

# What MSPs Need to Know Now About the CARES Stimulus Act

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Exclusively presented for THE ASCII GROUP



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# AGENDA

- Overview of FFCRA and CARES Act
- Options available for your MSP and Employees
  - State Resources
- Deciding your best course of action
  - Documentation Needed
- What you should be doing right now
  - Answering your questions



# OVERVIEW

## FFCRA

- Families First Coronavirus Response Act
- Passed March 18
- Provides paid sick and family leave for employees
- Reimburses Employers for Sick/Family Leave wages

## CARES ACT

- Coronavirus Aid, Relief, and Economic Security Act
- Passed March 27
- Provides numerous economic stimulus programs
- Offers loans and grants to small businesses and individuals



# FFCRA

- In effect from April 1, 2020 through December 31, 2020
- Credits and Reimbursement for 100% of wages up to \$511 per day for 10 working days if:
  - Worker is subject to a COVID-19 quarantine
  - Worker advised by healthcare provider to self-quarantine
  - Worker is experiencing COVID-19 symptoms
- Credits and Reimbursement for 2/3 of wages up to \$200 per day for 10 working days if:
  - Worker is caring for an individual described above
  - Worker is caring for child whose school is closed
  - Worker is experiencing another virus-related issue that makes them unable to work
- Employers with fewer than 50 employees have exemptions if they wish to not comply
- Employers with 50-500 employees have 30 days to comply



# Economic Injury Disaster Loan

- Available NOW at: <https://covid19relief.sba.gov/#/>
- Quick Online Application for eligible entities
  - Less than 500 employees
  - Sole proprietors/independent workers
  - Non-Profits, Tribal small businesses, ESOPs
- Information Needed:
  - Business Name, Contact information, business start date
  - Gross Revenues and Cost of Goods Sold from 2/1/19 through 1/31/20
  - Number of employees as of 1/31/2020
  - Name, contact info, date of birth, place of birth for all owners of the company
- Option to be considered for \$10,000 emergency advance on this loan



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# Economic Injury Disaster Loan

- Maximum Loan amount: \$2million
- Interest Rate
  - 3.75% for businesses
  - 2.75% for non-profits
- Use of Funds:
  - Maintain payroll
  - Working capital
  - Rent or mortgage payments
  - Debt restructure
- No loan forgiveness on EIDL
- Payments deferred for one year from loan origination date
- **\$10,000 advance does not need to be paid back if you decide to not accept the loan**



# Paycheck Protection Program

- Available beginning Friday, April 3, 2020 with your local bank or lender
- Quick Online Application for eligible entities
  - Less than 500 employees
  - Sole proprietors/independent workers
  - Non-Profits, Tribal small businesses, ESOPs
- Information Needed:
- Payroll reports for 2019 and 2020 year to date showing the following by employee and/or officers:
  - Gross wages
  - Paid time off
  - Paid vacation
  - Pay for family medical leave
  - State and local taxes (form 940, 941, or 944)
  - 1099's for independent contractors (if applicable)
- Completed 2019 tax return OR 2019 Profit and Loss Report and Balance Sheet
- Documentation showing:
  - Funds received in the form of an Economic Injury loan since 1/31/20
  - Payments for group health care benefits including premiums paid in 2019 to 2020 year to date
  - Payment of any retirement benefits paid in 2019 and 2020 year to date



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# Paycheck Protection Program

- Maximum Loan amount: \$10million
- Loan amount based on 2.5 times average monthly payroll costs
- Interest Rate – not to exceed 4%
- Use of Funds:
  - Payroll costs
  - Healthcare benefits and premiums
  - Rent or mortgage payments
  - Utility payments
  - Debt restructure
- Loan forgiveness based on documentation for eight weeks of:
  - Payroll costs
  - Healthcare benefits and premiums
  - Rent or mortgage payments
  - Utility payments
- Payments deferred for at least 6 months from loan origination date





# State Resources

- <https://www.nga.org/governors/addresses/>
- Locate your State and link to Governor's Website
- States with Small Business Relief Programs
  - California – San Francisco and Los Angeles have funds available
  - Colorado – Denver Small Business Emergency Relief
  - Florida – Small Business Emergency Bridge Loan
  - Illinois – Chicago Small Business Resiliency Fund
  - Michigan – Small Business Relief Program
  - New York – NYC Small Business Continuity Fund & Employee Retention Grants
  - Oregon – Beaverton & Hillsboro Emergency Relief Programs



# Which Program is Right for You?

## WITH PAYROLL

- If you have employees to let go, do that now before obtaining the loan
- Be sure to track funds closely
  - Forgiveness
  - Document no duplication
- No personal guarantee or collateral

## WITHOUT PAYROLL

- If you have no payroll, the EIDL is better for working capital.
  - Lower interest rates
  - Better repayment terms
- No personal guarantee



# What Should You Do Now?

## FOR YOUR MSP

- Pay your bills as long as you can
  - If vendors offer to defer payment, ask when the payments will be due
- Market your company
  - Offer community assistance
  - Offer work-at-home tips/virtual courses
  - Educate on security best practices
- Work with your customers to restructure contracts

## FOR LOAN PREPARATION

- Update your bookkeeping
  - Pull copies of payroll reports/returns
  - Separate COVID-19 Expenses from other expenses in your P&L
- Train co-workers on informing you of C-19 expenses and posting them properly
- Reconcile all accounts now
- Review expenses/spending, cut unnecessary costs





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# How Can We Help?

<https://abcsolutionsfl.com/resources/>

<https://abcsolutionsfl.com/consult/>



- Free One-Hour Consult – use Code: ASCII2020
- Check our Resources page for latest information
- Help with Loan Documentation – 20% Discount
  - Tax Preparation Services – 20% Discount

# Questions?

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