





# **Economic Aid for Independent Schools: CARES Act, PPP, PPP 2.0 and Beyond**



## Featuring:

- **Patrick Closson**, Director, Corporate Department Chair, McLane Middleton
- **William Enck**, Principal, Employee Benefits Tax Group, BerryDunn
- **Kimberly Kramer**, Director, Corporate Department, McLane Middleton
- **Eric Leuteritz**, Senior Vice President, Commercial Lending Team Leader, Pentucket Bank
- **Seth Webber**, Principal, Valuation, BerryDunn



## PPP2 ELIGIBILITY

**Kim Kramer**, Director, McLane Middleton, Corporate Department

- No more than 300 employees.
- Gross receipts declined by 25% or more in any quarter of 2020 as compared to the same quarter in 2019.
  - Measured by calendar quarters, not a three-month period.
  - Gross receipts exclude funds from PPP loans.
  - Nonprofits gross receipts as set forth in Section 6033 of the Internal Revenue Code.
- Must have been in business on Feb. 15, 2020.
- Must have used all of the first PPP loan for authorized purposes prior to the PPP2 disbursement date.
- Must submit PPP1 loan forgiveness application simultaneously with or prior to submission of a PPP2 loan forgiveness application



## **SBA LOAN NECESSITY QUESTIONNAIRE**

### **SBA Form 3509 and 3510**

**Pat Closson**, Director, McLane Middleton, Corporate Department Chair

The purpose of this form is to facilitate the collection of supplemental information that will be used by SBA loan reviewers to evaluate the good-faith certification that borrowers, who together with their affiliates, received PPP loans totaling \$2 million or greater, made on their PPP Borrower Application (SBA Form 2483 or Lender's equivalent form) that economic uncertainty made the loan request necessary.



## **SBA Frequently Asked Question #35 (Released by SBA on December 9, 2020):**

**Pat Closson**, Director, McLane Middleton, Corporate Department Chair

- All loans of \$2 million or more are being reviewed for eligibility, fraud or abuse, and compliance with loan forgiveness requirements.
- “borrowers should return the completed questionnaire to their lender within 10 business days of receipt”.
- SBA’s assessment of a borrower’s certification will be based on the totality of the borrower’s circumstances through a multi-factor analysis.
- This certification is required to have been made in good faith at the time of the loan application, even if subsequent developments resulted in the loan no longer being necessary.





## TOP ITEMS from questions submitted with registrations

**Seth Webber**, BerryDunn, Principal, Valuation

### 2<sup>nd</sup> Draw Loans

- Can demonstrate 25% reduction in gross receipts between comparable quarters in 2019 and 2020
- No more than 300 employees
- Received a first round PPP loan and used the full amount for authorized uses
- Capped at \$2 million

### Clarifications

- Spend 60% or more on payroll
- Eligible expenses expanded
- 8 – 24 week covered period
- 2.5 x average monthly payroll costs

Don't forget that documentation must be maintained, even if not required to be filed.



## Employee Retention Tax Credit:

**Bill Enck**, Principal, BerryDunn, Employee Benefits Tax Group

Who is eligible?

Organizations that:

- Were fully or partially suspended from an appropriate governmental authority due to COVID-19, or
- Had a significant decline in gross receipts from corresponding quarter in 2019
  - Greater than 50% during 2020
  - Greater than 20% in 2021

Which organizations may still benefit from the ERC?

- Received a PPP Loan
- Gross receipts have not surpassed 80% in a calendar quarter
- Any newly hired employees

CAA extends and expands the availability of the ERC through June 30, 2021





## Employee Retention Tax Credit:

**Bill Enck**, Principal, BerryDunn, Employee Benefits Tax Group

What is it?

- Credit against applicable employment taxes for each calendar quarter
- Equal to 50% (70% in 2021) of qualified wages per employee: Maximum credit of
  - \$5,000 per employee for 2020
  - \$7,000 per employee per quarter in 2021

Qualified wages:

- 100 employees or less: all wages paid during shutdown and during depressed quarters
  - Effective January 1, 2021: 500 employees or less
- Greater than 100 employees: wages paid to an employee who is not providing services due to the suspension of the business or a drop in gross receipts
  - Effective January 1, 2021: greater than 500 employees



## PPP – Banking Guidance

**Eric Leuteritz**, Pentucket Bank, Senior Vice President, Commercial Lending Team Leader

- 2nd Draw Loans
- 1<sup>st</sup> Draw Loans
- Need a new lender?
- Check in often



# Question and Answers

