

117

00:15:47.580 --> 00:15:53.490

Tom Garove: Okay. Welcome everybody. We were showing 42 plus participants in our webinar this evening.

118

00:15:56.280 --> 00:15:58.890

Tom Garove: As you know, the, could you go to the next slide today.

119

00:16:00.120 --> 00:16:00.510

Tom Garove: Please.

120

00:16:03.990 --> 00:16:05.280

Tom Garove: Today we're going to talk about

121

00:16:07.020 --> 00:16:18.780

Tom Garove: About the PPP loan program and the forgiveness process. For those of you that already have alone. This one's going to be very, very informative. If you don't have alone.

122

00:16:20.250 --> 00:16:22.020

Tom Garove: You'll it'll be informative also

123

00:16:22.350 --> 00:16:24.390

Tom Garove: But it may also give you some ideas on

124

00:16:25.860 --> 00:16:37.050

Tom Garove: On what you may want to do since the program has been extended but briefly what I'd like to start out our meeting today talking just a little bit about score for those of you that may be new to score.

125

00:16:38.250 --> 00:16:50.010

Tom Garove: Or, for whatever reason, you may not know too much about us. We're a national organization nonprofit organization. We're, we're a branch of the Small Business Administration out of Washington, DC.

126

00:16:51.120 --> 00:17:03.390

Tom Garove: And we provide free, confidential business mentoring in person and online and our business education tools include things such as local workshops

127

00:17:04.350 --> 00:17:18.840

Tom Garove: The group of people that will be presenting today myself and others. We typically hold these this kind of information on a person by

person workshop, but due to the coven crisis. We're doing it now in the webinar through zoom

128

00:17:20.040 --> 00:17:27.360

Tom Garove: So, this is this is considered what we would typically would have done in a workshop environment at manatee Technical College.

129

00:17:28.170 --> 00:17:44.160

Tom Garove: But circumstances as they are. We're doing this webinar. We have 300 plus chapters roughly 11,000 volunteers nationally. We serve over 1500 communities. And since 1964 score has served over over 10 million clients. Next slide please. Today,

130

00:17:47.220 --> 00:17:53.250

Tom Garove: Score is an organization that that helps you through the life of your business, all the way from your pre startup stage.

131

00:17:54.480 --> 00:18:00.210

Tom Garove: All through all the different phases. You can see on the slide all the way through your startup phase, you're opening

132

00:18:01.110 --> 00:18:11.070

Tom Garove: Helping you through helping you through the growth of your business and even to the point of assisting you and giving you some consultation in the event that you'd like to access your business.

133

00:18:11.730 --> 00:18:19.260

Tom Garove: You can request a score mentor to assist you at any stage in your business life. If you're in any of these particular different stages.

134

00:18:20.220 --> 00:18:30.780

Tom Garove: You're, you're free to log into our Minnesota score.org website and request a mentor and you may find that the mentors, maybe will provide you with some

135

00:18:31.200 --> 00:18:40.320

Tom Garove: Some advice or some guidance that may help you, regardless of which one of these stages, you're in. If you decide that you want to have that mentor through the entire

136

00:18:41.280 --> 00:18:51.030

Tom Garove: Period of your, of your business life if that that mentor is available or other mentors. You're always welcome to use score. Next slide please.

137

00:18:58.470 --> 00:19:06.450

Tom Garove: This is a indication of some of the Community sponsors that we have here in Manatee County. So sponsors and partners.

138

00:19:07.200 --> 00:19:14.010

Tom Garove: As you can see manatee Technical College is on there. That's the US, the location that we we typically hold our workshops

139

00:19:14.850 --> 00:19:29.970

Tom Garove: You can see we're part of the SBA us. Small Business Administration of Washington DC and the other organizations on there are typically some local community banks that we that from time to time participate and provide us

140

00:19:31.110 --> 00:19:40.260

Tom Garove: Different types of information for some of our workshops and and educational programs and then you can see we have various and sundry different partners.

141

00:19:41.220 --> 00:19:59.100

Tom Garove: Once again we're a nonprofit organization and on a local basis we rely on any kind of local donations from some of these partners and sponsors or just minor expenses for printing materials. Some office office materials, some very minor expenses that we experience. Next slide.

142

00:20:01.500 --> 00:20:10.800

Tom Garove: This is a just a quick brief summary of the speakers today. You can see myself on the left hand side, we won't spend a lot of time going over

143

00:20:11.640 --> 00:20:21.270

Tom Garove: Myself, but we're fortunate today to have cherry Detweiler with us, who is education director for nav, which is an organization that provides

144

00:20:22.080 --> 00:20:33.510

Tom Garove: Assist small businesses in in linking up with different types of funding organizations banks and different funding organizations. I had Jerry will be joining us in

145

00:20:33.930 --> 00:20:43.920

Tom Garove: A few minutes. A little later on to tell us a little bit about some of the PPP programs and then Barry Portugal will be our main presenter today who has done a really great job.

146

00:20:45.180 --> 00:20:57.810

Tom Garove: Investigating and keeping up to date on all of the changes to the to the cares Act and the PPP and idle loans and I think you're going to find all of these presenters very, very helpful today. Next slide.

147

00:21:00.330 --> 00:21:08.820

Tom Garove: A brief disclaimer here. For those of you that are familiar with the cares Act and the PPP loans, which I'm sure many most of you are

148

00:21:10.260 --> 00:21:21.900

Tom Garove: It's, it's, it's a work in process type of support from from our federal government and the SBA and it's changing constantly. So the material that we present today is

149

00:21:22.920 --> 00:21:31.590

Tom Garove: Is the latest approved. We'll talk about some of that approved by Congress and signed into law by our president

150

00:21:33.270 --> 00:21:43.800

Tom Garove: And and is currently effective as we understand it, we're not, we don't claim that we have all of the data and all of and everything that you have that we have that you may need

151

00:21:44.250 --> 00:21:52.080

Tom Garove: So we'll be providing you links of different information that are provided by the SBA, the Treasury Department that you can go to to verify and or

152

00:21:52.950 --> 00:21:58.560

Tom Garove: Look for additional information that we may not have. But the purpose of this webinar is to provide you

153

00:21:59.310 --> 00:22:06.120

Tom Garove: Not only the information as we understand it but guidance on where to go to get answers to your questions. The event that we cannot cannot provide them.

154

00:22:06.690 --> 00:22:16.560

Tom Garove: So, but we do encourage you to go to your lawyers, accountants and financial advisors in the event that you are looking for anything that you can't find on your own. Next slide.

155

00:22:19.350 --> 00:22:28.800

Tom Garove: So today we're going to be talking about the PPP flexibility Act, which is what it was named on July 4 when it was signed into law.

156

00:22:29.550 --> 00:22:40.110

Tom Garove: And what we're going to try to provide with you is some on some navigating ideas on how to work your way through the PP loan for forgiveness. If you have alone out there you know

157

00:22:40.680 --> 00:22:45.030

Tom Garove: That the documentation portion of your pee pee pee loan is very, very important.

158

00:22:45.690 --> 00:22:53.310

Tom Garove: And there is now processes in place that is required as a part of the PPP loan program for you to provide documented information.

159

00:22:53.820 --> 00:23:05.760

Tom Garove: To the SBA and the federal government to to ensure that your loan is forgiven. And that's the main reason that we're talking about it today, but will be will be providing some other and solitary other information.

160

00:23:06.300 --> 00:23:12.390

Tom Garove: Which which relates to the cares Act and the PP loans. But the core is going to be about loan forgiveness. Next slide.

161

00:23:14.520 --> 00:23:17.700

Tom Garove: So here's a, here's a brief bullet points on the agenda.

162

00:23:18.810 --> 00:23:23.400

Tom Garove: I'm going to cover very quickly the status of the main State Street lending program.

163

00:23:24.180 --> 00:23:37.050

Tom Garove: The, the emergency disaster loan program the reopening of that. And then we'll be getting into the core of the status of the PPP loan program and then the flexibility act.

164

00:23:37.500 --> 00:23:46.320

Tom Garove: And those will be presented by by Jerry and by by Barry and then we'll have a question and answer period at the end, please.

165

00:23:47.280 --> 00:23:57.090

Tom Garove: Feel free to type in your question questions into the Q AMP a section at the bottom of your zoom screen. Many of you submitted questions beforehand, we will address the

166

00:23:58.170 --> 00:24:09.360

Tom Garove: Pre webinar provided questions. First, then we will go through the ones that are typed into the Q AMP a box here on the zoom program and then conclude at the end.

167

00:24:10.230 --> 00:24:15.300

Tom Garove: Once we've completed all the questions so briefly talk about the main street lending program now.

168

00:24:15.810 --> 00:24:21.180

Tom Garove: The main street lending program. As you may be aware if you've been watching the news is aimed at mid sized business companies.

169

00:24:21.810 --> 00:24:33.330

Tom Garove: Typically this at what's what's really strange about this is that is still not been officially signed into law and has been approved as part of the cares act, but is continues to be working process.

170

00:24:33.690 --> 00:24:40.800

Tom Garove: But it's important that everybody understand that at some point. This may become available to our small business clients at score.

171

00:24:41.970 --> 00:24:45.960

Tom Garove: You can see by these bullet points. There's a lot of details.

172

00:24:48.150 --> 00:24:58.080

Tom Garove: In this particular case, this main street lending programs that you must be a for profit profit organization and established before March 13 of 2020

173

00:24:59.670 --> 00:25:00.450

Tom Garove: You must meet

174

00:25:02.550 --> 00:25:11.790

Tom Garove: One. If not, but not both requirements that the business has up to up to 10,000 employees. So they blow that from 10,000

175

00:25:12.870 --> 00:25:18.780

Tom Garove: From 15,000 down to 10,000 employees and you must have

176

00:25:20.880 --> 00:25:28.740

Tom Garove: Had it could have up to two and a half billion dollars in revenue. So they've they've lowered the size of the businesses.

177

00:25:29.100 --> 00:25:40.980

Tom Garove: That this program will be available to so if you've noticed if you watch the news. The goal is to keep small businesses in business. They while they still they've lowered the requirements.

178

00:25:41.940 --> 00:25:51.180

Tom Garove: The availability this loan program for smaller businesses all the way down to two and a half billion from five and a half billion in revenue. It's still not considered really small, small businesses but

179

00:25:51.510 --> 00:26:03.930

Tom Garove: It is available for smaller businesses, I go through some of these other details, you'll see that you must have a minimum of \$250,000 and EBIT da that's earnings before interest in and taxes.

180

00:26:05.010 --> 00:26:06.930

Tom Garove: And and no debt and

181

00:26:08.220 --> 00:26:18.030

Tom Garove: As you can see 250,000 is and less than 500 employees, you're still a reasonably sized business, you must be in good financial standing

182

00:26:18.570 --> 00:26:26.490

Tom Garove: Before the coven crisis and you may also participate in the PPP long program. So even though you do participate in the PPP program.

