



April 17, 2020

### **EIDL Grant**

The Grant money will be deposited in the account that was listed on your SBA application and the amount was based on \$1,000 per employee up to a maximum of \$10,000. This money should **NOT** be spent on payroll related expenses, wages, retirement benefits or health insurance, rent, utilities or mortgage interest on the building since those are covered by the PPP loan, if you applied for that loan.

Some suggested uses would be for credit card bills, dental supplies, lab bills, insurances other than health insurance, professional fees or retirement expenses due from 2019 tax year, or other existing loans that payments had not been deferred.

\*Please note that this is truly a grant and not to be repaid.

### **PPP Loan**

This loan has a forgiveness feature to it; however, the timing may not work out well for us. Once you receive the funds, you have to use them to pay the appropriate expenses in the immediate eight-week period of time to meet that condition. Then you have the 75%-25% aspect where 75% of the proceeds have to be spent on payroll, retirement matching and health insurance expenses and the 25% has to be spent on rent or mortgage interest, or utilities which includes telephone expenses. Also, you are supposed to have the same number of employees on June 30<sup>th</sup> that you did on the February 15<sup>th</sup> pay. This can all be a difficult mix to attain so that you get total forgiveness of the loan. Many of us will get prorated forgiveness based on how we meet the loan conditions.

- We suggest that these funds be identified in the description as “PPP.” We can give you guidance of how to code in QuickBooks or we can provide you with an Excel worksheet that you can also keep if you would rather do that.
- If you can hold off using the funds for other than the approved expenses for a bit longer, we do expect more guidance to be provided by the end of the month.
- We recommend keeping the staff on unemployment until you need them to return to work then bring them in once you are approved to return to work, as you need them based on your level of busyness.

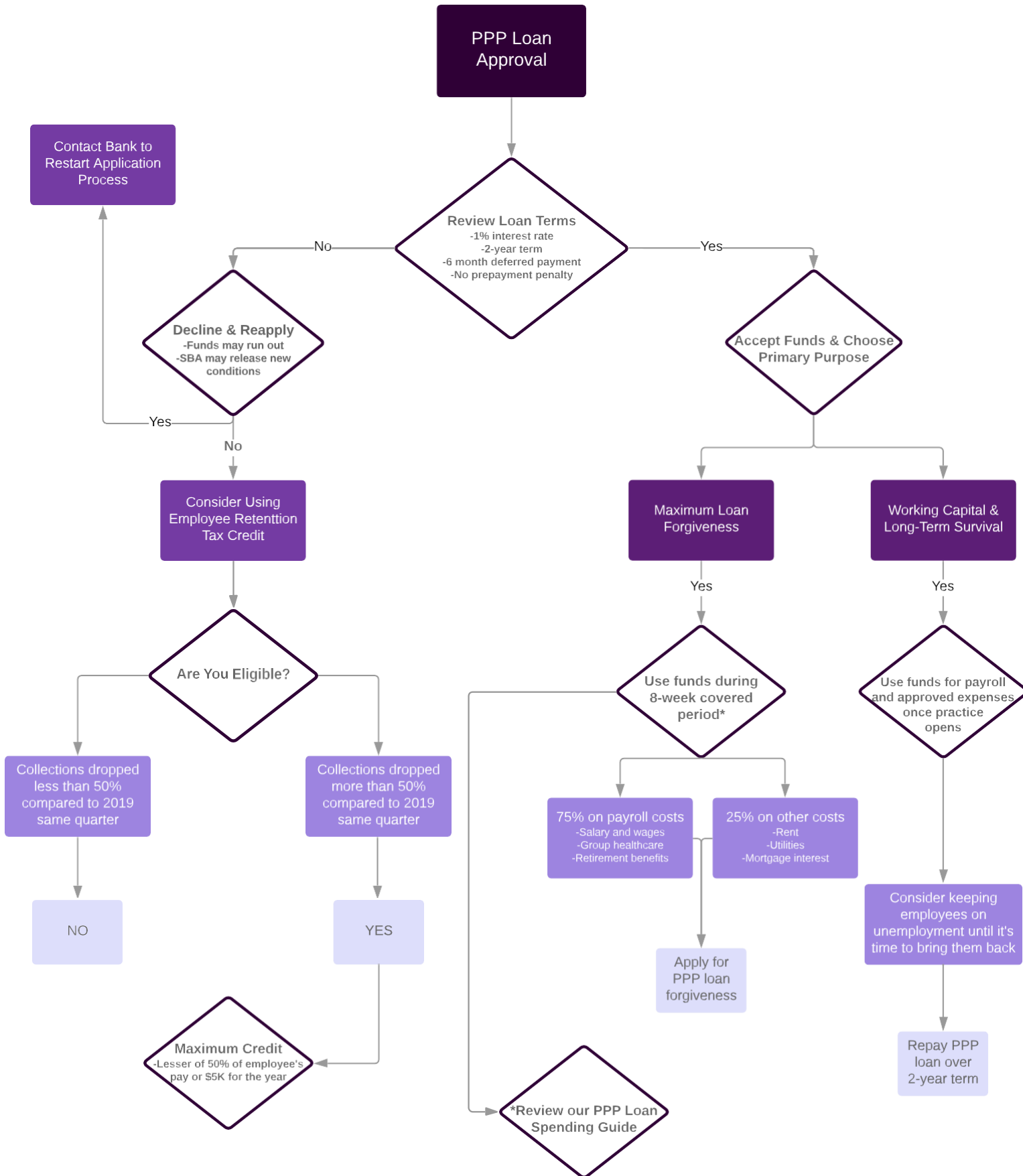
No matter what, you can pay the funds back if you cannot use them as approved OR you can keep it as a low-interest loan at 1% payable over a two-year timeframe. I know we want the loan to be forgiven, but it isn't a bad deal either way.

