



WOOLSTON CONSULTING GROUP, LLC

Certified Public Accountants and Consultants

January 9, 2021

Dear Client:

The U.S. Small Business Administration (SBA) announced that the Paycheck Protection Program (PPP) will reopen the week of January 11, 2021 for new borrowers and certain existing PPP borrowers. Please note, **initially only Community Development Financial Institutions (CDFIs)** will be able to make First Draw PPP Loans on Monday, January 11, and Second Draw PPP Loans on Wednesday, January 13. CDFIs are currently working with their applicants to secure the loans. **The PPP will open to all participating lenders shortly thereafter.** We will keep you posted as that application information becomes available.

As was the case with the earlier PPP programs, it is anticipated that the funds will be committed quickly so borrowers need to be ready. In order to be prepared, we urge you to provide us with your 2020 financial documents. This will be essential for the completion of the PPP1 and PPP2 applications as well as the 2020 business returns.

The PPP loan amount will be based on 2.5 times your 2019 or 2020 average monthly payroll or 3.5 times average monthly payroll if your NAICS code is "72" (Accommodations and Food Service Sector). The average monthly payroll will be based on:

- Gross employee payroll and is limited to \$100,000 per employee (Salary, wages, commissions, tip, vacation, leave, and severance)
- Employer cost of health and retirement benefits
- Employer contributions to state and local unemployment funds
- Employer payment of group life insurance

For sole proprietors, independent contractors, and partners, the payroll calculation is based on the net earnings per your tax return.

For previous PPP1 borrowers that are applying for PPP2, you also must certify that you have shown a 25% or more decrease in gross revenues in any quarter in 2020 compared to the same quarter in 2019.

Based on the criteria, it is imperative that your 2020 information be available.

We are ready to assist you in preparing for the opening of the program and will continue to keep you updated.

All our best.

Sincerely,

Woolston Consulting Group, LLC

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