183

00:26:26.850 --> 00:26:38.760

Tom Garove: If you meet the requirements for this. When this does become available. You may want to consider it there's three types of lending different loans that will be in this program, you can see those mentioned at the bottom of the slide.

184

00:26:39.870 --> 00:26:52.890

Tom Garove: These are not forgivable loans, the rates vary from two and a half to 4% either they're repaid over four years versus two years for the PPP program. So your payments can be stretched out longer

185

00:26:53.760 --> 00:27:02.400

Tom Garove: And and there's a small fee when they're initiated and these will be initiated through the Federal Reserve Bank of Boston, rather than

186

00:27:02.850 --> 00:27:15.990

Tom Garove: The SBA or or Washington DC. So there's some different nuances to this. Keep your eye on the news. If you're interested in this, but you need to know that it's still being considered by Congress and may get approved at some point in time. Next slide.

187

00:27:18.480 --> 00:27:21.510

Tom Garove: Briefly, for the idol program.

188

00:27:22.680 --> 00:27:25.770

Tom Garove: The, the advanced portion of the idol program.

189

00:27:26.940 --> 00:27:31.980

Tom Garove: That was forgiven has been discontinued. As of July 11

190

00:27:33.450 --> 00:27:38.220

Tom Garove: If you received an idol loan advanced prior to July 11 that advanced

191

00:27:38.880 --> 00:27:53.880

Tom Garove: Would as good as the rules stated at that time will continue to be subtracted from your for forgivable amount of your PPP loan. So if you are one of those businesses that participated in both the idol program and the PPP program.

192

00:27:54.900 --> 00:28:02.430

Tom Garove: Be aware that that advance. I think it was up to \$10,000 will be deducted from your PPP forgivable amount

193

00:28:03.960 --> 00:28:18.600

Tom Garove: The but going forward, that if you apply for an idol long, there will not be the advanced grant portion of that program, which has been discontinued. The reason was discontinued as by law.

194

00:28:19.080 --> 00:28:29.670

Tom Garove: They have exhausted all of the money that was allocated by Congress for that particular portion of the advanced grant portion of the idol program and it's exhausted and it has not been refreshed.

195

00:28:30.900 --> 00:28:41.220

Tom Garove: So, but keep an eye on the news. It could be refreshed. It may not once again, as we said earlier in this the the program guidelines change. But at this point, it is not available.

196

00:28:43.290 --> 00:28:45.780

Tom Garove: Some of the brief things about the idol program.

197

00:28:47.100 --> 00:28:59.280

Tom Garove: You can see that there's a \$2 million that the \$2 million limit that was on this idol program has been reduced the idol loan amount is now no more than 150,000, as I mentioned,

198

00:29:00.210 --> 00:29:05.190

Tom Garove: The federal government of Congress is trying to move these programs at Target smaller businesses.

199

00:29:05.820 --> 00:29:12.000

Tom Garove: Because it is as they work through this, they're realizing that the smaller businesses of our country are the ones that need the most help.

200

00:29:12.390 --> 00:29:22.320

Tom Garove: So the idol program the funds that are still available will be to will be in smaller loan amounts down to 150,000 which means that the larger businesses.

201

00:29:22.770 --> 00:29:33.210

Tom Garove: That could have taken up to \$2 million will not be applying for this. So, this will help target these monies back into the hands of the smaller businesses, which is typically the clients that we have at score.

202

00:29:33.900 --> 00:29:42.420

Tom Garove: The loan portion of the program continues to have funds available and it's under very affordable terms there including a 3.75% interest rate.

203

00:29:42.840 --> 00:29:56.220

Tom Garove: For small businesses 2.75 for nonprofits with a 30 year maturity, so you can get if if you do the math a little bit \$150,000 loan, a 3.75% as of for a 30 year term.

204

00:29:56.700 --> 00:30:04.380

Tom Garove: Is a very, very slow payment and it's a good source of funds. This could be a good source of funds if your business is affected by

205

00:30:04.950 --> 00:30:10.500

Tom Garove: The by the coven which is one of the requirements and you want to get some very

206

00:30:11.100 --> 00:30:26.100

Tom Garove: Inexpensive money or a long term, this is something you may want to consider and you can participate in the PPP program at the same time. So don't forget that this is out there. The link is at the bottom of the page where you can apply

207

00:30:27.210 --> 00:30:31.830

Tom Garove: Once again, these I did not mention these slides will be available. There'll be posted

208

00:30:32.910 --> 00:30:44.970

Tom Garove: On the Minnesota score website so you'll be able to with with these links that are live that you'll be able to go to as referencing and click on them and get additional information in this particular case on the idol long so

209

00:30:45.570 --> 00:30:49.320

Tom Garove: slides will be available. Following the webinar next, next slide.

210

00:30:52.230 --> 00:30:59.130

Tom Garove: Ah, as we mentioned, the reason we're here today, the PPP loan program has been extended until August the eighth

211

00:31:00.540 --> 00:31:07.230

Tom Garove: If you've been listening to the news, they're still as much as \$1.4 billion. I believe that's available on June 30 the Senate.

212

00:31:08.340 --> 00:31:18.540

Tom Garove: The Senate approved it. The, the President signed into legislation on July, the fourth and less than four hours before the paycheck protection program was scheduled to close.

213

00:31:19.110 --> 00:31:29.370

Tom Garove: At that particular time there was 130 billion still available. So as it's our understanding that as of today, there is still money available.

214

00:31:30.480 --> 00:31:34.890

Tom Garove: And there's still banks out there that are doing business and working these loans.

215

00:31:35.970 --> 00:31:45.660

Tom Garove: We're going to talk about that a little bit later on in the program. And once again, you can apply for these the current date is August the eighth is the deadline. Next slide.

216

00:31:47.940 --> 00:31:58.590

Tom Garove: Just to give you an idea of where has the money gone for these PPP programs, you probably see various and sundry reports on the news that big businesses are taking it and

217

00:31:59.070 --> 00:32:01.830

Tom Garove: These people aren't getting it. It's not going to the right people.

218

00:32:02.610 --> 00:32:14.430

Tom Garove: Rest assured, it's our understanding through the SBA that every step has been taken, as I mentioned earlier, to try to get the PPP loan money into the small the hands of smaller business people.

219

00:32:15.150 --> 00:32:24.450

Tom Garove: And as you can see the overall average loan size on this slide is \$108,000, you can see that 63.3% is

220

00:32:25.890 --> 00:32:36.990

Tom Garove: The, the loan amount is under \$50,000 so the the over two thirds of the loans are going to businesses that that only need less than \$50,000 which

221

00:32:37.380 --> 00:32:40.620

Tom Garove: Which I think we should consider to be a pretty good success.

222

00:32:41.190 --> 00:32:51.990

Tom Garove: And I think as the program goes through with the August the eighth those percentages for loans under 50,000 and probably even under 100 and \$1,000 are going to continue to

223

00:32:52.410 --> 00:33:04.770

Tom Garove: Get smaller, so the smaller businesses that really need the money and need the support, they're working very hard to get that money in that direction. And these numbers indicate that that's exactly what's happening. Next slide.

224

00:33:07.800 --> 00:33:28.950

Tom Garove: To give you an idea by state. If you can look very carefully, you can see state by state where the money is gone and Florida at \$31 billion is been a very big recipient of the PPP of the of the support program. The, the four largest States being California, Florida.

225

00:33:30.360 --> 00:33:40.530

Tom Garove: And Texas. It looks like there's three and New York. There's new york down on the bottom down there. So you can see that of the four largest states.

226

00:33:40.920 --> 00:33:52.770

Tom Garove: While Florida is at 31 billion New York very big state of 38 Texas at 40 and California, of course, being the biggest day to 67 so Florida is certainly getting

227

00:33:53.400 --> 00:34:02.160

Tom Garove: its fair share of the money and with more information, getting out of the public, we're hopeful that Florida is going to get even more. Next slide.

228

00:34:05.400 --> 00:34:05.940

Tom Garove: Okay.

229

00:34:07.350 --> 00:34:13.050

Tom Garove: Payroll protection program. I'm now going to turn the meeting over to

230

00:34:14.430 --> 00:34:21.030

Tom Garove: Bury and berries going to talk about the flexibility act as as it was, as it was

231

00:34:21.570 --> 00:34:24.060

Barry Portugal: You're going to turn it over to Jerry, she's going to do the next

232

00:34:24.240 --> 00:34:33.480

Tom Garove: Excuse me, I'm sorry. Jerry and Jerry is going to go through the next couple slides and then Barry will be wrapping up. So thank you very much and I'll turn it over to Jerry

233

00:34:34.230 --> 00:34:42.180

Gerri Detweiler: Okay. Thanks Tom. I just want to say hello and thank your score chapter for inviting me to be a guest presenter today.

234

00:34:42.540 --> 00:34:53.520

Gerri Detweiler: I am not a score mentor, so I'm not here officially representing score in any way nav where I work as a score foundation sponsor, though. And I'll just give them a quick

235

00:34:54.030 --> 00:35:05.970

Gerri Detweiler: Shout out here. I was at the National Office of score last year and the head of score when he heard I was from Sarasota said you are in one of the best chapters in the in the country, and it is your

236

00:35:06.360 --> 00:35:12.630

Gerri Detweiler: Chapters well recognized. So make sure you're taking advantage of the resources that you have, you know, available here.

237

00:35:13.140 --> 00:35:17.370

Gerri Detweiler: also reiterate the disclaimer, I'm not an accountant. I'm not an attorney and

238

00:35:18.240 --> 00:35:31.290

Gerri Detweiler: I'm in many ways, like many of you I've been studying the cares act PPP an idol in order to write about it in order to educate and inform business owners about it.

239

00:35:31.710 --> 00:35:35.610

Gerri Detweiler: And just so you under I want to give you a quick landscape so you understand

240

00:35:36.000 --> 00:35:46.350

Gerri Detweiler: Why, sometimes you ask a question, and it can be difficult to get a specific answer. So the cares Act was passed on March 27 signed by the President. On March 27

241

00:35:46.770 --> 00:35:58.320

Gerri Detweiler: And then after that, there were a lot of questions. How do we actually implement this law so Treasury and the SBA come up came out with guidance and they publish that in the form of what are called interim final rules.

242

00:35:58.650 --> 00:36:05.580

Gerri Detweiler: So you'll see this guidance that answer specific questions about how the Cures Act is supposed to be administered

243

00:36:05.970 --> 00:36:13.590

Gerri Detweiler: And it's come out slowly, I would say self employed individuals, for example, didn't get much guidance about how much they could qualify for

244

00:36:13.950 --> 00:36:24.930

Gerri Detweiler: Until the first round, almost closed so it's been a process over time. There are 21 of these interim Federal rules. So there's a lot of information that comes out in bits and pieces.

