

IEEE-CNSV

Consultants' Network of Silicon Valley

PPP 1 & 2: Loan/Grant Info

CNSV – Consulting Practices Program

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Tonight's Agenda

- What is CNSV/**C**onsulting **P**ractices **P**rogram?
- PPP-1: How to apply – Still \$ in the pool
- PPP-2: Do you qualify & How to apply
- PPP Loan Forgiveness (1 & 2)
- EIDL: Need an extra \$1,000?
- Q&A / Discussion

Consulting Practices Program (CPP)

- Talks about the business of being a consultant
- Usually in-person seminars & simulcast webinar
- Legal, medical, insurance, business entity & formation
- Last year's CPP webinars (truncated due to pandemic):
 - Mar 2020 - "Legal Issues for Consultants"
 - Jun 2020 - "PPP (Paycheck Protection Program) Panel"

Want to help with future CPP events? Contact Jeff Safire or Kim Parnell.

Qualifying for PPP-1

- Business has less than 500 employees
- Business must have been operational on Feb 15, 2020
- 2020 income vs. 2019 income must be **20%** reduction (Annual revenue does not matter)

Applying for PPP-1 Loan

- Maximum salary for PPP calculation is capped at \$100K/year
- Limited types of expenses may be included (Mortgage interest, rent, utilities...)
- Calculate average monthly income
(Sole Proprietor: use 2019 Sch.C L.31, Net Income)

Ex: Sole Proprietor, no expenses, salary cap at \$100K

Max Loan: $\$100\text{K}/12\text{months} \times 2.5 = \mathbf{\$20.8\text{K}}$

Qualifying for PPP-2

- Business has less than 300 employees
- Business must be operational on Feb 15, 2020
- Qx 2019 vs. Qx 2020 must be **25%** income reduction
(Annual revenue does not matter)
- All money from PPP-1 must be spent (if you received PPP-1 loan)

Applying for PPP-2 Loan

- Maximum salary for PPP calculation capped at \$100K/year
- Limited types of expenses may be included (Mortgage interest, rent, utilities...)
- Calculate an average monthly amount (for Sole Proprietor, use 2019 Sch.C L.31 (Net Income)).
- Use a DRAFT 2019 Sch.C if you have not filed at time of application (capped at \$100K).

- Ex: Sole Proprietor, no expenses, salary cap at \$100K
Max.Loan: $\$100\text{K}/12\text{months} \times 2.5 = \mathbf{\$20.8\text{K}}$

Calculating loan amount

- If your business has W-2 Employees, they are also limited to the \$100K/year cap.
- 1099 Contractors do not count for your business in determining the allowable PPP loan amount
- The overall goal of PPP is to maintain your employees*
- PPP Loan/Grant is not taxable income!

* or yourself

Documents You Will Need To Apply

- 2019 Sched C or possibly 1040 with all major forms
- Photo of Driver's License (front and back)
- Photo of canceled Business Check*
- 2019 & 2020 Quarterly Income amounts (likely)
- Jan, Feb 2020 Business Account statements (likely)
- 1099s if you have any (e.g., sole proprietor)

Note: Although these are based on the SBA application form, I had slightly different doc requests between lenders.

Forgiveness for PPP 1 & 2

- At least 60% must be spent on payroll
- Remaining portion must be spent on qualified business expenses
- Any portion of loan not spent under qualified terms, becomes a loan at 1% Interest, to be repaid within 5 years
- Gather and keep all documentation related to the loan now, so you will have it ready when you apply for loan forgiveness
- Forgiveness application is handled with your lender

PPP Lender Options

Local Banks, Credit Unions, Online Lenders

Online Funding Sources:

- [Lendio.com](https://www.lendio.com)
- [Fundera.com](https://www.fundera.com)
- [Kabbage.com](https://www.kabbage.com)
- [Bluevine.com](https://www.bluevine.com)
- [Crossriver.com](https://www.crossriver.com)

PPP Information Sources

Great online articles, info and YouTube videos:

- claracfo.com
- lendio.com

EIDL Grant

The simple EIDL grant is a \$1,000 Economic Injury Disaster Loan.

- Loans and grants available
- Easy qualification
- You apply at sba.gov directly

Please see sba.gov for information

Disclosure of Non-Responsibility

The information in this presentation is based on my experience in applying for PPP loans (grants) 1 and 2, and is intended for guideline informational purposes only. I am not a CPA, financial advisor, or any other type of financial expert. IEEE-CNSV nor I accepts responsibility for the information presented herein.

For detailed information on the PPP Application process, please visit sba.gov or your lender's website.

– Jeff Safire

PPP Information Sources

Q & A / Discussion

Please type your questions into the Q&A panel!!!