

Follow the Numbers: Tactics & Action Steps for the Next 90 Days

An America Outdoors webinar, with special guest Pat Tabor

Q&A:

Question Asked	Answer
With the Paycheck Protection Program, are we able to use the loan for payroll during summer and fall and still have it forgiven?	Yes, you can use proceeds whenever, but the forgiveness will be based on the 8-week measurement period
How do we handle our company paid sick policy, CA state paid sick leave benefits (through the EDD Unemp Ins, I think) and the new FFCRA program? Can someone use them all cumutively or can only use one program. Same question regarding tne medical leave and family leave (though we don;t have a company policy on them).	You have to evaluate the best combination of programs with the assistance of your CPA
Tactics for bringing on Seasonal Summer Employees, and utilizing SBA PPP program in early season(April, May, June), before the workload starts (July - September)	Only bring them in and pay them duirng 8-week period if it makes buisness sense, don't do it just to get forgiveness as you will just be trading dollars
Pat - what about non-employee compensation for payroll costs?	Depends on what it is, most banks and regional offices of SBA are not allowing contract labor as part of the computation because the contractors can apply for PPP themselves
If Pat doesn't address it... How does he suggest capturing/including seasonal wages v full-time/annual wages? Is PPP still forgiveness still applicable if it includes only full-time/annual wages but excludes guide/seasonal wages?	All wages are captured during the measurement perios regardless of duration (full vs part time) the calculation is based on gross payroll and gross # of emplyees
When calculating the 75% for payroll costs, is that 75% of what you got for PPP that needs to go for payroll or 75% of each week looking back to 2019 for the corresponding week?	When calculating forgiveness, you will only get forgiveness of the loan for 25% of non payroll related costs max. You can go beyond that as long as your payroll as computed during the 8-week measurement period is at least 75% of the loan amount.
EIDL if you have more than one company with different EIN numbers can you apply for both companies? Example one company does canoe and kayaks. Seperate company does snowmobiling	You will be required to dislose affiliated companies under common control. If one person has more then 20% ownership in more then one company, then only one company in the affiliated group can apply
Hi Pat/AOA, questions about EIDL emergency advance. They are now saying it's only \$1000 per employee up to \$10,000. Is this calculated immediatly pre-disaster? Additionally the NYT published an article yesterday that they were capping the EIDL program at \$15,000 per applicant but the SBA hasn't validated this report. Do you know anything about this?	The limitation they have put on initial funds is based on working capital needs for two months to a maximum of \$15,000 per month. So the max proceeds initially from EIDL will be \$40,000 (\$10k grant + \$30K) with more to come at a later date when they get caught up

A PPP question about the requirement to have payroll on Feb 15, 2020. We are an S-Corp and the owners were answering phones, taking reservations, and making preparations on Feb 15, but not on official payroll yet. Our understanding is that we are not eligible to apply. Is this correct?	Not correct, they want to know if you were in existence prior to 2/15/20, so if you operated in 2019 you are eligible
As for unemployment for S-Corp owners... Have you seen if S-Corp owners are approved for unemployment during this whole deal?	If you have provided wages and captured under w2s in past then filing unemployment for owners of a Sub S can be done
8 week PPP period must conclude June 30.	Yes, can be sooner but not later then 6/30
what happens if you don't spend the entire amt of loan. does that change anything	No, you can use it for other cash needs, but then it is a loan and won't be eligible for forgiveness
My business is organized as a sole proprietorship. We are currently closed because the Parks we operate in are closed. Can I get unemployment?	Yes, but this will depend on your state rules, if you have never files a W2 as an employee of your own buiness, the state may struggle to figure it out
I have heard that the payback period for the amount of the PPP loan not forgiven is 2 years?	Initially they said 12 months
Is there seasonal versus full time in that calculation of number employees.	no
What if the employee count is higher during the 8 week period.	If it higher then what you put on PPP that is fine, if it is lower, then you'll have a fractionalize computation limiting the amount of forgiveness
how should we calculate # of employees? I already submitted my application and entered FTE	that is the right number, but during the 8-week period you just count gross number of employees, no need to determine FTE
Hi Hilary! One more from me. Can you prepay employees (like contract based full time employee guides)? so that this money falls under the forgivable 8 week period vs. paying them at the end of the summer/work period?	yes, but it will have to be run through payroll and not as 1099. The guidance only wants this to be measured through 941s
If we have kept all employees on payroll thus far, but we have one employee who gave us her notice March 1st that she will be resigning May 15th, should we include her in the number of employees or not? We will likely not replace her until August.	Not sure what you are claiming her in the count for. If you are talking about the measurement period of seasonal business of either option b or c where you measure payroll from 2/15/20 or 3/1/20 on for determining "Payroll" for loan calculation on PPP then the anser is yes you have to counter her as she will be reflected on your 941
So if we put 16 employees we just have to have 16 employees any time during those 8 weeks?	yes
Does the # of employees for the PPP application need to capture every employee or just FTEs? Either Full Time Employees or Full Time Equivalent?	every employee, no need for computing FTE
I applied for the EIDL on April 1 and have heard nothing. Is that typical?	yes, their backlog is off charts
Just to clarify, can you pay workmans comp and payroll taxes with the ppp money?	yes, and that should be used to calculate towrds your 75% for forgiveness purposes

