



SBA PAYCHECK PROTECTION PROGRAM PRIMER

Many organizations are frustrated with the conflicting information that is being disseminated concerning the SBA Paycheck Protection Program (PPP). As your business operations partner and industry advocate, the Addiction Treatment Advocacy Coalition (ATAC) wants to ensure that you are ready to access the funds available to your organization. ***The loans are available on a first come-first served basis, so it is important to get your application in quickly. There is only \$350 Billion available.***

The best source for PPP information is the United States Treasury website: <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>. (Please note the information is fluid so check the website daily until everything settles down or your application is complete)

Due to the rush to put together the PPP, the rules for the program have been changing almost daily over the last week. That does not mean that you should not be gathering the essential information that will be required for any application regardless of your lending institution.

Essentially, all substance use treatment providers qualify for a PPP loan. The PPP loan is 250% of your average monthly **payroll costs** for the last twelve months. For example, if your average monthly payroll costs were \$25,000, you would be eligible for a loan of $\$25,000 * 2.5 = \$62,500$. YOUR LOAN MAY BE FORGIVEN IF YOU USE THE PROCEEDS ON PAYROLL COSTS, RENT, MORTGAGE INTEREST PAYMENTS AND UTILITIES. *Meaning you may owe nothing back.*

What are **payroll costs**?

- Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent) Max: \$100,000 for an employee
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees

You will need to provide documentation that justifies your payroll costs. If you use a payroll service, most have developed a program that can provide you with most of the information required to calculate the payroll cost. If you don't use a payroll company, your accountant or CFO will have to calculate the number.

If your organization is owned by more than one person, each owner with greater than 20% ownership may have to provide documentation based upon your lending organization. Simply put, Wells Fargo may request different information than City National Bank. It is critical for you to contact your bank to understand what additional documents they may require or if you must have a preexisting lending relationship to qualify to apply for PPP through them.

Here is an **essential** list of documents you should have available in order to apply for the PPP:

- Application <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>
- Documentation of Payroll Costs from Your Payroll Company (if you have one), if not:
- Documentation Supporting Your Payroll
 - IRS 941, 942 or 944 Quarterly Payroll Tax Reports
- Chapter 21 Taxes (your accountant or CFO will know)
- Documentation of State and Local Taxes Paid on Employee Compensation
- One Year of Payroll Reports Through February 2020 (see payroll costs)
- Group Health Plan Premiums for All Employees and Owners
- Retirement Fund Payments Made by the Company for All Employees and Owners
 - 401K plan, Simple IRA, SEP IRA Payments
- List of All Businesses in Which Your Owners Have Ownership

Your banking institution may require other documents like:

- Personal Financial Statement from All Owners with 20% or More Ownership
- IRS Form 4506 for Business and Owners
 - Personal Tax Returns
- Business Bank Statements
- Letter Stating How COVID-19 Crisis Has Affected Your Business
- Organizational Documents (Bylaws, Operating Agreement, Partnership Agreement)