245

00:36:25.260 --> 00:36:35.220

Gerri Detweiler: And then on June 5 the President signed the PPP flexibility act. And so the flexibility act is designed to make it

246

00:36:35.940 --> 00:36:52.980

Gerri Detweiler: Easier for many businesses to achieve full forgiveness of their PPP loan. So the goal for most businesses is for this to be like a grant. Right. It's a loan you get, but you get it forgiven. Before you even make a payment and then

247

00:36:53.730 --> 00:37:01.530

Gerri Detweiler: It's done with and then you're, you're fine, you keep your records is you'll find out when Barry talks about the application process, but that's the overall process and so

248

00:37:02.400 --> 00:37:15.930

Gerri Detweiler: Guidance continues to come out. So sometimes there are just areas where it's not particularly clear suited to go on the guidance that we have today. So I just want to give you that quick overview. So let's go, let's go to the next slide.

249

00:37:17.040 --> 00:37:26.610

Gerri Detweiler: Alright, so one of the major changes with the PPP flexibility Act was that borrowers only have to spend 60% of their

250

00:37:27.480 --> 00:37:39.390

Gerri Detweiler: PPP funds on payroll and still may get full forgiveness, as there's still some caveats that we'll talk about. But you may get full forgiveness by only spending 60%

251

00:37:39.780 --> 00:37:59.550

Gerri Detweiler: Now the Cures Act did not say you had to spend any percentage specific percentage on payroll, but the Treasury in SBA came out with that guidance of 75% previously and then the flexibility act codified the notion that you 60% need to be spent on payroll so

252

00:38:00.690 --> 00:38:13.320

Gerri Detweiler: I just want a quick remind you what payroll means so payroll means salaries wages commissions bonus up to \$100,000 annually per employee, including yourself.

253

00:38:13.830 --> 00:38:21.390

Gerri Detweiler: Prorated opera 200,000 hours, including yourself as the owner employee of the business. It can include certain benefits like

254

00:38:21.900 --> 00:38:38.460

Gerri Detweiler: Medical Insurance and certain types of leave and state and local taxes. So for independent contractors. It's primarily going to be wages commissions and your net earnings from self employment. So it's a little bit different for those

255

00:38:39.540 --> 00:38:55.020

Gerri Detweiler: But just keep in mind that you know the payroll is what they're really trying to aim this program at they're trying to help businesses keep people on the payroll. And if you are working in your business that can include you as well. Next slide.

256

00:38:56.850 --> 00:39:10.260

Gerri Detweiler: Now non payroll expenses can be up to 40% of your pee pee loan. If you want it fully forgiven with the caveats. I'm going to explain about hiring you know restrictions, but or keeping employees on payroll, but

257

00:39:10.950 --> 00:39:22.920

Gerri Detweiler: Up to 40% may be used for non payroll expenses and still get full forgiveness and those payroll expenses include mortgage interest not prepaid

258

00:39:24.030 --> 00:39:33.090

Gerri Detweiler: And utilities, which includes gas, water telephone transportation and internet access. As long as the words, those are in place by February 15 of this year.

259

00:39:33.870 --> 00:39:41.250

Gerri Detweiler: And then rent. So one of the things that we found with the first interpretation of the character. The first administration with the

260

00:39:41.700 --> 00:39:48.060

Gerri Detweiler: 25% for non payroll expenses were there were a lot of businesses that said you know what, I, I had to pay my rent and this isn't enough.

261

00:39:48.390 --> 00:39:59.130

Gerri Detweiler: So they made the flexibility act gave some more leeway there for businesses to spend money on these other payroll expenses and still potentially qualify for full forgiveness. Next.

262

00:40:01.890 --> 00:40:10.020

Gerri Detweiler: Alright so self employed borrowers. So if you are an independent Patrick contractor you're self employed you file your business.

263

00:40:10.800 --> 00:40:25.470

Gerri Detweiler: Your business income and expenses on what's called a Schedule C with your 1040 then when you applied for PPP unless you apply to the really early when it wasn't clear you applied for basically two and a half times your average

264

00:40:26.490 --> 00:40:41.820

Gerri Detweiler: Monthly net profit online 31 of your Schedule C for 2019 so under before the PPP flexibility act the guidance had said that you this self employed individual owner employee could

265

00:40:42.330 --> 00:40:54.420

Gerri Detweiler: could qualify for your own compensation forgiveness for a maximum of \$15,385 that's based if you get the maximum based on \$100,000 annual compensation.

266

00:40:54.870 --> 00:41:02.310

Gerri Detweiler: So don't get too hung up on the numbers here, because the numbers are all in the application in the forgiveness application and berries going to go over some of that.

267

00:41:02.880 --> 00:41:13.530

Gerri Detweiler: But what I'm what I want to point out is originally it if you were a hope, for example, a home based independent contractor without a lot of other expenses in the form of, you know,

268

00:41:13.890 --> 00:41:22.140

Gerri Detweiler: Rent that you declare on your business taxes or utilities or mortgage interest that would go on to your, you know, Schedule C.

269

00:41:22.500 --> 00:41:29.370

Gerri Detweiler: Then you may have found it difficult to get full forgiveness because of the formula now with the new formula and the new

270

00:41:30.360 --> 00:41:46.410

Gerri Detweiler: New a 24 week period, you should be able to get full forgiveness of for your owners compensation based on, you know, the new compensation model. So if you had \$100,000 salary.

271

00:41:46.920 --> 00:41:59.070

Gerri Detweiler: The max, you would have gotten that under the PPP application would have been \$20,833 now you can apply for forgiveness for the whole thing. So that's the good news. So just the overall good news is for self employed.

272

00:41:59.910 --> 00:42:10.770

Gerri Detweiler: You have a better chance to get it fully forgiven, just based on your owners compensation. Here's the thing that we don't know, and I've gotten a lot of questions about and that is how that ties into unemployment compensation so

273

00:42:12.390 --> 00:42:18.510

Gerri Detweiler: There's a, there's just a line in the guidance that says, Be aware that PPP funds can affect you know unemployment.

274

00:42:18.810 --> 00:42:31.320

Gerri Detweiler: And many self employed individuals have been able to access pandemic unemployment, which has given them either the Florida unemployment, I think its maximum to 85 weekly plus the \$600 a week, which actually is ending

275

00:42:32.160 --> 00:42:39.330

Gerri Detweiler: this coming week. And so they have you know they've been hesitant about how to

276

00:42:40.140 --> 00:42:48.750

Gerri Detweiler: How to match PPP to that and I don't have the clear answer from what I've seen most experts say is they they seem to believe that it's okay to

277

00:42:49.470 --> 00:43:01.980

Gerri Detweiler: Collect on a plane before you use your ppb to pay yourself. And afterwards, I don't have the answers to how the 24 weeks might change that. So just going to throw that out there because I've gotten lots and lots of questions on that. Next slide.

278

00:43:04.710 --> 00:43:08.070

Gerri Detweiler: Alright, so the coverage period so

279

00:43:09.360 --> 00:43:19.770

Gerri Detweiler: When you get to the x. When you get to the application of the forgiveness application and I have spent many, many hours with these documents and I will tell you.

280

00:43:20.190 --> 00:43:31.530

Gerri Detweiler: It feels very overwhelming at first. I am not an accountant. I don't come from a an accounting background at all. So what I will tell you is if you spend some time with it.

281

00:43:32.220 --> 00:43:40.560

Gerri Detweiler: You can you can get through it and make sense, you may want to get an advisor to help you. There's nothing wrong with that. And the way I look at it.

282

00:43:40.830 --> 00:43:45.480

Gerri Detweiler: Is let's say you're getting that average loan amount the time mentioned of \$108,000

283

00:43:45.930 --> 00:43:50.880

Gerri Detweiler: You know, what would you do to keep \$108,000 client happy, you know, this is money you're getting

284

00:43:51.150 --> 00:43:57.600

Gerri Detweiler: It's if you get it forgiven. It's free. No, you don't have to pay taxes on the forgiven debt, like normally you would Unforgiven debt.

285

00:43:57.870 --> 00:44:08.250

Gerri Detweiler: So what would you do, and you know, that means hiring an accountant or a financial advisor to help you walk through the application. I think that's a perfectly perfectly reasonable way.

286

00:44:08.730 --> 00:44:11.790

Gerri Detweiler: To spend some of your money to make sure that you do at the right time, but

287

00:44:12.570 --> 00:44:26.520

Gerri Detweiler: Let's just quick talk about the period. So you have after you get the loan that that the time to spend the money is when you get the funds in your account. So your pee pee pee lender wherever you got it from your bank or an online lender.

288

00:44:26.880 --> 00:44:32.580

Gerri Detweiler: deposit the money in your foot in your bank account. That's the disbursement date and that starts the covered period.

289

00:44:32.940 --> 00:44:42.840

Gerri Detweiler: So previously, before the flexibility act. It was eight weeks. So the money hits your bank account, you have eight weeks to spend it spend it properly apply for forgiveness. Get it forgiven.

290

00:44:43.710 --> 00:44:59.970

Gerri Detweiler: After the law was changed on June 5 now borrowers who got their loan approved before June 5 by the SBA could either use the eight weeks or they could choose the new 24 week period for those who got an SBA approval.

291

00:45:00.780 --> 00:45:08.610

Gerri Detweiler: Number after June 5 it's the 24 week period. So you have a longer period of time to spend the money and a lot of business owners.

292

00:45:08.970 --> 00:45:16.770

Gerri Detweiler: That was a criticism, the first time around where they said I had it's not giving me enough time to spend this money people can't go back to work, or whatever it may be.

293

00:45:17.490 --> 00:45:27.540

Gerri Detweiler: So it gives you more flexibility, but it also is a little bit confusing, to be honest, because you got your PPP loan based on basically about 10 weeks of payroll.

294

00:45:27.990 --> 00:45:41.010

Gerri Detweiler: You know, two and a half times average monthly payroll, so about 10 weeks worth and now you have 24 weeks to spend it. So we'll address that. Just a moment how we based on the current guidance. We think that will work for most borrowers.

295

00:45:42.150 --> 00:45:43.290

Gerri Detweiler: Alright, so

296

00:45:44.400 --> 00:45:50.970

Gerri Detweiler: So, oh, and I'm going to make one more comment, you're going to see a link in a later slide to an article by Tony Nettie Tony is a CPA.

297

00:45:51.300 --> 00:46:01.020

Gerri Detweiler: And I think he's an attorney to it's been one of my heroes on Forbes, because he's really really dug into this legislation and written berry berry in very great detail about it.