Have you heard the EIDL grant/loan of \$10k is actually \$1K per employee? So if you listed that only 2 people work for you during said timeframe, you'll only get \$2K.	No, only limitation I've heard is 2 months working capital max of \$15,000 per month plus grant of \$10,000
Our number of employees is high. Many are part-timers, weekend warriors. Our FTE calculated by our payroll processor is about 1/2 that number. What number should we report?	If you can get away with FTEs on PPP application but actual numbers during 8-week forgiveness period, that would be optimal
Our Staff comes from all over the country - what precautions are you taking to safeguard your staff when you bring the 60 members in.	complying with CDC guidelines for a safe workplace. See AO guidance on this from the risk webinar they did
How about back pay for owners? We have been paying ourselves half pay since this started	This gets to be included in 8-week period, you could "ctach-up" pay during 8-week forgiveness period to ensure you get to 75%
can you apply for PPP but wait to start 8 week period?	Latest we heard is 8-week starts upon first draw from proceeds which has to occur 10-days after PPP loan approval
when computing the average monthly payroll you could not use the wages of one person in excess of \$100,000. However in the loan forgiveness they are not stating anything of the \$100,000 wage	Same thing, you are capped at \$100k per person
Where do firms realize the tax credits? income taxes?	Tax credits against future payroll taxes you'll pay as an employer
What if I filed last night and filled it out incorrectly. Is there any way to correct.	Up to you and your bank, for EIDL who knows, many people have filed another one hoping the right one gets approved
We applied on friday and our independant contractors were included (horseshoers, mehcanics	Did the bank let is go through? If so you are one of the lucky ones
If you are an employee for the company but are an owner is it considered self employment?	Yes, but if you pay yourself and generate a W2 then you are in the system. The hard thing will be to include into wages self employed income beyond what was reported on W2, that was the flaw they know was created
We just purchased our company at the end of January as an asset sale. New EIN number. We have not had a payroll yet. Our accountant did not want us to run payroll until June since my wife and I are the only employees until the begining of May. We have been told we do not qualify for ppp. Is this correct?	Unfortunately I believe so. But assuming you get up and running, you may be able to qualify for the extended tax credits, you'll need to consult a CPA as this is a complicated area
THE NUMBER OF EMPLOYEES FOR PPP WAS NOT CLEAR TO ME. IF WE ENTERED 8 PEOPLE THEN WE NEED TO BE SURE TO PAY 8 EMPLOYEES DURING THE 8 WEEK PERIOD ON OUR 941?	Yes, in order to get to 100% forgiveness
When i submitted for EIDL - it did not ask me what i was looking to borrow - did i miss something or will that come later.	It will come later.
Can we create a new sick/medical and family leave policy only to use under the FFCRA only? It will be paid with the PPP but we can't offer to use it any other time.	No, you can't use PPP to invoke benefits for use in acquiring tax credits created under FFCRA
Our banker emailed and said the loan proceed would be in our bank account by tomorrow.	You can delay receipt up to 10-days which will extend the 8-week measuremnt period for that amount of days

