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A blue rectangular graphic with white and red text. On the left, there are two red, spiky virus-like icons. The text reads: 'COVID-19' in large white and red letters, 'RESPONSE TEAM' in white, and 'COVID19@APPLEGROWTH.COM' in smaller white letters. At the bottom left, it says 'APPLE GROW+H PARTNERS Healthy Growth.' and at the bottom right, 'YOUR PARTNERS FOR NAVIGATING COVID-19 UPDATES FOR BUSINESS OWNERS'.

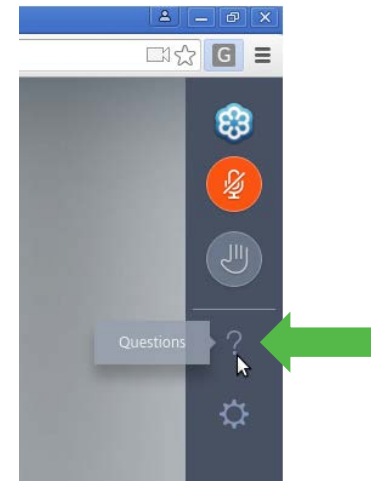
CARES Act

Paycheck Protection Program and Economic Disaster Injury Loan

PRESENTED BY DAVE GAINO, MATT SILLA, BRANDON FREDERICKS

Welcome

- + All attendees are placed on listen-only mode
- + Submit a confidential question at any time
- + Questions will be reviewed by our team and followed up after the webinar
- + Contact information will be provided
- + Today's webinar recording will be sent via email within 2 hours



Disclaimer

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COVID-19 Response Team

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Sue Peirce, CPA, MTax
Principal, COVID-19 Leader



Kathy Davis
Senior Manager



Brandon Fredericks, CPA
Senior Manager



Dave Gaino, CPA
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Robert Jackson, CPA
Senior Manager



Toby Kaye, CPA, MTax
Manager



Bethany Lawrence
Senior Associate



Taylor Lorenz, MAcc
Supervisor



A'Shira Nelson, CPA
Manager



Matt Silla, ASA, CFA
Senior Manager

Webinar Objectives

- + Paycheck Protection Program (PPP)
 - + *Does my business qualify?*
 - + *What are reasons to pursue this loan?*
 - + *Healthy Growth[®] advice to navigate this program*
- + Economic Injury Disaster Injury Loan (EIDL)
 - + *Program overview*
 - + *What are the changes within this program via the CARES Act?*
 - + *Healthy Growth[®] advice to navigate this program*
- + What we are hearing...

Paycheck Protection Program (PPP)



Overview

- \$349 billion
- **!! BREAKING !!** 2 years | 0.5% interest rate cap | 6 months deferral
- Covered period – Feb 15, 2020 through Jun 30, 2020
- No collateral | No personal guarantees



Who's eligible

- 500 employees or less
- In business as of Feb 15, 2020
- Inclusive of sole proprietors, self-employed, and independent contractors
- Be aware of the 'exemptions'



Allowable loan uses

- (1) Payroll costs; (2) Health care benefits; (3) Mortgage interest obligations; (4) Rent obligations; (5) Utility obligations; (6) interest on other debt obligations

Paycheck Protection Program (PPP)



Maximum loan amount

- Lesser of \$10M or 250% monthly payroll cost
- New businesses evaluated from Jan 1 – Feb 29, 2020
- Excludes compensation over \$100k, taxes imposed or withheld



Loan forgiveness

- 8-week period after loan origination
- Forgivable expenses: (1) payroll, (2) mortgage interest, (3) rent, and (4) utilities
- Reduction factor pitfall (1) headcount; (2) salary/wages
- Forgiven amount EXCLUDED from gross income

Emergency Injury Disaster Loan (EIDL)

- + Emergency Injury Disaster Loan Program (FFCRA)
- + Small business – SBA size standards differ by industry
- + Working capital loans up to \$2.0 million
- + Long-term repayment structures (up to 30 years)
- + Interest rate 2.75% - 3.75%



Emergency Injury Disaster Loan (EIDL)

- + Collateral (on all loans over \$25,000)
- + Personal guarantee (20% or more owner)
- + SBA uses credit scores in approval decisions
- + Obtaining credit elsewhere
 - + Cash flow test
 - + Asset test
- + CARES Act - \$10,000 grant
- + *Should you apply for both?*



Emergency Injury Disaster Loan (EIDL)

- + Borrowers will be required to *retain receipts and evidence* of how loan proceeds used for three years
- + Borrowers who misapply loan proceeds may be liable to SBA for *1.5x total loan proceeds* disbursed



- (1) Fixed debt obligations
- (2) Payroll
- (3) Accounts payable



- (1) Refinancing prior debt
- (2) CapEx
- (3) Dividends and/or disbursements

What we are hearing...

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Thank You

Part 3 – Banking and Cash Flow Matters | Friday, April 3 | 1 – 1:30 PM
Register at applegrowth.com/COVID19