YOUR SPENDING!!!



Still Looking At Loans



Economic Injury Disaster Loan (“EIDL”) How It Works



Economic Injury Disaster Loan (“EIDL”) Who Is Eligible?

Small business or
(any) non-profit
<500 employees

Sole proprietor or
independent
contractor

Located in declared
“disaster zone”
(most areas now
declared)

Have loss directly
related to disaster

Must pass credit
check (very low
threshold)

Must show
repayment ability

Collateral
(if loan > \$25k)

Economic Injury Disaster Loan (“EIDL”) How Much?

Determined on case-by-case basis by SBA

“Based on size, type of business, financial resources, and need”

Economic Injury Disaster Loan (“EIDL”) Repayment

Interest Rate – Business = 3.75%

Interest Rate – Non-Profit = 2.75%

Loan Repayment Period = 30 years

First Payment January 2021

Economic Injury Disaster Loan (“EIDL”) Advance

Due to CARES Act...

\$1,000 Advance
Per Employee

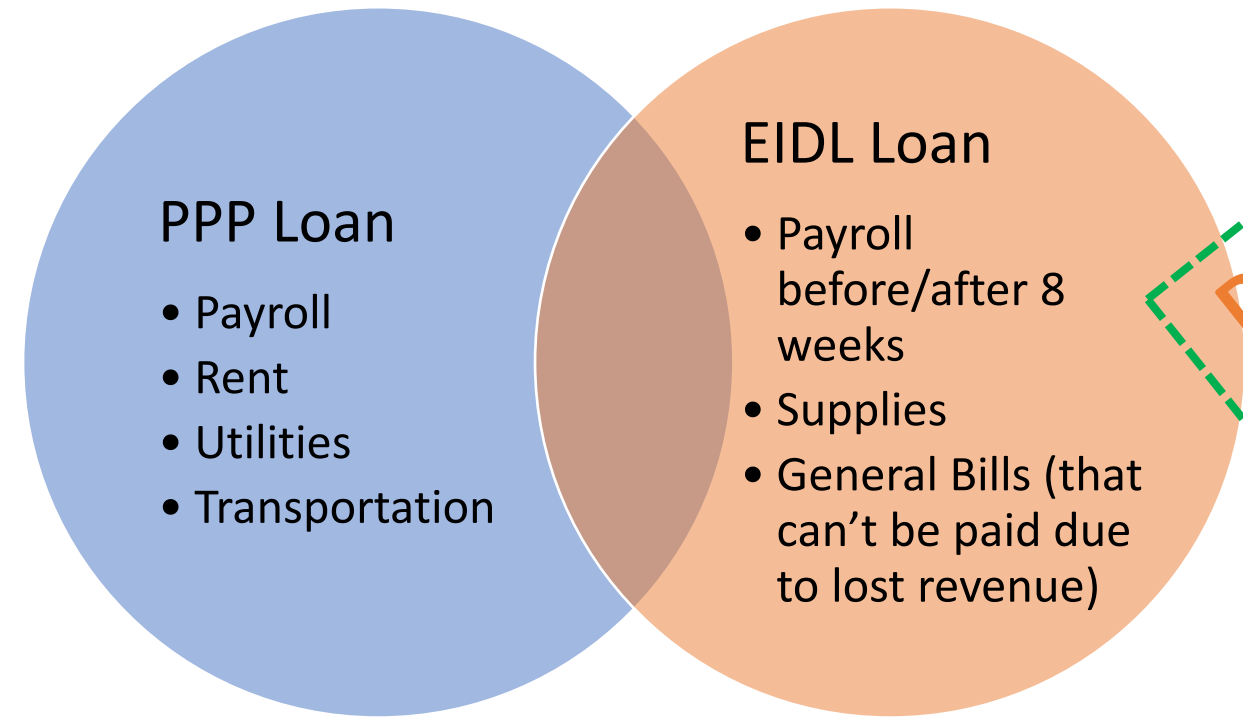
\$10k Rolled Into EIDL
Loan OR PPP Loan

- If PPP Loan, Can Be Forgiven

If Denied For Either
Loan...\$10k Forgiven

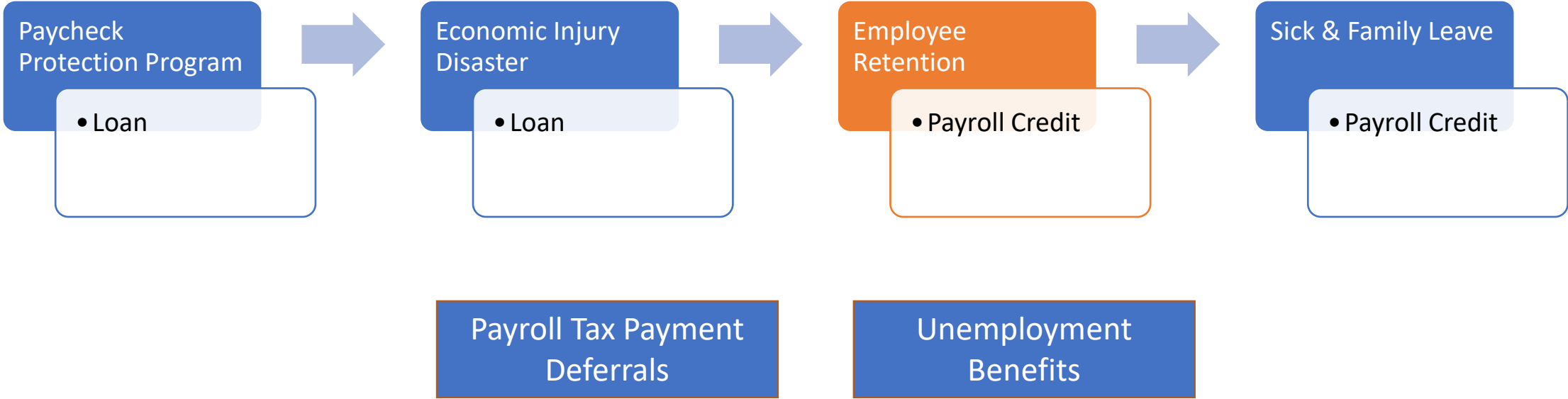