With a fall hunting business - would we qualify for the EIDL grant?	yes, not being operational until fall doesn't matter as EIDL is open until 12/31/20
Can you elaborate on the JIT tactic?	It means holding off hire back and other expenditures until the very last minute so as to maximize cash hoarding
Does Pat know anything about payroll tax credits for companies ordered to shut down due to COVID? I think it's 50% credit per employee up to \$10,000 through the end of the year	Yes, the Extended Tax Credit provision of the FFCRA. It is perhaps one of the more complex provisions to apply for, you'll need to use your CPA to use it
How does it affect your forgiveness if some of your employees stayed at home in accordance with Governor Bullock's Order	It won't effect forgiveness, unless you can't go back to work before 6/30. Our hope is Bullock opens 5/1 or 5/15, you get everyone back up and running and hit the 75% during the 8-weeks leading up to 6/30
Does work comp count as payroll cost and can you pre pay months ahead during those 8 weeks?	My interpretation is that it does count as a state payroll tax, and yes prepaying during the 8-week period is a good tactic to ensure you get to 75%
Did you say that you could prepay your utilities and interest on mortgage?	yes, as a strategy to ensure you hit the forgiveness marker during the 8-week period, spend the money on the eligible items during that time frame which means paying amounts in arrears or in advance
So we were applied and approved (including non-employee compensation) before it was noxed. Do you think we will have problems when it is time to reconcile a the end?	no, you will always be protected by the policy in palce at the time. Would't hurt if you had some of that earlier guidance in your records in case the question comes up
While it's obvious, please be aware that if forgiveness is not granted, yes, the loan interest is great, but it is a loan that has to be paid back on time. Don't get in trouble with a loan you can't pay back.	This is up to the individual owner to determine, we would never advocate for getting yourself upside down
Can 501(c)3 pay their board of directors or Executive Director with PPP funds and have them completely forgiven or only 75% will be forgiven?	It was the intent that a 501c3 was afforded the same benefits under PPP as a small business
Does different EIN standard apply to ppp?	If you are a passthrough entity (e.g., sole meber LLC reporting on Schedule C) then use your SSN versus the EIN
What happens if you cannot pay the loan in full after 12 months?	This guidance has not been given yet
If for example you rehire several employees back prior to June 30th (or that 8 week period), how long do you have to employ them. Meaning, if you need to, can you let them go again after June 30th, with no penalties?	yes, it is only measuring for the 8-week period. One might question why you did that though because all you will be doing is giving them the money.
Here's the link to that article: https://www.nytimes.com/2020/04/09/business/smallbusiness/small-business-disaster-loans-coronavirus.html?action=click&module=Top%20Stories&pgtype=Homepage	This is where they discuss the 2 months working capital up to \$30k plus \$10k grant. The SBA adopted this on Wednesday due to being overwhelmed with EIDL applications
Already approved for PPP. Have held off on EIDL. My season is May 15-Labor Day. If they are taking apps throught June wouldn't it benifit me to wait until June to demonstrate more revenue loss? (I apologize if this has been covered, I joined late)	It is going to take so long for the to process EIDL that I suggest get into the line now

Is that number of employees (for PPP or EIDL) FTE's or individual bodies on staff?	Individuals not FTE
Both of my banks have stopped taking PPP loan applications. Do you have any other suggestions for submitting applications?	Check with SBA list of vendors for your area or other recreation business and AO
Is there a place where we can look to get updates on our EIDL app?	https://disasterloan.sba.gov/ela/Account/Login?ReturnUrl=%2Fela%2FMembers , if you applied before the default to the new mandatory three page questionnaire, otherwise there is no way to check other than to try to call
Where can we find the documentation for the addition of Workers Comp being added to the PPPL.	From the original law
just got off a call re EIDL. SBA was on this call and said SBA changing the auto \$10K to \$1K per employee	We will track this
FOr PPP, what if I cannot repay the 1% loan in the 12 month period?	This guidance has not been given yet
do you have to wait to the loan is approved to begin counting the 8 weeks?	yes, doesn't start until day of first draw
To touch on a question earlier. If you have an owner who does not collect a paycheck (for several years), can they be added back to the payroll to help meet the 75% for forgiveness?	Theoretically yes, but this is the area where they failed to create the guidance, they hope to clarify in next round of legislation
Can the PPP loan money be used to pay employer portion of social security and medicare? Caroline Dove, Canyon Rio	The money can be used for anything, but regarding what qualifies for forgiveness, not federal taxes are excluded
please clarify again if we are able to select the 8 week period from not to JUNE 30 and that 8 weeks doesn't start from when loan is granted	this is the interpretation based on way law is written, some banks will allow, others will not
Winter seasonal business when payroll ends April 30.	12 month period measurement is only option, terrible flaw in the program
what do you know about sick pay liability for part-time employees when you have seasonal status. Are we liable for paying for sick days. Please clarify	You have to ask your state DL&I office this as it varies by state
I sold my business on 12/31 and the new owners will not be able to run the summer sessions and thus meet their obligations in the consulting agreement, payout loans and lease expense. Is there any way I qualify for the PPP or EIDL to manage any of the debt I will not receive payment on?	This is beyond scope of this seminar, try your CPA first, and if they can't help email Pat
Can you provide access to the Spreadsheets referenced earlier at the beginning of presentation?	yes, they are available on AO website
I am an LLC and an S-corp for tax purposes so I am on payroll but have not started myself on payroll yet this year. Should I start ASAP?	at least during the 8-week period
If you already filed for the EIDL loan is the \$10,000 grandfathered or not?	Yes
It's my understanding that ppp covers 8 weeks and EIDL covers 12 months - Is that the way you see it?	No, this is mixing several concepts. Both programs are loans with certain forgiveness provisions. The 8-weeks is only measuring the forgiveness computation period. PPP gets paid back in 1 year, EIDL in 10 years

