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/Consulting Practices Program?
- 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: $100K/12\text{months} \times 2.5 = \$20.8K
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: $100K/12 months x 2.5 = $20.8K
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
- Fundera.com
- Kabbage.com
- Bluevine.com
- Crossriver.com
PPP Information Sources

Great online articles, info and YouTube videos:

- claracfo.com
- lendio.com
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!!!