298

00:46:01.470 --> 00:46:04.290

Gerri Detweiler: And he made a comment on this particular issue.

299

00:46:04.800 --> 00:46:15.570

Gerri Detweiler: And he said, because of the 24 weeks, even if you are subject to a reduction in the forgivable amount which we're going to talk about if you lay people off if you reduce salaries.

300

00:46:15.960 --> 00:46:27.600

Gerri Detweiler: Even if that happens, the math is such, he says that after the reduction. The forgivable costs will often exceed the amount you got so even if

301

00:46:29.040 --> 00:46:37.830

Gerri Detweiler: Even if it's a longer time period, it increases the likelihood that you will have a forgivable loan. If you spend it in the right ways, right. Next slide.

302

00:46:40.800 --> 00:46:51.000

Gerri Detweiler: All right. So the advantage of using your a week coverage period. We'll go over these real quickly you can look at these at the at the slide later. But basically, you know, if you were in the first round, you may have already

303

00:46:51.600 --> 00:46:55.560

Gerri Detweiler: Been ready to apply for forgiveness because the weeks you know expired, a while ago.

304

00:46:56.910 --> 00:47:03.780

Gerri Detweiler: The 24 weeks is required. Again, if you got an SBA approval number after June 5 so

305

00:47:04.290 --> 00:47:10.290

Gerri Detweiler: The eight weeks is a shorter time period you know you you might want to just get this loan off your books so

306

00:47:10.410 --> 00:47:20.340

Gerri Detweiler: You don't have to worry about it if other lenders. If you look into other financing options where this loan may jeopardize your ability. Gather financing, it may be better just to get it taken care of. So

307

00:47:20.610 --> 00:47:24.930

Gerri Detweiler: That may be an advantage of the eight week period. If you still have that that choice. Next slide.

308

00:47:26.940 --> 00:47:35.070

Gerri Detweiler: Many borrowers will use the 24 cover 24 week covered period. And again, that gives you more time and it may give you more flexibility.

309

00:47:35.280 --> 00:47:44.730

Gerri Detweiler: To spend the money and still get full forgiveness and also gives you some more time to get with your advisor. So if you're having trouble. Have you sat down with the application.

310

00:47:44.970 --> 00:47:52.110

Gerri Detweiler: You've tried to work through it and you've gotten confused or had questions. This gives you more time to get some answers to those questions. Next slide.

311

00:47:54.750 --> 00:48:06.570

Gerri Detweiler: Alright, so even if you spend a 60% on payroll and 40% on non payroll qualified expenses. That doesn't mean you automatically get full forgiveness.

312

00:48:07.320 --> 00:48:15.990

Gerri Detweiler: If you are self employed, you'll probably be fine. You're just paying yourself. But if you have employees, then you have to look at

313

00:48:16.500 --> 00:48:21.780

Gerri Detweiler: Two things whether you've reduced hours or whether you've reduced salaries.

314

00:48:22.350 --> 00:48:32.010

Gerri Detweiler: And you'll see this on the application that Barry shows you, there's actually a worksheet and it's the very first thing you should. It's not on the first page of the application, but it's it's the first thing you should do is the worksheet.

315

00:48:32.280 --> 00:48:43.860

Gerri Detweiler: Because you're going to look at your full time equivalent employee hours in the in the first part of the year and compare them to the cover period so

316

00:48:44.640 --> 00:48:47.160

Gerri Detweiler: The full time equivalent is not full time.

317

00:48:47.790 --> 00:48:59.550

Gerri Detweiler: A full time is the equivalent of a full time. So you're either going to calculate that by taking the average number of hours worked and then dividing them by 40 and then rounding up to the years 10th.

318

00:48:59.910 --> 00:49:11.880

Gerri Detweiler: Or there's a simplified method and full time employees get one and less than full time get point five. So you can do the calculation both ways. And it may be beneficial for you.

319

00:49:12.330 --> 00:49:16.530

Gerri Detweiler: To do it both ways, or to talk to your advisor about doing it both ways to see which is more favorable

320

00:49:17.160 --> 00:49:27.360

Gerri Detweiler: But then the that if you reduce hours or pay by a certain amount, then you can reduce the amount of forgiveness. You don't eliminate it.

321

00:49:27.960 --> 00:49:31.530

Gerri Detweiler: But you can reduce, you may have to reduce how much you have forgiven.

322

00:49:32.040 --> 00:49:36.210

Gerri Detweiler: So after the first round. There were a lot of employees.

323

00:49:36.450 --> 00:49:44.370

Gerri Detweiler: employers who said I can't bring back and please my employees may not want to come back because our Wiki more on unemployment or they're scared to go to work because of coven or

324

00:49:44.610 --> 00:49:53.850

Gerri Detweiler: Whatever the reason may be so they built into built into the PPP flexibility act the safe harbors so these safe harbors

325

00:49:54.510 --> 00:50:05.820

Gerri Detweiler: Make it possible that you don't bring back that employee or you don't replace that employee, but you still don't have to reduce your forgiveness because you didn't bring them back because they meet these requirements.

326

00:50:06.180 --> 00:50:13.440

Gerri Detweiler: So I'll let you look at those in more detail. Again, they are in the on the application and these instructions as well. So you'll see that there

327

00:50:13.890 --> 00:50:22.050

Gerri Detweiler: But just keep in mind that that you want to review this if you're if you're making hiring or rehiring decisions you want to review this

328

00:50:22.440 --> 00:50:32.040

Gerri Detweiler: Before you do that, or talk to your advisors before you do that, because that could have implications for forgiveness down the line. So it's just helpful to make sure you're aware of this next slide.

329

00:50:34.980 --> 00:50:46.800

Gerri Detweiler: Alright, so I mentioned that there is this, you know, safe harbor and the safe harbor extends to December 31 2020 prior to this, it was June 30

330

00:50:47.160 --> 00:50:58.470

Gerri Detweiler: Or JUNE JUNE 30 of 2020 so there is an extension of that time. And so you again. You may not have to reduce your forgiveness.

331

00:50:59.010 --> 00:51:07.620

Gerri Detweiler: If you can restore employees. And just to be clear, it's my understanding, from what I have read that the

332

00:51:08.040 --> 00:51:14.880

Gerri Detweiler: That it will be based on the date you apply for forgiveness or December 31, whichever comes first.

333

00:51:15.270 --> 00:51:30.030

Gerri Detweiler: So that doesn't mean that you wait till December 31 to bring people back if you're going to apply for forgiveness, you know, in October, for example, then the date you apply for forgiveness would be the date that you would use for the f t reduction. Next slide.

334

00:51:33.480 --> 00:51:36.480

Gerri Detweiler: Alright, so I guess the next slide goes into more detail about these

335

00:51:37.230 --> 00:51:47.850

Gerri Detweiler: These changes and just understand. Again, these periods that are going to be important. So when you're looking at the application or the instructions. It's going to talk about the covered period.

336

00:51:48.240 --> 00:51:56.370

Gerri Detweiler: And then it's going to talk about an alternative cover period and also the date the safe harbor goals and those are all spelled out in there, right, excellent.

337

00:52:00.450 --> 00:52:08.700

Gerri Detweiler: Alright so tracking payroll expenses incurred or when paid. So another issue that came up before the flexibility Act was passed, was that

338

00:52:10.440 --> 00:52:25.020

Gerri Detweiler: The day the date you get your PPP loan may have nothing to do with the date you pay payroll. So you get approved and then the money shows up in your bank account and that may be in the middle of a payroll cycle. It may be at the beginning, it may be at the end.

339

00:52:25.410 --> 00:52:35.430

Gerri Detweiler: So there is this this these instructions that talk about payroll costs paid and incurred during the covered period or the alternative covered period.

340

00:52:35.760 --> 00:52:48.060

Gerri Detweiler: So the covered period always is the cover period starts the date the money gets deposit in your account. So the date your lender put some money in your account is the covered period for the eight weeks or the 24 weeks.

341

00:52:48.510 --> 00:53:06.870

Gerri Detweiler: But they also created this alternative covered period, which starts with the next pay period so that you, it can coincide with alternative payroll periods that employers have because they don't match up perfectly with the payroll, you know, cycle that the employer has. Next slide.

342

00:53:13.080 --> 00:53:23.520

Gerri Detweiler: Non payroll costs have to be tied to the covered period, but you can still pay them at the next billing date so

343

00:53:24.000 --> 00:53:40.020

Gerri Detweiler: If the billing date falls after the cover period, you can still make that payment afterwards. So that's your, you know, utility

payments, for example, that data again may not match up exactly with your with the time you got the PPP loan.

344

00:53:41.640 --> 00:53:53.790

Gerri Detweiler: So I know this is a lot of details, but you want to be aware of it. So you can be keeping track because documentation is going to P is bear is going to point out, and keeping track of those bills, making sure they have record keeping for it and then

345

00:53:53.970 --> 00:54:00.900

Gerri Detweiler: Paying them probably is going to help you stick within the guidelines and hopefully achieve full forgiveness. Next slide.

346

00:54:03.360 --> 00:54:18.030

Gerri Detweiler: So I mentioned earlier that there are a couple things that could reduce the amount of forgiveness, even if you spend 60% on payroll and 40% on qualified non payroll expenses and one of those if you reduce wages. Now for employees and make more than 100,000

347

00:54:19.410 --> 00:54:25.320

Gerri Detweiler: You're fine here, but for employees make under \$100,000 reducing their wages by more than 25%

348

00:54:26.070 --> 00:54:36.690

Gerri Detweiler: Will can result in a decreased PPP loan forgiveness amount. So you're basically reducing how much you get forgiven. Now, if it's not forgiven. Remember, it turns into a 1% loan.

349

00:54:37.230 --> 00:54:49.350

Gerri Detweiler: For either two or five years. So, so you're trying to maximize it, but there are times where it may not make sense. And so you may either qualify for one of the safe harbors or you may just need to be aware that

350

00:54:49.710 --> 00:54:56.070

Gerri Detweiler: By reducing your employee wages. You may also reduce the amount that you can actually have forget

351

00:54:57.240 --> 00:55:02.910

Gerri Detweiler: And you're going to hear you're going to on the application. They walk you through it. You're going to compare the look back period to the

352

00:55:03.630 --> 00:55:16.290

Gerri Detweiler: Cover period, and it's a lot of math and calculations, but you're going to compare those two and then it will walk you through a worksheet that helps you do the math, so you can see how much you have to reduce it by. Alright, next slide.