Please let us know exactly the day your loan proceeds were deposited into your account as this is critical to the whole process.

Your Gray- Pilgrim Team

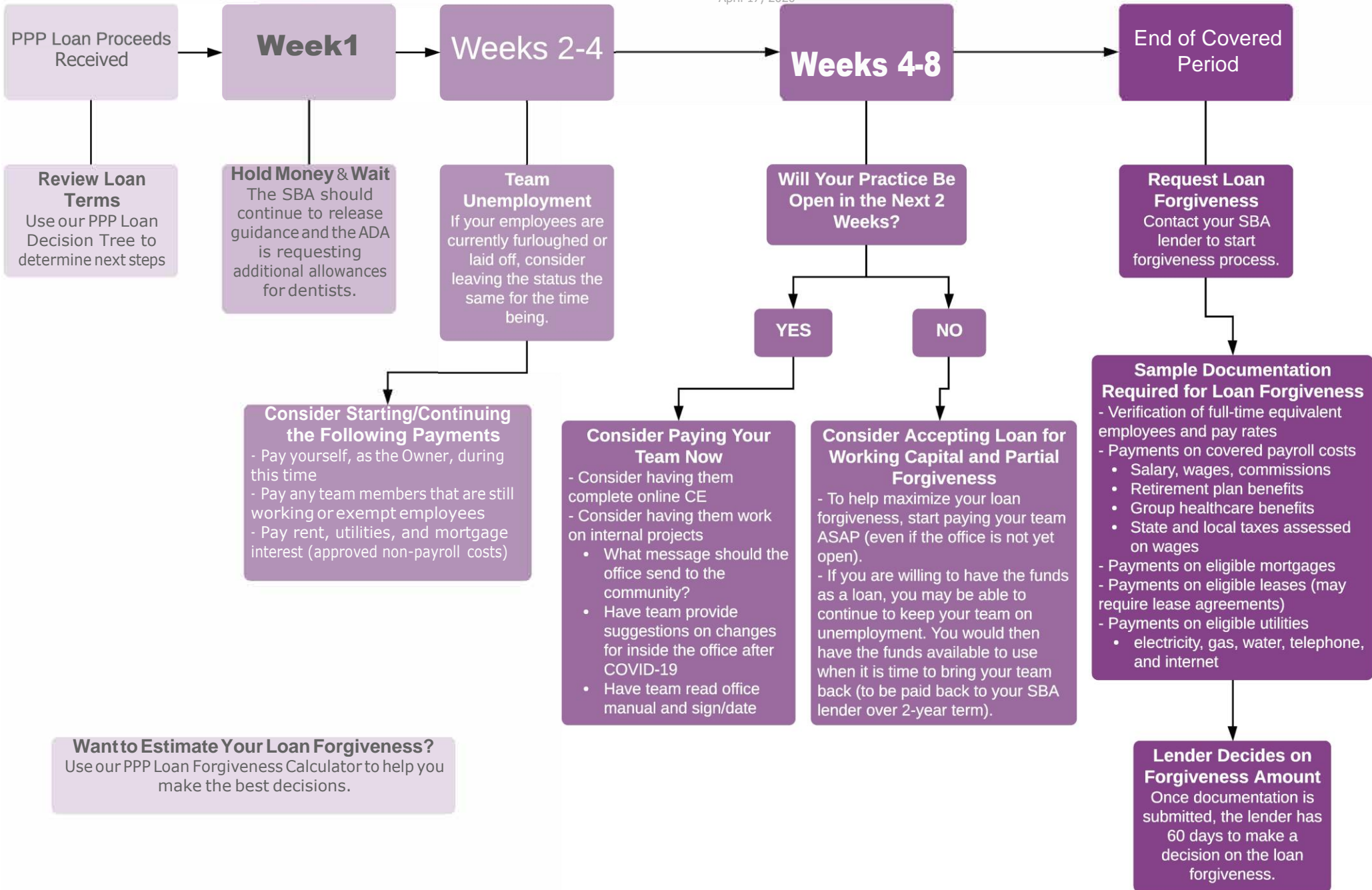
**You Received the PPP Loan Approval, What Now?**

