

Understanding the CARES Act and SBA Loan Program

As we all continue to navigate a world impacted by COVID-19, it is more important than ever that we continue to support each other and help where we can.

On April 24th, President Trump signed the \$484 billion Paycheck Protection Program and Health Care Enhancement Act which supplements the \$2 trillion bipartisan Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748) that was signed in late March. This new round of COVID-19 relief legislation provides \$310 billion in additional PPP loan funds and \$60 billion in additional EIDL funding.

Your Company May Qualify for Federal Assistance for Covid-19 through the CARES Act 2020

Consider the following when determining if the CARES Act applies to you:

You May Qualify for Federal Assistance for Covid-19 if you answer Yes to the following:

- Are you a business, nonprofit organization or Veteran's Organization?
- Was your business in operation on February 15, 2020? Do you employ less than 500 employees?
- Did you pay any salaries and payroll taxes or independent contractors between 1/1/2019 and 2/14/2020? Have you been financially impacted by the Covid-19 pandemic?

Paycheck Protection Program Highlights:

- Loans available until June 30, 2020; however, funding is capped and available on a first come, first serve basis.
 - Loan amount is equal to 2.5 times your average monthly payroll expense. Payroll costs include salaries up to \$100,000 plus benefits.
- Qualified expenses during the first 8 weeks after loan origination will be **forgiven** with appropriate documentation submission.
 - Not more than 25% of the forgiven amount may be for non-payroll costs.
 - Loan forgiveness is reduced for headcount reductions and decreases in salaries expense by more than 25%
- Qualified expenditures include payroll costs, mortgage interest, rent, and utility expenses
- Loan interest rate is 1% for any amounts not forgiven
- Nonrecourse loan- No collateral or personal guarantee required.
- Loan payments will be deferred for the first 6 months, but interest will accrue over that period.
- Loan is due in 2 years and there is no pre-payment penalty

EIDL -Economic Injury Disaster Loans Highlights:

- Up to \$10,000 emergency advance.
- Loan covered period is January 31, 2020 to December 31, 2020
- Loans available up to \$2 million based on ability to support claim of economic injury to SBA.
- Interest rates are as low as 3.75% for small business and 2.75% for non-profits
- Loans up to \$200,000 do not require a personal guarantee
- Requires an acceptable credit history and ability to repay loan
- Qualified expenses include debt payments, payroll, and business- related accounts payable.
- Applicants can apply online at SBA Disaster Assistance and may require additional documents

Business Tax Provisions if not participating in PPP

- Deferral of the 6.2% employer portion of Social Security tax
 - 50% due 2021 and other 50% deferred to 2022
- Refundable employee retention credit of up to \$5,000 per employee for paying wages while the business is suspended, or gross receipts have dropped by 50%
 - Partial credit available until gross receipts rebound to 80% of Pre- Covid 19 levels.

At Centri, we're staying up to date on the guidance that is being issued regarding the CARES Act and can help you evaluate your options. Our experts can support your decision-making process and ensure that the solution makes sense for your business now and in the future. Our experts can facilitate the loan application process with your financial institution and ensure that your business receives the financial assistance it is eligible for.

For more information on how we can help, [please contact us](#).

Also, for more details regarding what you can do and what you'll need, please look at the following links:

[Paycheck Protection Program – Checklist](#)

[United State Treasury Department – Paycheck Protection Program](#)

[U.S. Small Business Administration – Covid-19 Small Business Guidance](#)

You don't have to figure this out on your own. Centri experts are here to help you.

While these may be uncertain times, you can continue to count on Centri to provide you with reliability for today and into the future. Our focus hasn't changed, regardless of what is happening around us.

One Firm. One Team. One Culture.

Centri Business Consulting provides the highest quality finance and accounting consulting services to its clients by being reliable and responsive to their needs. Centri provides companies with the expertise they need to meet their reporting demands. Centri specializes in financial reporting, internal controls, technical accounting research, valuation, and CFO advisory services for companies of various sizes and industries. From complex technical accounting transactions to monthly financial reporting, our professionals can offer any organization the specialized expertise and multilayered skill sets to ensure the project is completed timely and accurately.

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