Economic Injury Disaster Loan (“EIDL”) Advance

You can take BOTH PPP Loan & EIDL Loan
As long as used for different purposes



**Discuss With CFO
To Strategize!**

Moving On To Payroll Tax Credits



Employee Retention Credit Overview

Purpose


Retain your employees* during pandemic

Tax Credit

50% of wages* paid Mar 9 to Dec 31
(up to max credit of \$5,000 per employee)

Eligibility

Only for “eligible employers”
Cannot take if PPP loan forgiven (no “double-dipping”)

 self-employed individuals cannot qualify for this

*Different for employers over 100 ee's



Employee Retention Credit Who Is Eligible?

EITHER

Business operations are “fully or partially suspended due to orders from a governmental authority limiting commerce, travel, or group meetings due to the COVID-19 pandemic” (non-profits qualify)

Business lost > 50% revenue compared to same quarter last year

- Continue to take credit until revenue loss is < 80% quarter-over-quarter

Note: Self-employed individuals cannot qualify for this

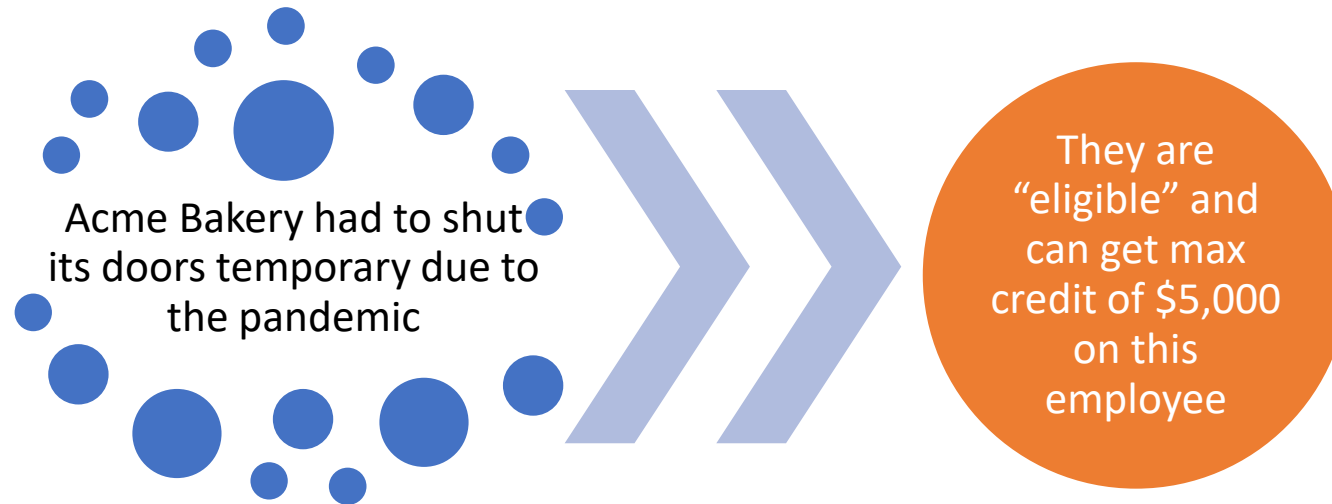
Employee Retention Credit How Is It Given?