April 17, 2020



PPP Loan Spending Guide

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## EIDL & PPP - EXPENSE ELIGIBILITY GUIDE

EIDL/PPP ELIGIBLE EXPENSES					
		EIDL Grant/Loan Eligible	PPP Eligible	PPP Forgiveness	During 8 week Period
Gross Payroll	[1]	Avoid	Yes	Yes	Not more than 25% increase?
SUTA	[1]	Avoid	Yes	Yes	
ER PFML, ER HI (talk to your payroll rep)	[1]	Avoid	Yes	Yes	
2020 Retirement	[1]	Avoid	Yes	Yes	Unclear if limits - talk to your TPA
2019 Retirement		Yes	Unclear	No	(not incurred in 2020)
Group Health	[1]	Avoid	Yes	Yes	
Rent		Wait	Yes	Yes	For leases in place prior to 2/15
Natural Gas/Electric		Wait	Yes	Yes	If service began prior to 2/15
Water		Wait	Yes	Yes	If service began prior to 2/15
Telephone		Wait	Yes	Yes	If service began prior to 2/15
Internet		Wait	Yes	Yes	If service began prior to 2/15
Borrower's Mortgage interest		Wait	Yes	Yes	If mortgage began prior to 2/15
Other interest		Wait	Yes	No	
Payables - supplies	[3]	Yes	No	No	
Loan payments	[3]	Yes	No	No	
Back pay reimbursement		No	No	No	
Advance pay		No	No	No	
Hazard pay	[1]	Avoid	Yes	Yes	
Payroll Bonus	[1]	Avoid	Yes	Yes	Not more than 25% increase?
Professional services (IT, accounting, legal)		Yes	No	No	
Personal Property Taxes		Yes	No	No	
Equipment	[3]	Maybe	No	No	
Payments to 1099's or Temp agencies	[4]	Usually	No	No	
Distributions/Draw	[2]	No	No	No	
Other business expenses	[4]	Usually	No	No	
Sch C/Partner/Owner payment services		Avoid	Yes	Maybe	
					(\$15,385 pp, \$1,923 per week, \$3,846 biweekly)
Owner loans	[2]	No	No	No	
Refinancing debt	[2]	No	No	No	

**Note:**

- [1] EIDL and PPP can't be use for same purpose. We suggest exhausting PPP funds on items listed as "wait" to show no duplication. Some guidance suggests loan after 4/3 can't be used for payroll. Just avoid using for payroll.
- [2] Misusing funds could result in fraud charges. Please review the agreements, expenses paid, and carefully track your expenses.
- [3] EIDL is for working capital to carry the business until resumption of normal operations and expenditures necessary to alleviate the economic injury; not to exceed what the business could have provided had the injury not occurred; don't use for expansion
- [4] Can be used to repay obligations that cannot be met due to revenue losses