

IGNITE WEBINAR SERIES

COVID-19 Accounting: Ensure Your PPP Loan is Forgivable

COVID-19 Recovery & Rebuilding

WEDNESDAY, JUNE 24, 2020



Women's
Business Alliance
CENTRAL & NORTH
hosted by the Entrepreneur Fund



Webinar Logistics

WE ARE RECORDING

Recordings, slides, and any resources mentioned will be shared with participants after the event and available at <http://info.entrepreneurfund.org/igniteseries>

Q&A

All participants have been muted. If you have questions please put them in the Q&A field and we will be sure to answer those. A Q&A summary will be provided after the meeting, if we can't get to all questions during the event.

CHAT

The chat function is enabled for you to chat with the speakers. These messages don't go to the full group.

FEEDBACK

We want your feedback. After the event, you will receive a survey request. Please complete this so we can continue to improve this series.



Today's Agenda & Presenters



1:00 PM – WELCOME & OVERVIEW

SANDY VOIGT, WOMEN'S BUSINESS ALLIANCE CENTRAL DIRECTOR



1:05 PM – COVID-19 ACCOUNTING: PPP FORGIVENESS

PAM THOMSEN, CPA, PRESIDENT; THOMSEN TRAINING & CONSULTING



1:45 PM – Q&A

1:55 PM – WRAP-UP & UPCOMING WEBINARS

SANDI LARSON, WOMEN'S BUSINESS ALLIANCE NORTH DIRECTOR





Women's Business Alliance **CENTRAL & NORTH**

hosted by the Entrepreneur Fund

About WBA's

The Women's Business Alliance is a certified Women's Business Center through the SBA, which provides women business owners services to grow, finance or start a business. We have two offices: one in Northeast Minnesota and one in Central Minnesota.

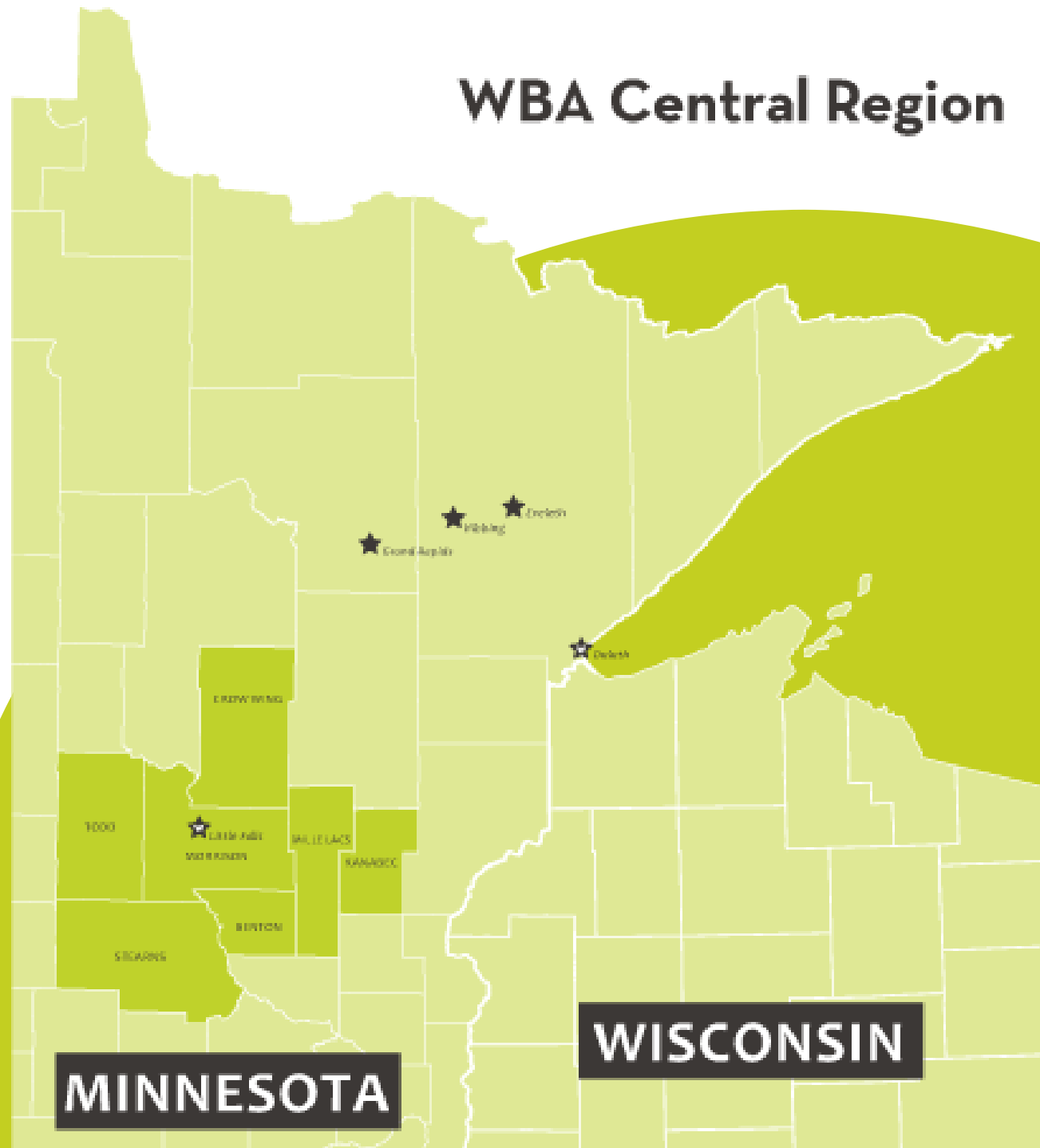
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U.S. Small Business
Administration