Employer gets tax credit against
employer portion of Social Security Tax

Excess will be refunded by IRS

**Ask your payroll provider
to apply for you!**

Employee Retention Credit Example A



Have 1 employee
getting annual
salary of \$36,000.

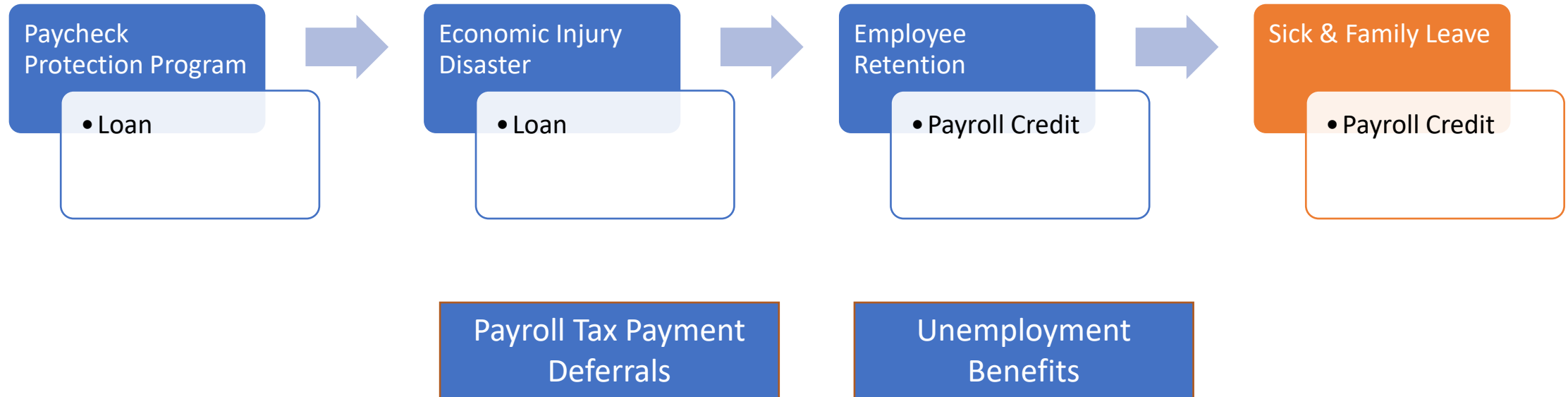
Employee Retention Credit Example B



\$10,000 sales 1Q 2019

\$2,000 sales 1Q 2020
(lost revenue due to
pandemic)

One More Payroll Tax Credit



Federal Sick & Family Leave Credit Overview

Purpose

Allow employees to take paid sick leave and paid family leave if family members are sick or have child-care needs

Tax Credit

Paid by Federal Government via payroll tax credit

Exemption

Businesses <50 employees can be exempt from doing this if it would “jeopardize the viability of the business”

Federal Sick & Family Leave Credit

Who Is Eligible?

Any employee who worked at least 1 month at company

Part-time employees eligible

Self-employed / Gig workers can take credit

Employee is “affected by coronavirus”

Take leave through March 2021

Federal Sick & Family Leave Credit “Affected By Coronavirus”

Sick Leave

- “Anyone told to quarantine, showing symptoms, exposed to the virus or trying to get a test or preventive care.”

Family Leave

- “Care for a child whose school or child-care facility is closed due to the coronavirus.”

