

PPP STRATEGIC CONSULT

Updated May 21, 2020

I HAVE RECEIVED MY PPP LOAN DISBURSEMENT ... WHAT'S NEXT?

The recently enacted *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) authorized the Paycheck Protection Program (PPP), which generated significant interest from small business owners. PPP loans are attractive to borrowers as the loan principal is forgivable under certain criteria; however, the first round of SBA funding drew widespread criticism. Because of the program's quick rollout, ambiguous language and changing criteria, government scrutiny and oversight have increased. Borrowers are struggling to use loan proceeds for allowable costs, accurately document fund use and make business decisions, such as hiring staff or offering supplemental payrolls, to enhance the forgiveness of the loan in an environment of uncertainty and rapidly changing guidance.

BKD is offering a consultative service to assist you in navigating this challenging landscape.

PPP strategic consults can provide guidance for management in decision making regarding, but not limited to:

- Assisting management with recording the PPP loan in accounting records
- Assisting management with the lender's forgiveness determination
- Assisting management in estimating the potential forgiveness amount
- Evaluating for reasonableness your calculation of full-time equivalent (FTE) headcount reduction
- Evaluating for reasonableness your calculation of the salary reduction by employee and the \$100K salary limitation
- Evaluating nonpayroll costs and timing of payment to help identify potential increased benefit
- Considering options to meet the 75 percent payroll cost threshold and eliminate FTE headcount or salary reductions, if applicable
- Using BKD's loan forgiveness calculator to assist management with cash flow scenario consultations during the covered period, including analysis on alternative payroll covered period

COVID-19 RESOURCES

Please reach out to your BKD Trusted Advisor or visit [BKD COVID-19 Resource Center](#).

