NinjaRMM Live MSP Chat

Getting Financial Aid via the CARES Act, Explained

Note: Hey all, we fixed the spreadsheet! You can access it here: https://drive.google.com/file/d/1kSlIVp9SaHYozrKD_jqU3iJgxbsxRHQS/view?usp=sharing

And here's the recording of the session

- Joel's walkthrough of the spreadsheet starts at 19:04
- Other timestamps:
  - 09:42 — What makes PPP different from other loans, including the Economic Injury Disaster Loans (EIDL)?
  - 17:25 — Who is eligible? Sole proprietors? Independent contractors?
  - 19:04 — Using Joel's spreadsheet to help you determine how much you're entitled to, plan out how you'll allot the loan, and estimate how much will be forgivable
  - 26:46 — What oversight/auditing will be involved with determining whether the loan will be forgiven?
  - 28:19 — What if you've had to reduce headcount or pay? How does that affect loan forgiveness?
  - 38:28 — Can outsourced NOC services / helpdesk be considered forgivable expense?
  - 41:37 — What about tools like RMM, PSA, etc? Short answer: No.
  - 44:03 — What about AWS? Maybe. Talk with your accountant/bookkeeper.
  - 44:57 — What does the application process actually look like? (today showed many are still scrambling to figure this out)
  - 48:15 — Are owner draws covered? Short answer: No.
  - 52:15 — 1099s? Short answer: Yes.
  - 54:36 — What if you don't have payroll? PPP isn't for you. Try EIDL loan, instead.
  - 55:35 — Can you apply for PPP *and* other SBA loans? Joel says best to apply to PPP first.

Note on applications:
*** Update Wednesday, April 22 8:40am PT *** The original $350 billion was depleted, but on Tuesday the Senate approved an additional $251 billion to replenish the PPP. It goes to the House on Thursday.

Owners who weren't able to get funding yet should reach back out to lenders now.

A few notes:

- Many lenders are requiring that you have a pre-existing loan or relationship.
- Regional and smaller community banks appeared to be more responsive the first go around.
- Two more options include Square — which has a terrific landing page explaining the PPP — and PayPal.

- Here is a crowdsourced list of banks / lenders and their status on whether they're accepting applications
- You can find the full list of SBA-eligible lenders here.

Reminder: Channele2e is posting daily updates on PPP and other SBA loans. It's a great source for the latest news on lender and funding statuses.

Agenda — April 2, 2020

Hi. Glad you're here!

Quick intros:
- Jonathan: Director of Content at NinjaRMM
- Tom: NinjaRMM Channel Chief Advisor and CEO at MSPGo
- Joel: Accountant, owner Joel Friend & Associates
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How to participate

Reading the room
- **Poll #1:** Have you had any clients cancel or request to scale back services? Yes: 52%; No: 48%
- **Chat question:** If so, what verticals?
- **Poll #2:** Have you taken out a bank loan or a line of credit for your business before? Yes: 34%; No: 66%
- **Chat question:** What are your potential reservations for taking out a bank loan at this time?

Background
On Friday, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- Full text

It includes $350 billion allocated to helping small businesses keep their employees employed. They're referring to it as **the Paycheck Protection Program (PPP).**

What makes the PPP different from other loans? — follow along below or here
- No personal guarantee or collateral needed
- Forgivable (if spent on approved expenses during 8-week period following the start of the loan)

Who is eligible?

- Small businesses with fewer than 500 employees
- Individuals who operate as a sole proprietor
- Individuals who operate as an independent contractor
- See others here

How much $$$ can you receive?
- 2.5x your average monthly payroll costs, not to exceed $10 million (compensation capped per employee at $100,000 annual salary)

What can you use the loan for?
- Payroll costs
- Payment to independent contractors
- Benefits costs
- Rent
- Mortgage interest
- Utilities (electric, gas, water, transportation, telephone, internet)

Spreadsheet: Calculate your estimated loan amount

Forgiveness stipulations
- Equal to amount spent on above during 8-week period following origination of the loan
- Forgiveness is reduced if you reduce employees or reduce pay more than 25%
- Not reduced if you restore employees or restore pay by June 30, 2020
- Forgiven loan amount is NOT taxable

Poll #3: Have you had to cut staff or pay?

Term and interest rate for amounts not forgiven
- 2 years, first payment due 6 months after loan origination
- 0.50% fixed rate

Who is the lender and how do you apply?
- Any bank that provides Small Business Association loans (see this list)
- Application form here
- Applications accepted starting:
    - April 3 for small businesses and sole proprietorships
    - April 10 for independent contractors and self-employed individuals
- Deadline for applying: June 30, 2020
- **Note: Some are concerned funds could run out quickly**. Treasury Secretary Mnuchin will ask Congress for additional funding if that's the case.
- What you'll need:
    - Payroll documentation

When can you expect $$$?

Takeaways and tips

- Think of this as preventative aid — build up your cash reserves to weather what's coming
- Develop strategy for using funds effectively
  - Use a separate bank account
  - Think about what types of expenses should be prioritized
  - What should you avoid? Ways of potentially getting in trouble with this program

Poll #4: How likely is it you're going to apply for PPP aid?

Resources

- PPP FAQ 1-pager
- Coronavirus Emergency Loans Small Business Guide and Checklist (U.S. Chamber of Commerce)
- PPP application form
- List of SBA lenders
- PPP information sheet from SBA
- Paycheck Protection Program vs. Economic Injury Disaster Loans comparison chart
- CARES Act Overview from Joel