



C.A.R.E.S. Federal Programs for Family Child Care

Paycheck Protection Program (PPP) – Administered through your Local Bank or Credit Union

This new program allows providers to receive thousands of dollars for eight weeks of eligible expenses. It also offers the opportunity to borrow money at a very low interest rate. This free money can be invaluable in helping you survive these tough financial times.

How do I apply for the loan?

The loan application form is a simple two-page form. Here's the application form for this loan.

- If you are self-employed, check this box at the top of the form. If you are incorporated, don't check any of the boxes at the top of this form.
- If you have a business name, enter it. If you don't, enter your own name.
- Enter your Employer Identification Number (EIN), or your Social Security number if you don't have EIN.
- "Average Monthly Payroll:" Enter your average monthly profit (not gross income), using your 2019 Schedule C, line 31 divided by 12 months. If you haven't completed your 2019 tax return, use your 2018 tax return. So, if your average monthly profit was \$3,000, multiply it by 2.5 and enter \$7,500 in the next box. If you have employees, add their average monthly payroll amount to your monthly profit before multiplying by 2.5. Note: Even though you can apply to borrow up to 2.5 months of your average monthly profit (plus wages for employees), you may not want to borrow this full amount. Or, if you do, some of it may not be forgivable. Don't worry about this now. Put down your best estimate. You can make an adjustment later with your banker.
- Number of jobs – Enter 1 if you have no employees, or 1 plus the number of employees.
- Applicant Ownership – Enter your name, title ("owner"), and 100% for Ownership %.
- Check the appropriate boxes for the rest of the first page of the form

- Note that question 4 asks if you have received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020. If you answer yes, you are asked to fill out addendum A. But the SBA has not yet released addendum A! Don't worry about this before submitting this form to your local bank.
- Enter your initials on the lines on the second page of the form and sign it

Once you have completed this form, contact your local bank or credit union. Ask for an appointment with a banker to get a Paycheck Protection Program loan.

Determining Your Average Monthly Lost Profit

The first thing to do is determine how much you can borrow to replace your average monthly lost profit. You can actually borrow money to recover up to 2.5 months of your average monthly lost profit, but only eight weeks of it is forgivable. In the examples below, we will only consider that you are asking for a loan for eight weeks your average monthly lost profit. So how do you determine what your average monthly lost profit is?

If you are currently closed and earning no income:

- Calculate your average monthly lost profit by looking at Schedule C, line 31 of your 2019 tax return. That represents your total profit for 2019. Divide this number by twelve. That represents your average monthly profit that you are losing in 2020. If you haven't filed your 2019 taxes, do the same calculation using your 2018 tax return.

If you are currently open and earning some income:

- Calculate your average monthly lost profit by adding up your income for the past two months, then subtract your business expenses for the past two months.

Other Expenses

- In addition to being able to borrow money for your average monthly lost profit, you can also borrow for other expenses: rent, utilities, mortgage loan interest and health insurance premiums.

This information courtesy of Tom Copeland. To find out more, visit

<http://tomcopelandblog.com/the-paycheck-protection-program-can-offer-financial-relief>