WBA Central Region



- Counties:
- Benton
 - Crow Wing
 - Kanabec
 - Mille Lacs
 - Morrison
 - Stearns
 - Todd

WBA North Region



- Counties:
- Aitkin
 - Carlton
 - Cass
 - Cook
 - Douglas, WI
 - Itasca
 - Koochiching
 - Lake
 - Pine
 - St. Louis



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IGNITE WEBINAR SERIES

COVID-19 Recovery & Rebuilding

UPCOMING WEBINARS

July 1 - Financially Strong During COVID-19

July 8 - Leadership During Crisis

July 15 - Strategizing and Rebuilding Using EOS Tools

PAST WEBINARS (RECORDINGS AVAILABLE)

June 17 - Recession Proof your Business

June 10 - CliftonStrengths: Returning to Work Post Trauma

May 27 - Evaluating your Website's SEO & Effectiveness

MAY 20 - Marketing Your Business During A Pandemic

May 13 - HR Laws & Procedures Relating to COVID-19

May 1 - Preparing Your Business to Re-open

April 29 - Q&A with the SBA

<http://Info.EntrepreneurFund.org/IgniteSeries>

COVID-19 Accounting:

How to make sure your PPP is forgiven

Pam Thomsen, President
Thomsen Training and Consulting, Inc.



Disclaimer

Today's information is as of 6-19-20

- The PPP Loan Forgiveness information was gathered based on available guidance and research.
- There will most likely to be more changes and updated guidance.
- The recommendations contained in today's webinars are the views of the speaker and not authority driven guidance and are subject to change.



What is the PPP?

PPP = Payroll Protection Program Loan

- The PPP Loan was part of the larger CARES Act passed to support Americas small business and its workers due to Covid 19.
- Most appealing was if used properly, the loan is forgiven.
- The funds for the program were gone in just a few days. A second round of funding is still available.



What is the PPP Flexibility Act?

- The PPP Flexibility Act was passed June 5th to correct and change some of the original provisions of the PPP Loan.
- We are still lacking complete guidance, but the Act does fix several frustrating issues.
- IRS Form 3508
- IRS Form 3508EZ must be eligible to use
- Available at www.irs.gov



Most Notable changes:

- ❖ PPP Loan Forgiveness period extended to 24 weeks
- ❖ Extended the time period for forgiveness to 12-31-20
- ❖ Extends the deadline to apply for a PPP Loan to 6-30-20
- ❖ “Requires” at least 60% of forgiven amounts come from Payroll expenses. Down from 75%.



Most Notable changes:

- ❖ The loan term allows a 5-year repayment with 6-month delay of payments
- ❖ Repeals the provision of companies with forgiven PPP Loans from deferring payroll tax deposits
- ❖ Borrowers that don't apply for forgiveness would be given 10 months after program expires to start making monthly payments, up from the current 6 months



How is the PPP Loan Forgiven?