353

00:55:19.140 --> 00:55:35.910

Gerri Detweiler: Another positive change. So, so the Cures Act included a payroll tax deferral for all employers, where you can defer the employers part of Social Security payroll taxes that 6.2%

354

00:55:36.390 --> 00:55:54.960

Gerri Detweiler: And pay them later. So you do have to pay them, but you can pay them in the future, rather than having to pay them. Now when you may be trying to preserve cash. Now this also applies to the self employed. So if you are self employed you're paying the full

355

00:55:56.190 --> 00:56:07.380

Gerri Detweiler: Social Security payroll taxes because you don't have an employer who's paying half and so you can defer 50% of those costs to the future before. Once you got your PPP loan, then you

356

00:56:07.710 --> 00:56:13.950

Gerri Detweiler: You couldn't take the deferral. Now it's it's that's eliminated. So this is still an option for your

357

00:56:14.280 --> 00:56:22.890

Gerri Detweiler: Business to save some money in terms of cash flow and pay those payroll taxes later if you determine that's advantageous. And again, this is something I would definitely talk to your accountant about

358

00:56:25.050 --> 00:56:27.480

Gerri Detweiler: All right. And next slide.

359

00:56:29.760 --> 00:56:36.270

Gerri Detweiler: Alright, and the last slide, I'm going to cover and then I will stick around to help with the Q AMP a section is the

360

00:56:37.020 --> 00:56:41.910

Gerri Detweiler: Is how long you have to pay this back and how much you pay. So the interest rate is 1%

361

00:56:42.810 --> 00:56:52.170

Gerri Detweiler: And that's true whether you got your PPP loan at the very beginning, or whether you just get it in the future right outs 1% fixed interest rate.

362

00:56:52.860 --> 00:57:01.650

Gerri Detweiler: If you received your loan before June 5 then you received it under the previous

363

00:57:02.610 --> 00:57:12.690

Gerri Detweiler: Under the Cures Act, which had which he had evolved actually the Cures Act had a 10 year repayment period, the guidance had a two year repayment period. So the flexibility act.

364

00:57:13.500 --> 00:57:28.080

Gerri Detweiler: Put in a five year repayment. So it basically split the difference between was sort of B2B that 10 years and two years. So now you have a five year repayment and lenders may extend a five year repayment for loans.

365

00:57:28.560 --> 00:57:43.680

Gerri Detweiler: Weather is not where there is still a balance that needs to be repaid. If you got your loan before June 5 so check with your lender and see if that's if you got to size of alone and you need more time to pay it. Check with your lender and see whether that may be a possibility for you.

366

00:57:45.360 --> 00:57:53.490

Gerri Detweiler: All right, let's go on. Barry is going to now cover the two PPP loan forgiveness applications and the process that borrowers will use

367

00:57:53.490 --> 00:57:53.790

Gerri Detweiler: To

368

00:57:53.850 --> 00:57:55.170

Apply for forgiveness.

369

00:57:56.280 --> 00:57:58.890

Barry Portugal: Hi. Thanks, Jerry, you did a great job.

370

00:57:59.250 --> 00:58:03.540

Barry Portugal: It's really confusing, but your explanation made it a lot clearer.

371

00:58:04.740 --> 00:58:14.760

Barry Portugal: My role this afternoon is to provide you, I'm going to turn that off is to provide you with a simple, easy to understand.

372

00:58:16.290 --> 00:58:21.360

Barry Portugal: way of figuring this out. Oops. This is not the right slide that's time please.

373

00:58:23.760 --> 00:58:25.950

Barry Portugal: Thanks. Let's start this way.

374

00:58:27.000 --> 00:58:40.230

Barry Portugal: As Jerry mentioned, there are really straightforward easy forms and instructions. Now these links will take you to both a standard full size.

375

00:58:40.650 --> 00:58:53.640

Barry Portugal: Loan Forgiveness application as well as the easy version up my suggestion is that you go to these links in print out the instructions and the application. Next slide please.

376

00:58:55.380 --> 00:59:06.960

Barry Portugal: This easy application form, really, is that it is pretty straightforward for many barriers to us and we're going to talk a little bit first about how this works. Next slide.

377

00:59:09.570 --> 00:59:17.280

Barry Portugal: Easy application has only five pieces of information and requires you to do a few calculations.

378

00:59:18.600 --> 00:59:32.040

Barry Portugal: You might seem that that seems out of context, given what you used to know about the forgiveness. But this is a form that is used, but it's only going to be available to certain kinds of Bowers. Next slide.

379

00:59:34.440 --> 00:59:46.140

Barry Portugal: There are three categories of business types that can use this easy for the first is businesses that areas that are self employed and have no employees.

380

00:59:46.740 --> 00:59:58.320

Barry Portugal: So is cherry was mentioning, if you're a independent contractor. You're on your own. You don't have anybody else working for you. You can use this for or

381

00:59:59.340 --> 01:00:05.670

Barry Portugal: Your business and didn't have you didn't reduce employee compensation by more than 25%

382

01:00:06.810 --> 01:00:17.400

Barry Portugal: And you didn't reduce the number of hours or employees. So if you fell into that category. You can also use the easy for. And lastly,

383

01:00:18.210 --> 01:00:29.700

Barry Portugal: Businesses that had reduced sales that were caused by the pandemic and didn't reduce other employee compensation by more than 25%

384

01:00:30.450 --> 01:00:43.290

Barry Portugal: So what they try to do, which is my understanding is that when they came up with this form they wanted to broaden the funnel. So more and more smaller businesses use the form. Next slide please.

385

01:00:46.410 --> 01:00:46.890

Barry Portugal: The

386

01:00:49.140 --> 01:00:57.600

Barry Portugal: Criteria again and if it seems like we're going over it again. It's important that you understand it.

387

01:00:58.530 --> 01:01:20.310

Barry Portugal: To use the easy form, you must use the money for payroll rent mortgage and utilities here was already a question asked about whether you could use the money for building insurance. The answer is no. You may not, at least according to the to the definitions.

388

01:01:22.290 --> 01:01:36.660

Barry Portugal: And other criteria is that your payroll had to be 60% of the law. If you use the money where 60% was for rent and other factors. You may not use the easy form low

389

01:01:38.880 --> 01:02:00.420

Barry Portugal: Additionally, as Kerry just mentioned. If you have choose the 24 week coverage period and you use the \$20,000 compensation for an owner employee. You can use it. And if you use it for the eight week period. You can also use this form. That's my please

390

01:02:02.280 --> 01:02:03.630

Barry Portugal: The nice thing about

391

01:02:05.100 --> 01:02:10.260

Barry Portugal: Providing information is that Jerry wrote an extraordinarily

392

01:02:11.400 --> 01:02:24.870

Barry Portugal: Easy to understand article about how this works, step by step, inch by inch and she did a great job. So my recommendation is if you go to the link on this page and read

393

01:02:25.860 --> 01:02:34.650

Barry Portugal: The information about how to fill out the short form, easy, easy form application. We think you'll feel you'll understand it.

394

01:02:35.700 --> 01:02:36.330

Barry Portugal: Next,

395

01:02:38.520 --> 01:02:38.970

Barry Portugal: Now,

396

01:02:40.350 --> 01:02:58.860

Barry Portugal: This image is meant to show the standard full service standard application. So if your company is a C Corp or an escrow and does not qualify to use, easy form, you will use this form.

397

01:03:00.450 --> 01:03:07.020

Barry Portugal: It's similar to the one of the first came out with the difference now is that the

398

01:03:09.480 --> 01:03:15.480

Barry Portugal: The application and the instructions are on two separate documents but it's basically the same.

399

01:03:16.800 --> 01:03:17.820

Barry Portugal: Next slide please.

400

01:03:22.980 --> 01:03:24.540

Barry Portugal: Earlier when

401

01:03:26.160 --> 01:03:30.150

Barry Portugal: When when Kerry mentioned Tom nitty Tony nitty

402

01:03:31.620 --> 01:03:47.850

Barry Portugal: We had used his article. Many times with our clients but someone has the full service standard form forgiveness application I recommend they go to read Mr nitties for

403

01:03:49.290 --> 01:04:06.750

Barry Portugal: The different worksheets from Worksheet A and taking the information and moving it to another part of the application is written so well. We believe that you can understand how to fill out the application. Next slide please.

404

01:04:08.700 --> 01:04:19.800

Barry Portugal: In addition to Mr Davies article in Forbes, I recommend two wonderful YouTube videos on for the short form and one for the standard form.

405

01:04:20.280 --> 01:04:31.740

Barry Portugal: They're presented by Jamie troll. She has an account in Tennessee and she does an exceptionally great job and taking you through the

406

01:04:32.220 --> 01:04:50.820

Barry Portugal: Forgiveness applications, I found myself starting and stopping. I had a copy of the application in front of me I would back up. And so for those of you that want to understand how to fill out the application Jamie's YouTube videos are just great. That's please

407

01:04:52.590 --> 01:05:04.110

Barry Portugal: Now some people learn using different methods and tools for those of you that might use the SEO method. That means have someone else figure it out for you.

408

01:05:04.590 --> 01:05:25.350

Barry Portugal: You might want to read this article by Ellen kasman. This is a in detail article, it will walk you through the application as well. But this would be for those of you who feel that you need to know every little detail about the application process. Next slide.

409

01:05:27.090 --> 01:05:36.690

Barry Portugal: So while we're gone through the different forms of application. I also want to recommend an SBA

410

01:05:37.650 --> 01:05:49.020

Barry Portugal: Webinar. It happened in June of last month, about three weeks ago. It covers all of the issues that are very basic, and they do a great job.

411

01:05:49.560 --> 01:06:00.780

Barry Portugal: They have a Q AMP a session. And you may be able to pick up information from that. So the link to that webinar is shown at the bottom of the slide. Okay, let's go on.

412

01:06:01.830 --> 01:06:14.400

Barry Portugal: So we've talked about the application. We've given you. We hope the kind of resources that you can use to read about the application and watch the video.

413

01:06:15.180 --> 01:06:28.860

Barry Portugal: To look at PowerPoints, all those tools are there for, for us, but I like to do now is talk about the process of what's going to happen once you file your forgiveness application.

414

01:06:31.020 --> 01:06:34.410

Barry Portugal: So, Angela You can slow down just a hair.

415

01:06:35.460 --> 01:06:36.120

Barry Portugal: Thank you.

416

01:06:37.380 --> 01:06:42.510

Barry Portugal: The first slide about the process says, wait, don't submit your application yet.

417

01:06:43.560 --> 01:06:56.460

Barry Portugal: So all through this webinar. We talked about what the application is cherry did a great job, talking about the terms of the application and the regulations and now what we're saying is wait a sec.

418

01:06:57.180 --> 01:07:05.940

Barry Portugal: The lenders do not yet have their directions from the SBA about how to process forgiveness applications.

419

01:07:07.050 --> 01:07:11.790

Barry Portugal: We don't know exactly when those instructions will be coming out.

