

What COVID-19 Loans & Programs are Available for SMBs?

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Exclusively presented for
Ingram Micro SMB Alliance



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AGENDA

- Updates FFCRA Regulations
 - Updates on EIDL
 - Updates on PPP Loans
 - Avoiding Fraud
- Update Accounting & PSA Tools for tracking
 - Prepare for Reduced Revenue
 - Scrutinize Spending
 - 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



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FFCRA UPDATES

- 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



FFCRA - HOW TO CLAIM CREDIT

- Supporting Documentation Needed:
 - Name
 - Dates for which leave is requested
 - Qualifying reason for leave
 - Written statement that the employee is unable to work or telework because of the qualifying reason
- Additional Documentation Required for leave that is:
 - Pursuant to an isolation order or quarantine: Government entity that issued the quarantine order
 - Based on advice from a health care provider: the name of the provider and patient and your relationship to the person.
 - School/Childcare closure:
 - Name of the child,
 - Name of the school/facility, and
 - Written statement that no other suitable person is available to care for the child
- Payroll Tax Credits are available after April 1, 2020
- Claim the credit on Form 941
- For Advance Payment of Credit, File Form 7200
 - If credit is higher than tax liability
 - Do not reduce your tax deposits and request advance credits
 - Reconcile on quarterly Form 941
 - Cannot be used for self-employed individuals



Economic Injury Disaster Loan Updates

- Available at: <https://covid19relief.sba.gov/#/>
- Online Application for eligible entities, including Sole Proprietors and Independent Contractors
- 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
 - The advance will now be provided at \$1,000 per employee up to a maximum of \$10,000
 - This advance will not be paid back



Economic Injury Disaster Loan Updates

- The remainder of the loan will be repaid beginning one year from loan origination date at an interest rate not to exceed 3.75%
- Purpose of Loan
 - Payroll
 - Operating Expenses
- Fund Restrictions:
 - Refinancing
 - Loan payments on other federal debts
 - Repair physical damage
 - IRS penalties
 - Dividends to Stockholders
- Loan Limit: \$2,000,000
- SBA is limiting disbursements to \$15,000 for two months.



Paycheck Protection Program Updates

- Updated Guidance on Payroll Cost Calculations
- Annual Salary Cap of \$100,000 applies to wages ONLY. Benefits can be added in above that, including:
 - Employer contributions to retirement plans
 - Employer contributions to group health coverage
 - Employer payments of state and local taxes
- Payroll coverage:
 - Gross wages
 - Paid time off
 - Paid vacation
 - Pay for family medical leave
- EXCLUDES qualified sick and family leave under FFCRA



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Paycheck Protection Program Updates

- Do NOT include payments to Independent Contractors or Sole Proprietors in the calculation
- Calculations are based on Gross Pay – do not add in taxes of any kind
- Franchise owners can apply independent from their Franchisor
- Payments deferred for at least 6 months from loan origination date
- Lenders must fund the loan no later than 10 calendar days after approval
- Forgiveness Guidance:
 - Not more than 25% of loan forgiveness may be attributable to non-payroll costs
 - Forgiveness period: 8 weeks beginning on date of loan disbursement
- Loan Proceeds:
 - At least 75% must be used for payroll costs



Avoid Fraud

- The allure of “Free Money” in a forgivable PPP loan raises risk of fraud
- Primary focus of criminal investigations will be on fraud, not genuine misunderstanding of PPP
- Be careful with contract workers. They count toward the 500 employees.
- Fraud and abuse will be a strong focus. Usual prosecution thresholds will not apply.
- Assume there will be random reviews of PPP. BE READY
- Avoid related party transactions
- Stages where fraud appears
 - Applications
 - Accepting the loan
 - Spending the money
 - Respond to Government Questions & Updates
 - Respond to Audits
- Courts will not be sympathetic to COVID-19 fraud
- **MAKE SURE THE MONEY GOES WHERE IT IS SUPPOSED TO GO**



Update Your Accounting & PSA

- Set up new accounts in your general ledger
- Track the funds closely
 - Post payroll to the proper accounts
 - Separate FFCRA leave from other leave
- Update your payroll system with new pay types
- Update PSA with new C-19 work types
- Update PSA for time off requests for C-19
- Save copies of rent and utility bills
- Keep impeccable time records during the 8 weeks
- Seek help from your accounting professional if needed.
- YOU DON'T WANT TO MESS THIS UP

NAME	TYPE ▲	DETAIL TYPE
COVID-19 Expenses	Expenses	Other Business Expenses
Employee Family Leave	Expenses	Payroll Expenses
Employee Sick Leave	Expenses	Payroll Expenses
Group Health Insurance	Expenses	Insurance
Internal Costs	Expenses	Office/General Administrative...
MSP Tools - Customers	Expenses	Supplies & Materials
Payroll Taxes	Expenses	Payroll Expenses
Rent	Expenses	Rent or Lease of Buildings
Salaries and Wages	Expenses	Payroll Expenses
Utilities	Expenses	Utilities



What Should You Do Now?

- Pay your bills as long as you can
- 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
- Look hard at internal costs, cut where you can no matter how small
- Surveys indicate that employees value health insurance more than salary
- Look to cut other benefits when necessary
 - Retirement contributions
 - Life/Disability
 - Salary reductions
- Build new internal procedures/standardization
- Teach your team new skills for the other side
- Improve SOPs and Workflows in your MSP
- Make those long awaited changes in your PSA



FINAL THOUGHTS

- Learn to live on a smaller budget
 - Implement the Profit First theory
- For those who were looking for an exit, now may be your opportunity
- For MSPs whose cash is not altered, consider buying/merging



QUESTIONS?



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THANK YOU!

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