Federal Sick & Family Leave Credit

How Much

Sick Leave

- Two weeks of paid sick leave at 100% of normal pay
- Max \$511 per day (~\$130k annual salary)
- Part-time people get equivalent (e.g. normally work 20 hrs/wk, get 40 hrs sick)

Family Leave

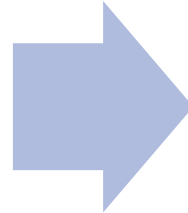
- Twelve weeks of paid family leave at 67% of normal pay
- Max \$200 per day (~75k annual salary)

Federal Sick & Family Leave Credit

How It Works

Business keeps paying employee during leave

- Sick Leave: Normal pay rate
- Family Leave: 67% pay rate



Business reimbursed via payroll tax credit

**Ask your payroll provider
to apply for you!**

Federal Sick & Family Leave Credit Example A

Susie Que works for Catalyst and earns \$90,000 per year (\$1,730 per week).

Susie suspects she has coronavirus and self-quarantines for two weeks.

Catalyst continues paying Susie her normal salary during this time.

Catalyst can claim the full amount of Susie's salary (\$3,460) as a credit.

Federal Sick & Family Leave Credit Example B

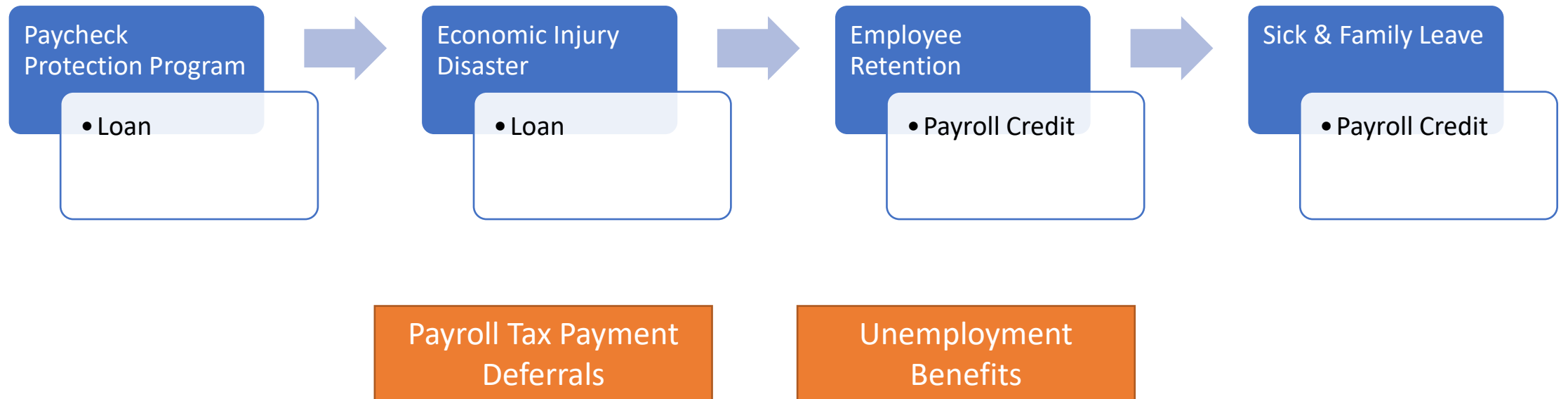
John Smith works for Catalyst and earns \$50,000 per year (\$961 per week).

His child's school closed and John needs to pause work to care for her.

Catalyst continues paying John at 67% of his pay (\$643 per week).

Catalyst can claim the \$643 per week as a credit.

Other Things To Note



Other Things To Note

Payroll Tax Payment Deferral

Can delay deposit of employer portion of Social Security Tax on wages paid through Dec 31

Must deposit 50% of tax by Dec 31 2021 and rest by Dec 31 2022

Can't continue to defer once PPP loan forgiven

Other Things To Note

Unemployment Benefits

Significantly
Expanded By
CARES

Self Employed Can
Apply For Benefits

Can Apply If
Partially Laid Off
(i.e. reduced
hours)

Extra \$600 per
week Paid On Top
Of State Benefit

IMPORTANT

Please keep in mind...



These programs are a BAND-AID for you.

They are meant to keep you moving along for 2 – 3 months max.



You need to ultimately GROW your way out of this.

Sign up for Free Disaster Planning session.

Strategy Is Key

*Good News:
A LOT of options!*



*Bad News:
Overwhelming & Need To Strategize*

Meet With CFO To Help Develop Best Strategy

Free Assistance

To help you out...

I will be providing FREE, Private
Disaster Planning Session
and
Loan Application Assistance

Schedule initial consultation with **Morgan:**
www.cfoservicesgroup.com/covid19

For More Help
Visit Our Website And Schedule A Consultation:

www.cfoservicesgroup.com
info@cfoservicesgroup.com