420

01:07:13.620 --> 01:07:24.690

Barry Portugal: Sometime, some people believe it should be in the next few weeks, but you can't do anything with your lender until you get notified that they're willing and able to accept your application.

421

01:07:27.390 --> 01:07:30.030

Barry Portugal: The third bullet here is also important.

422

01:07:31.980 --> 01:07:51.870

Barry Portugal: I've been on a number of websites and believe in some of the larger banks in the fintech companies are actually going to use their own electronic version of forgiveness application. So while we're giving you the forums and the instructions and the YouTube videos and all sorts of things.

423

01:07:52.920 --> 01:08:03.780

Barry Portugal: We believe that when it comes time to filing the applications with some of the larger banks and fintech companies, they will have you go online and use their own form.

424

01:08:06.030 --> 01:08:14.580

Barry Portugal: Time to contact your lender about when they are going to expect to start accepting

425

01:08:15.660 --> 01:08:28.260

Barry Portugal: Forgiveness applications is now there's no rush to start filling out the application will go through some of the more details and then just a moment. Next slide please.

426

01:08:30.450 --> 01:08:31.050

Barry Portugal: Now,

427

01:08:32.550 --> 01:08:56.250

Barry Portugal: You can once that the lenders are ready to accept your forgiveness. You can you can apply for forgiveness. As soon as you spent all the money. So if you had an eight week coverage period you chose or if you chose a 24 we coverage period and spent the money in an in 10 weeks.

428

01:08:57.660 --> 01:09:06.840

Barry Portugal: You can apply for forgiveness. Now, but the key is you have to know when the lenders are going to be ready to take the applications.

429

01:09:08.550 --> 01:09:09.360

Barry Portugal: Next, please.

430

01:09:14.040 --> 01:09:14.760

Barry Portugal: So,

431

01:09:16.050 --> 01:09:39.510

Barry Portugal: Is there a rule anywhere. It says when you must file for forgiveness. There is not. There's no definition. However, there is some legislation that says you have to apply for forgiveness within 10 months of your covered period that when you got the money when you're covered period and

432

01:09:40.980 --> 01:09:43.770

Barry Portugal: So that essentially gives you a 10 month window.

433

01:09:44.850 --> 01:09:56.310

Barry Portugal: Once you get your coverage period completed. However, we've talked to a couple of the banks and a few of the fintech companies who have said that they have specific

434

01:09:57.090 --> 01:10:14.700

Barry Portugal: Time restrictions about when Bowers can apply for forgiveness. Again, we recommend that you contact your, your lender, find out what their rules are about when you can apply for forgiveness. That's please excuse me.

435

01:10:17.340 --> 01:10:28.200

Barry Portugal: This is a slide that basically says that depending on when your coverage period was over somebody had a shorter eight week period and you can early

436

01:10:30.360 --> 01:10:44.460

Barry Portugal: Early low, you know, you could apply the summer. On the other hand, the second paragraph says, Well, you know, if you got if you waited until June and got a 24 hour a week coverage.

437

01:10:46.020 --> 01:10:52.740

Barry Portugal: And waited until the end of December, he wouldn't have to pay the loan or apply for forgiveness. Excuse me.

438

01:10:53.400 --> 01:11:03.390

Barry Portugal: Until 10 months after that will take you until the Fall of next year. So there the message here is there's a wide range of time.

439

01:11:04.020 --> 01:11:19.020

Barry Portugal: There's a lot of details. It's going to come out there may be some future legislation that may change some of this. Don't feel obligated that you have to fill out your forgiveness application right away. Next, please.

440

01:11:21.510 --> 01:11:26.790

Barry Portugal: This happens to be an important element for most fires.

441

01:11:28.020 --> 01:11:31.320

Barry Portugal: Both at the federal level and at the state of Florida level.

442

01:11:33.090 --> 01:11:41.370

Barry Portugal: Powers will not have to pay federal taxes or state taxes on the money that you receive for your PPP loan

443

01:11:44.550 --> 01:11:54.360

Barry Portugal: Came across this a couple weeks ago I included the link to the source that I that I use, and in the case of Florida.

444

01:11:55.440 --> 01:12:05.220

Barry Portugal: There was a governor to Santa has issued an executive order in a link to that as there. So again, the bottom line is the following.

445

01:12:06.240 --> 01:12:17.370

Barry Portugal: If you have a PP loan you won't have to pay federal taxes on the loan or on the state or any state taxes, however. Next slide please.

446

01:12:19.560 --> 01:12:40.230

Barry Portugal: You will not get a tax deduction on the money you spend on the expenses you use for the loan. So if you had alone and you get payroll taxes and mortgage or rent and utilities. The loan can pay for that and you're not going to be taxed on it, but you cannot double dip.

447

01:12:41.850 --> 01:13:03.360

Barry Portugal: You can't get the forgiveness for those expenses and then turn around and try to get the taxes deducted from your, from your federal tax. Now if you get a partial loan forgiveness. You can have a partial tax deduction my instructions and suggestion is

448

01:13:05.010 --> 01:13:06.210

Barry Portugal: Talk to your accountant.

449

01:13:07.470 --> 01:13:16.200

Barry Portugal: Your accountant has to be the one to lay this out for you don't depend on the slide, talk with your account X likely

450

01:13:18.420 --> 01:13:26.040

Barry Portugal: Now I want to spend a few minutes on what will happen once you submit your application for loan forgiveness.

451

01:13:27.090 --> 01:13:42.030

Barry Portugal: presuming that your application is correct and that you provide all the documentation required your lender, whether it's the bank or fintech, they have 60 days to process the application.

452

01:13:42.570 --> 01:13:59.310

Barry Portugal: And then send it to the SBA, it is your bank that makes the initial go no go decision and forgiveness. They send it to the SBA and the SBA makes the final decision. Next slide please.

453

01:14:00.960 --> 01:14:12.780

Barry Portugal: What to expect from the SBA once the lender sends the application to the SBA the SBA has 90 days to either approve or reject the application.

454

01:14:14.340 --> 01:14:21.780

Barry Portugal: If the application is approved the SBA notifies the lender who in turn notifies about our array.

455

01:14:22.830 --> 01:14:37.740

Barry Portugal: For all set. However, if the SBA determines that the loan is not eligible for forgiveness, either in part or in whole. It will notify lesser than notify the bower

456

01:14:39.450 --> 01:14:46.800

Barry Portugal: At this time there is no definitive information about how the SP will go about making these decisions.

457

01:14:48.090 --> 01:15:07.770

Barry Portugal: Earlier Jerry mentioned something called the interim final rules or if ours. We're waiting for the next set of if ours to see what the, what the SBA is going to say to the lenders about how they should go about approving or rejecting the loans.

458

01:15:08.970 --> 01:15:09.960

Barry Portugal: Next slide please.

459

01:15:12.030 --> 01:15:12.540

Barry Portugal: Now,

460

01:15:13.800 --> 01:15:32.730

Barry Portugal: I want to leave this slide up for a minute. So you all have a chance to read it. I'm not going to go through all of it but but it says is if alone is not forgiven by the SBA either a card or a whole too long, will have to be repaid before the maturity date of alone.

461

01:15:35.250 --> 01:15:48.240

Barry Portugal: That was again two years or five years depending on when you have your coverage career choice was he will be up to the lender and the borrower to finalize all the loan repayment terms.

462

01:15:49.890 --> 01:16:14.850

Barry Portugal: Yes, excuse me, the SBA decision to reject alone is not final. It is not final hours may appeal the SP a decision. I felt it up and down and backwards to try to find out more about it. But the only thing I found is that last sentence ESP plans to issue a separate interim final rule.

463

01:16:15.930 --> 01:16:18.750

Barry Portugal: Addressing the appeals process so

464

01:16:20.130 --> 01:16:30.390

Barry Portugal: Stepping back for a moment when you're ready to submit your application whenever that period is step one is you submitted to the to the lender.

465

01:16:30.750 --> 01:16:40.050

Barry Portugal: They have two months 60 days to review it and pass it on to the SBA SBA. Then he has three months.

466

01:16:40.620 --> 01:16:54.450

Barry Portugal: To look it over and decide whether to forgive it in whole or in part. That's five months of not knowing what's going to happen. Hopefully you will be notified earlier and then it may take as long as that.

467

01:16:55.680 --> 01:16:56.370

Barry Portugal: Next slide.

468

01:16:59.430 --> 01:17:08.190

Barry Portugal: I'm not going to read the slide, but this is something for all of you. They have as a checklist. This is the information you need.

469

01:17:09.210 --> 01:17:10.440  
Barry Portugal: Documentation

470

01:17:11.730 --> 01:17:27.540  
Barry Portugal: To provide to your lender so that you have a higher probability that your loan will be 100% approved save this slide print out the slide. Keep it near you. When it's time to

471

01:17:28.560 --> 01:17:31.620  
Barry Portugal: Submit your application. Next slide please.

472

01:17:35.460 --> 01:17:50.970  
Barry Portugal: You have to keep all your paperwork for six years, there's no easy way of saying it. Other than that, whether your loan is paid in full or not. You have to keep your documentation for six for six years.

473

01:17:54.390 --> 01:18:07.170  
Barry Portugal: Both the SBA and the IRS have an opportunity to come back and audit your loan. So it's important that you keep your paperwork for that period of time. Next slide. And

474

01:18:09.120 --> 01:18:14.250  
Barry Portugal: I put up the slide in earlier webinars. I want to put it up one more time.

475

01:18:15.870 --> 01:18:21.750  
Barry Portugal: The rules say effort PPP loans, the lenders may sell the paperwork.

476

01:18:22.920 --> 01:18:24.210  
Barry Portugal: To another lender.

477

01:18:25.350 --> 01:18:43.980  
Barry Portugal: They did this during the crisis innovate. No nine when mortgage paper work my soul. So our recommendation is stay in touch with your lender confirm their the still the bank or the fintech company will be processing your forgiveness loan.

478

01:18:45.120 --> 01:18:55.710  
Barry Portugal: And if not, find out who is and contact that organization as soon as possible. And with that slide, go to the next slide please.

479

01:18:57.210 --> 01:18:57.930

Barry Portugal: And with that.

480

01:18:59.100 --> 01:19:01.890

Barry Portugal: Today, I'm going to turn the program back to you.

481

01:19:08.040 --> 01:19:14.460

Janae Korte: Thank you. Barry before we start the Q AMP a session. I just want to first mentioned a couple of things.

482

01:19:15.150 --> 01:19:21.210

Janae Korte: We sent out the slides earlier today, but there seem to be an error. And so after this

483

01:19:21.810 --> 01:19:31.470

Janae Korte: Presentation is over. I will send out the updated slides as well as a link to our website where you will be able to find the recorded presentation.