What if we will increase the number of employees during the 8 week period?	Great, you want # of employees during 8-weeks to be equal to or higher then what was listed on form 2483
Can Geneal Liability Insurance and Unemployment Insurance be included in forgiveness under PPP?	General liability no, only state unemployment not fed
For the PPP I used the high water mark for the amount of payroll for a 12 month rolling but i used the number of employees that we have now - was that wrong.	Not if they accepted it
Re; Seasonal Employees paid with W2 and 1099 (Fishing outfitters) and PPP Grounded context: Many fishing outfitters in portions of Id will pay their guides a set rate of, say, \$300 per day. 76% of that is as a W2 wage employee, and 25% as 1099. (For boat lease, boat vehicle trailer) -Do we reimburse our employees 1099 amount w2 amount or both in lost wages. --Is there any tax burden on our guides? -What is the best way to distribute those funds, given some guides work	This program isn't about reimbursing employees. It is about taking out a loan to keep you going, and then working to get some of that forgiven given the constraints of qualifying for forgiveness. Only payroll will get forgiven, but rental of there boats could be under the 25% allocated for forgiveness of those types of expenses
Is forgiveness based on number of employees or total payroll costs?	Both. # of employees during 8-week period divided by # of employees you put on application. Anything other then 100% represents a limitation on forgiveness. 2nd limitation is 75% of loan has to be for payroll paid duiring 8-week period
it is acceptable to have your employees paid during one payroll and use all of the funds during that time frame and then go on unemployment or wait to get paid until late june and then do the payroll that will use all that you applied for?	Only if it makes buisness sense to do so
Re: PPP and JIT - do you have to have payroll EACH week of the payroll period or can it be just a portion of the 8 weeks or even just 1 week of payroll within that period?	It will be based on actual payroll paid during those 8-weeks
What if we didn't check other boxes besides payroll -banker said not to. Can we still include rent and utilities	I hope so, don't be surpised if someone says no because you didn't check the box
i just want to clarify you can apply for eidl \$10000 grant without applying for a loan?	correct
How do you estimate your guides' tips?	Call a couple of guys and develop a quick computation
If guides are reporting their tips on their own and not to us, how do we include that in our application?	By making a reasonable estimate that you can show someone if they ask

I was late to the meeting, I have filled out a I was late to the meeting so may have missed this earlier, I filled out a form on the SBA website for 10k, do I still need to contact a local bank? Dale	Not for EIDL, but you should try for PPP
did i hear that you can prepay utilities and interest on mortgage?	Yes, in order for it to fall into 8-week period for forgiveness
How does it effect my number of employees over the 8 weeks if some stay home because of the Governor's Stay at Home Order	You can only count who you pay
if i did not count tips and workers comp in the calculation to get the loan - can i then include it in the calculation for forgiveness	work comp yes, tips no
Who will we be reviewing the documents for the ppp loan forgiveness - the bank or the SBA?	great question, and we aren't sure but I would suspect both