If funds are used to pay the following:

1. Payroll Costs of wages, employee health insurance, employer contribution to retirement plans, and state and local taxes assessed on wages.
2. Payments of interest on any business mortgage obligation on real or personal property
3. Payments of rent or lease obligations
4. Payments for a service for the distribution or electricity, gas, water, telephone or internet.
 - Transportation included but not defined



What does this mean to you?

Get Prepared NOW!

The application was re-released on June 17th and looks similar to the one released on May 15th.

HOW you ask?

By gathering documents and records to show how you spent the PPP funds during the period or **INCURRED** those costs.

DO NOT APPLY UNTIL AFTER the completion of 2nd quarter payroll reports.



Start gathering the following for the PPP Forgiveness Application:

1. Actual loan documents on file
 - Loan numbers
 - lenders name and address, contact information
 - dates of loan
 - deposit copies of the PPP funds
 - EIDL Advance grant information

PPP Forgiveness is reduced by your EIDL Advance



Start gathering the following for the

PPP Forgiveness Application:

2. Payments related to payroll

- Payroll reports and records from the loan date and for each payroll, including hours worked by each employee and SSN
- Similar reports and records for 2-15-19 to 6-30-19
- Similar reports and records from 1-1-20 to 2-29-20
- If seasonal, any 12-week period from 5-1-19 to 9-15-19
- Form 941 for each quarter,
- MN Unemployment returns for each quarter
- Bank statements, proof of withdrawal



Start gathering the following for the

PPP Forgiveness Application:

2. **Payments related to payroll continued**

- Payment records, bills and cancelled checks, for employee health insurance, ER share only
- Payment records, bills, and cancelled checks, for retirement contributions, ER share only
- Owners compensation for the same periods reported separately



Start gathering the following for the PPP Forgiveness Application:

3 Payments related to real and personal property loans

- Copies of invoices and payments with the Amortization schedule
- Cancelled checks showing payment during the period and first after

4. Copies of business leases and rental agreements as of 2-15-20

- Cancelled checks showing payment during the period and first after

5. Copies of the utility bills and canceled checks

- last payment before 2-15-20
- All payments made during the period
- Payment made after the period



Forgiveness is great, but

IRS sees this much differently.....

IRS released its interpretation on 5-1-20 of the taxability of PPP forgiveness

- The PPP forgiveness is not income as stated in the CARES ACT
- Per IRS guidance the PPP Expenses paid with the forgiven funds are
NOT DEDUCTIBLE!
- SBA loan payments paid by SBA also will not be deductible and the principle portion paid by SBA is **INCOME!**
- Unemployment you received is **TAXABLE!**
- Not paying your tax liability timely results in **PENALTIES!**

Who are they really trying to help!



Economic Injury Disaster Loan or EIDL

What are the traps?

EIDL is basically an SBA 7b Disaster Loan:

- Proceeds are used to pay “operating expenses” or “valid business expenses”
- Proceeds are NOT for purchasing equipment unless the equipment was destroyed in the disaster
- Proceeds are NOT for paying down credit lines, credit cards, or any debt instrument/obligation

How are you using your EIDL funds? Be Aware!



We are here to help! Remember

Guidance is still coming and legislation can change tax law

www.sba.gov

www.irs.gov

Be in contact with your lender for updates and requirements of the bank for forgiveness

Do not apply for forgiveness until after 6-30-20 or the end of the term you choose

Seek assistance from WBA, SBDC, SBA, or your tax professional





How to Reach Us

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Please enter your questions in the Q&A field.



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NEXT WEEK

Financially Strong During COVID-19 with Amanda Blondeau

Wednesday, July 1, 1:00-2:00 p.m.

Four Key Considerations for Maintaining Business Cash Flow:
Product Offerings, Marketing, Employees, Financial Scenarios

Changes brought about by the recent COVID 19 pandemic have dramatically impacted the ability of businesses to plan for the future. This webinar works through strategies that you can use to maintain positive cash flow and retain the financial strength with your business. Learn to make strategic decisions that minimize risks and put you in the best possible cash position for successfully moving through this uncertainty.



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THANK YOU FOR JOINING US.

Find more information at
<http://info.entrepreneurfund.org/igniteseries>



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