484

01:19:31.920 --> 01:19:49.200

Janae Korte: It should be up by the end of the day tomorrow we will start the Q AMP. A with the questions we received via email before the presentation started and then we will go through the questions you submitted during the presentations. Are you ready for the Q AMP a

485

01:19:50.580 --> 01:19:52.620

Barry Portugal: Ready isn't going to be

486

01:19:54.480 --> 01:20:08.370

Janae Korte: So the first question we have is, I did not apply for the PPP loan, but I did apply for and received the idea alone with the loan forgiveness for the PPP also applied to the idol on

487

01:20:09.750 --> 01:20:10.350

Barry Portugal: Know,

488

01:20:14.460 --> 01:20:19.530

Barry Portugal: The forgiveness, we refer to is only for the PPP loan.

489

01:20:21.420 --> 01:20:44.160

Barry Portugal: If you have an idea alone and you were one of the lucky people they had that advance and range from 1000 to \$10,000 and you were to get a PPP loan amount of the idol advance would be deducted from the PPP loan forgiveness, but the idol alone itself has no forgiveness element to it.

490

01:20:45.750 --> 01:20:46.440

Barry Portugal: Is okay

491

01:20:48.030 --> 01:20:51.780

Gerri Detweiler: Hundred percent. And that's a very common question a lot of confusion.

492

01:20:54.330 --> 01:21:04.260

Janae Korte: Okay, next question. If there's no rent or mortgage as buildings are owned can buildings insurance and property taxes be included instead

493

01:21:08.100 --> 01:21:19.590

Gerri Detweiler: Sure. What about know Barry you answered this earlier. Now it's pretty specific. What's its rent mortgage interest and utilities and those don't fall under the utility category so

494

01:21:22.080 --> 01:21:23.940

Barry Portugal: Don't shoot the messenger, please.

495

01:21:26.280 --> 01:21:31.200

Janae Korte: All right. Do you have to have everyone back off unemployment by the 24th week

496

01:21:33.270 --> 01:21:35.430

Barry Portugal: I read the question I didn't understand it.

497

01:21:36.030 --> 01:21:50.280

Gerri Detweiler: I think I understand the question. So if you want full forgiveness and it depends on either the the earlier of the date you apply for forgiveness or December 31 of 2020

498

01:21:50.760 --> 01:21:55.830

Gerri Detweiler: You if you're looking at the application. I actually looked at the application when I was reading your question.

499

01:21:56.160 --> 01:22:05.910

Gerri Detweiler: You're going to fill out the safe harbor and it's going to say you're going to enter the f t for your employees between February 15 and April 26 and then you're going to calculate them.

500

01:22:06.690 --> 01:22:17.190

Gerri Detweiler: For the date you apply for forgiveness. So if you want full forgiveness, your employee FTS shouldn't be reduced.

501

01:22:17.970 --> 01:22:23.040

Gerri Detweiler: By more than that 25% of the salary. Right, so shouldn't be reduced.

502

01:22:23.820 --> 01:22:32.370

Gerri Detweiler: By the date you apply for forgiveness or December 31 2020 so whichever sooner. So it depends on when you get your PPP loan and when you spend it.

503

01:22:32.670 --> 01:22:42.720

Gerri Detweiler: But, you know, if you can't bring everybody back. We may need a safe harbor requirement, like for example in a play refuses to come back and you've tried to hire for that position, that would be, you know, an exemption.

504

01:22:43.680 --> 01:22:49.800

Gerri Detweiler: Or you may just decide that it makes more sense to turn part of this into a 1% loan so

505

01:22:50.160 --> 01:22:59.310

Gerri Detweiler: That's another option as well. So you just go you know i i recommend exactly what Barry suggested that even if you're not ready for forgiveness yet.

506

01:22:59.910 --> 01:23:11.250

Gerri Detweiler: Print out the application print out the instructions and start walking through it. So you can kind of understand what they're getting at here, and you can, it can help you as you think about these decisions because many of us are sort of in them.

507

01:23:11.550 --> 01:23:14.460

Gerri Detweiler: In the midst of making decisions about what to do with your business.

508

01:23:15.060 --> 01:23:33.060

Barry Portugal: And Jerry one more thing. Most of the score mentors in our chapter are well versed in the applications or we're not quote unquote expert we've dealt with the same questions. So, by, by having the

509

01:23:34.110 --> 01:23:44.490

Barry Portugal: The application in front of you and speaking whether your score mentor you the chances of getting a more understandable answer are much higher

510

01:23:46.470 --> 01:23:48.030

Gerri Detweiler: Agree and it's free.

511

01:23:52.800 --> 01:24:06.030

Janae Korte: For the next question. This person asks for owner employees have an S Corp. Can you add shareholder distributions to the payroll calculations for a new PPP loan request.

512

01:24:07.950 --> 01:24:10.140

Barry Portugal: I don't know what a new law you meet a second one.

513

01:24:11.160 --> 01:24:12.420

Barry Portugal: If that's the question.

514

01:24:13.710 --> 01:24:14.820

Barry Portugal: Would you read the question again.

515

01:24:15.510 --> 01:24:26.220

Janae Korte: Yes, of course. For Honor employees have an S Corp. Can you add shareholder distributions to the payroll calculations for a new PPP loan request.

516

01:24:28.950 --> 01:24:30.000

Gerri Detweiler: Can I take this one.

517

01:24:31.020 --> 01:24:34.680

Gerri Detweiler: Hey, so, my understanding is no

518

01:24:35.820 --> 01:24:44.190

Gerri Detweiler: I wrote an article about owners draw because we got a lot of questions about this and I have for if you are truly an S Corp.

519

01:24:44.670 --> 01:24:52.530

Gerri Detweiler: Taxes, an S Corp. So you pay yourself a salary and then on top of that you may take owner distributions. Now, many

520

01:24:53.070 --> 01:25:02.070

Gerri Detweiler: People many business owners in order to minimize the taxes that they pay they pay themselves a very small or sometimes not exist in salary, which the IRS does not approve of.

521

01:25:02.550 --> 01:25:09.750

Gerri Detweiler: And then they take a lot of money out and owners distribution. So, the owner distributions aren't covered by payroll tax so

522

01:25:10.260 --> 01:25:23.370

Gerri Detweiler: This is a situation. Unfortunately we're because you've saved money on payroll tax, you're going to not get money on PPP because they're looking for the money that is payroll, that is taxed. So I would definitely suggest you you know

523

01:25:24.510 --> 01:25:32.790

Gerri Detweiler: Check this further and investigate further. I also did see an s an email from the SBA to a small business.

524

01:25:33.690 --> 01:25:46.830

Gerri Detweiler: Advisor. That said, no, you may not include honor distributions, but I never saw that specifically stated as that, you know, in that language on any of the guidance. It's just when they talk about how you apply for forgiveness. They're talking about the

525

01:25:47.310 --> 01:25:54.270

Gerri Detweiler: The owners compensation, as in the form of salary. The money that you pay tax payroll taxes on. So that's my understanding is no

526

01:25:54.900 --> 01:26:05.850

Barry Portugal: It was mine as well because the tax attorney in Clearwater Gasman had that as one of the topics of his webinar you confirm that so

527

01:26:07.020 --> 01:26:08.010

Barry Portugal: We must be right.

528

01:26:11.250 --> 01:26:19.440

Janae Korte: So this person wanted clarification that an S Corp cannot use the easy form. Correct.

529

01:26:20.730 --> 01:26:29.760

Gerri Detweiler: Now, that's not true. There's three there's three criteria on that and it's self employed is one of them. But there's other there's

530

01:26:29.940 --> 01:26:31.530

Gerri Detweiler: Two other criteria. Yeah.

531

01:26:32.760 --> 01:26:43.920

Barry Portugal: Go back to the it can't go back to the slide, but the answer is yes, you can. As long as you did not reduce your employees compensation by greater than 25%

532

01:26:45.120 --> 01:26:49.020

Barry Portugal: And you have the same number of hours. Did you hear

533

01:26:51.870 --> 01:27:00.810

Janae Korte: Okay. And next question I heard that a disaster loan can affect PPP forgiveness. Do you have any input on this issue.

534

01:27:03.660 --> 01:27:04.560

Tom Garove: I think that one.

535

01:27:06.150 --> 01:27:17.730

Tom Garove: Goes back to the idol. The idol program if if you were one of the earlier recipients of the idol program and you receive the advance that advanced would be

536

01:27:18.480 --> 01:27:33.120

Tom Garove: would reduce your forgivable amount in the event that you participated in both the idol and the PVP that your forgivable amount is reduced by the amount of your grant on the idol piece. So that's, that's where that would come into play.

537

01:27:35.280 --> 01:27:43.920

Gerri Detweiler: Yeah, and very early on, I think it was, if you got an idol loan and used it for payroll before April 26 or something like that, then you refinanced it with a PPP but

538

01:27:44.370 --> 01:27:46.890

Gerri Detweiler: Honestly, at that point, I didn't know too many people have gotten

539

01:27:47.460 --> 01:28:00.480

Gerri Detweiler: It alone, and it was still in the they were still in the queue. So I don't think there are too many borrowers who would have fallen under that criteria, where they would have refinance their idol loan through a PPP, I think that's minimal

540

01:28:03.450 --> 01:28:12.450

Janae Korte: I this person asks, Do you believe that it is still in discussion that loans under a certain amount me automatically be forgiven.

541

01:28:13.980 --> 01:28:14.310

Barry Portugal: Yeah.

542

01:28:14.730 --> 01:28:16.290

Barry Portugal: Yes. Wow.

543

01:28:16.530 --> 01:28:22.710

Tom Garove: The answer to that, which, you know, for the sake of this program. We did not want to introduce too much information about

544

01:28:23.040 --> 01:28:30.390

Tom Garove: What is being considered as I mentioned earlier, we're talking about the rules as we understand them. Now, however,

545

01:28:31.200 --> 01:28:42.750

Tom Garove: It is those are being considered, and as Barry very meant mentioned numerous times, take your time and think about timing of when you want put in your application because

546

01:28:43.110 --> 01:29:02.400

Tom Garove: These rules are changing all the time. And as we understand it as of the news as of six o'clock when I came it before I came in. That is one of the things that is being considered, but do not take that to the bank do not consider as solid information because as you know politics and

547

01:29:03.510 --> 01:29:15.900

Tom Garove: And all sorts of things just don't mix so what what we're telling you is what we know today and I would stick with the rules, but be patient and as as Barry, as explained, be patient in your application process. If you can

548

01:29:17.310 --> 01:29:24.660

Gerri Detweiler: And I just add to that, you know, if that's really important to you, then you contact your elected officials in Washington and let them know you know and same thing

549

01:29:24.810 --> 01:29:31.200

Gerri Detweiler: There's problems with the program that you're experiencing and There don't seem to be there doesn't seem to be clear guidance.

550

01:29:31.620 --> 01:29:37.650

Gerri Detweiler: You know, one of our senators Marco Rubio it heads the small business committee and so they do you know they do have

551

01:29:38.250 --> 01:29:43.500

Gerri Detweiler: This was my first job in college was answering constituent questions and helping them with

552

01:29:43.950 --> 01:29:46.950

Gerri Detweiler: Problems with federal agencies and federal programs.

553

01:29:47.250 --> 01:29:57.090

Gerri Detweiler: And so they have staff, whose job is to do that they may not be able to solve every problem for for you but you know they need to hear from you as small business owners, because the next whatever is coming

554

01:29:57.360 --> 01:30:07.380

Gerri Detweiler: And they need to hear you know what challenges you're experiencing and and what you what you you know what you need from them. So don't be afraid to make that phone call or fill out that form online.

555

01:30:08.730 --> 01:30:09.540

Tom Garove: Good advice. Jerry

556

01:30:11.640 --> 01:30:19.830

Janae Korte: Alright so this next question is slightly longer if you want to pull it up in the Q AMP. A it might help if you read along maybe

557

01:30:20.940 --> 01:30:31.770

Janae Korte: Alright, so I have exhausted my funds my business partner and I we own the business 5050 or owner operators and the only employees in the business.

558

01:30:32.190 --> 01:30:41.430

Janae Korte: We use a simple cash in cash out accounting system and we do it ourselves. Due to the lack of guidance when we got your funds may 15

559

01:30:41.850 --> 01:30:53.010

Janae Korte: We just moved all the money to a separate account and deposited money into our account via a transfer through our banks app and label that PPP payroll for

560

01:30:53.940 --> 01:31:07.740

Janae Korte: This person's name and then we use some for rent. That's it. Will my bank statements as well as checks going out for rent be enough documentation for showing our funds went to for forgivable expenses.

561

01:31:14.370 --> 01:31:27.810

Tom Garove: What one thought I haven't and some Barry and and Jerry may have some others. In addition to the records that you have from your bank you may wish to ask those whom you pay the monies to for receipts.

562

01:31:28.770 --> 01:31:39.330

Tom Garove: A receipt from a recipient who receives payment for any goods or services would certainly add additional credence to your documentation. Any other ideas Barry, Jerry.

563

01:31:41.220 --> 01:31:53.040

Gerri Detweiler: Yeah, I think this addresses an issue that I've gotten a lot of questions on which is how do I document pain myself, you know, with PPP funds if I'm an owner, operator self employed. I mean, I

564

01:31:53.400 --> 01:31:57.510

Gerri Detweiler: I'm huge huge fan of having a separate business bank account. And then, you know,

565

01:31:58.020 --> 01:32:10.590

Gerri Detweiler: writing a check out of that business bank account to pay yourself. I think that's a good practice, you know, regardless of PPP, but some people do transfers, etc. So I think just being able to document you know that you are

566

01:32:11.670 --> 01:32:18.600

Gerri Detweiler: That you're paying yourself and that you allocate it from PPP I would keep a copy of that you know again for six years.

567

01:32:19.560 --> 01:32:34.470

Gerri Detweiler: But also you know you. It sounds to me like maybe you just file a Schedule C. So you may just fall under that category of the owner compensation under Schedule see where they're looking at. Basically what was on the tax return.

568

01:32:35.550 --> 01:32:43.350

Gerri Detweiler: So you may, you may not have a problem with that. So, and rent. What do you have is documentation your rent your lease agreement.

569

01:32:43.830 --> 01:32:53.760

Gerri Detweiler: And then you have a copy of the check that you wrote for ranch. So you keep a copy of the cancelled rent check. I'm again I'm just giving my two cents on this not an official SBA opinion but

570

01:32:54.810 --> 01:33:07.770

Barry Portugal: We. A couple of us and score help process applications for a grant through the Sarasota County and amongst the documentation, they use to document.

571

01:33:08.490 --> 01:33:22.890

Barry Portugal: Legitimacy of an expense wasn't the leases invoices for rent and canceled checks. So in the in the essence of the question, if it is mostly just payroll and rent.

572

01:33:24.330 --> 01:33:41.190

Barry Portugal: Clearly, having the copies of the cancelled checks photocopies scan them make it electronic. Same thing with a rent invoices and then and then of course the bank statements they can put two would be the, I think one of the best ways of

573

01:33:42.840 --> 01:33:46.260

Barry Portugal: Improving the probability of alone being forgiven.

574

01:33:49.500 --> 01:33:55.530

Janae Korte: All right, next question. There seems to be no accommodations for newer businesses.

575

01:33:55.890 --> 01:34:13.020

Janae Korte: As a sole proprietor in just my second year of business, my sales and profits. This year we're going to be significantly higher than last year is my forgiveness strictly limited by last year sales profits or is there anything that takes into account a growing business.

576

01:34:14.940 --> 01:34:15.900

Barry Portugal: Let me, let me start

577

01:34:17.100 --> 01:34:31.800

Barry Portugal: First of all, congratulations on the growth of your business. I'm sorry that pandemic got in the way. But I would encourage

you to keep working hard, if you had a business started last year you're growing hopefully we'll figure out a way to keep it going.

578

01:34:33.720 --> 01:34:49.230

Barry Portugal: The sales how the revenue of your business has nothing to do with the PPP loan forgiveness. It's only expenses. So whatever the covered period was eight weeks 24 weeks.

579

01:34:49.980 --> 01:35:09.450

Barry Portugal: Use the definition TWO AND A HALF THE AVERAGE OF 12 months expenses that you had last year. Can you took 2.5 times that would be your loan amount. Now, what may happen is that you are gearing up for more expenses this year.

580

01:35:10.560 --> 01:35:15.000

Barry Portugal: And then Hannah back away. So maybe the essence of your question, is it

581

01:35:16.590 --> 01:35:33.090

Barry Portugal: May not have been a good representation of your business. But you can either use that or you can use February in January. In February of this year and an annual lines it on using two and a half months where

582

01:35:34.830 --> 01:35:37.650

Barry Portugal: I probably made people more confused than when I started

583

01:35:39.930 --> 01:35:44.160

Tom Garove: I think, I think you touched on that. Well, Barry because the calculation.

584

01:35:45.570 --> 01:35:47.100

Tom Garove: Allows for the most recent

585

01:35:48.630 --> 01:36:02.220

Tom Garove: Two and a half months up to the start of the program so that that would that would be the recommendation I would say for for this individual, you know, whatever your largest expense period was

586

01:36:03.480 --> 01:36:08.610

Tom Garove: Right up to the start of the program would would be your, your loan amount that you want to seek

587

01:36:10.170 --> 01:36:13.770

Gerri Detweiler: Yeah, I'm trying to find it. I, I swear I saw this right

588

01:36:15.240 --> 01:36:28.380

Gerri Detweiler: But the, you know, because the previous guidance you apply to based online 31 of your 2019 Schedule C. Right. That was your net profit and it was two and a half times average monthly revenue was for the self employed filing schedule see

589

01:36:28.920 --> 01:36:37.680

Gerri Detweiler: That substitutes for payroll and I swear I saw something that that finally address the question for newer businesses that where they could use the

590

01:36:38.100 --> 01:36:50.970

Gerri Detweiler: month of January. In February of 2020 instead of 2019 but I can't. I'm not finding it quickly, so I apologize. I think that's a fairly recent development. The guidance. So if I can find it out. I'll send it on to you.

591

01:36:52.050 --> 01:36:54.720

Tom Garove: I think we included that in one of the previous webinars.

592

01:36:55.050 --> 01:36:56.160

Gerri Detweiler: Okay, okay.

593

01:36:56.400 --> 01:36:57.330

Tom Garove: If I recall, Barry.

594

01:36:57.960 --> 01:37:05.400

Barry Portugal: It was in webinar. Number one, we're still kind of figuring out what was going on. But in any case, let's go on to the next question.

595

01:37:06.330 --> 01:37:08.760

Janae Korte: I actually believe that's all of them.

596

01:37:11.280 --> 01:37:18.540

Janae Korte: So I just want to remind everyone that I will be sending out the PowerPoint links immediately following the presentation.

597

01:37:19.770 --> 01:37:28.710

Janae Korte: And I will also send the link to the website where you can find the recorded webinar, it should be put up tomorrow.

598

01:37:31.530 --> 01:37:33.000

Barry Portugal: Late great sounds great.

599

01:37:34.350 --> 01:37:37.140

Barry Portugal: So thank everybody for listening in.

600

01:37:38.160 --> 01:37:40.200

Barry Portugal: We hope we've answered your questions.

601

01:37:41.790 --> 01:37:46.950

Barry Portugal: I'm going to turn that program back to time as the chairman of the Education Committee town.

602

01:37:50.640 --> 01:38:02.010

Tom Garove: One last comment. I, I first of all thank you, Jerry, for joining us as our as our guests, we, we really appreciate your input and and all of the information you provided, I would suggest that

603

01:38:03.390 --> 01:38:15.780

Tom Garove: If you have a mentor or you are communicating with anyone at score. Number one, please tell them. If you find these webinars helpful. That's number one. Number two.

604

01:38:16.830 --> 01:38:30.750

Tom Garove: The chances are pretty good. That being said that we've already covered the material as we understand it today. I would say the chances are pretty good that they're most likely will be somewhat further adjustments to the cares act PPP and idle loans.

605

01:38:32.520 --> 01:38:44.130

Tom Garove: Let's, let's, quite, quite frankly, assume that that's going to happen. And if that does happen. Why keep your eye on the news, most likely, we will probably do a follow up webinar to this.

606

01:38:44.640 --> 01:38:53.880

Tom Garove: And provide you with additional follow up information on what we understand to be future changes. So stay tuned and keep keep working hard on your businesses.

607

01:38:54.300 --> 01:39:03.480

Tom Garove: Stay positive in these difficult times. And if you don't have a score mentor, please rely on them because they're very dedicated and really helpful people and

608

01:39:04.710 --> 01:39:12.210

Tom Garove: I think you'll, you'll find that you're in the you're in the right place and it's good to be in a small business in America. And let's let's hope we can help you out.

609

01:39:14.400 --> 01:39:15.030

Barry Portugal: Thank you.

610

01:39:16.290 --> 01:39:28.200

Janae Korte: I have one last comment I would like to make. We have a survey that we really appreciate it if you took the time to fill out, following the presentation, it should pop up on your browser, right after you exit.

611

01:39:28.890 --> 01:39:32.760

Janae Korte: If you could just take a few minutes to fill that out, we would greatly appreciate that.

612

01:39:34.380 --> 01:39:35.010

Barry Portugal: Thank you.