

# CARES Offers Forgivable Paycheck Protection Loans

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## Paycheck Protection Program Loans: Two Months of Payroll Expenses

- Businesses with 500 or fewer employees qualify
- Loans up to 2.5 X Average Month's Payroll
- Terms: Two years; 1% interest; no collateral
- Spend proceeds on payroll, utilities and rent
- Loan forgiven if spent on these expenses over eight weeks
- Apply at your neighborhood bank - first come, first serve



# Paycheck Protection Program: Loan Amount Calculation

	Annual Compensation	One Month
Owner	\$96,000	\$8,000
Manager	\$72,000	\$6,000
Shift Supervisor	\$48,000	\$4,000
Senior Barista	\$36,000	\$3,000
Barista	\$24,000	\$2,000
Barista	\$24,000	\$2,000
Property Manager	\$12,000	\$1,000
Total		\$26,000

Constellation Coffee



- Loan amount:  $\$26,000 \times 2.5 = \$65,000$

# A. Paycheck Protection Program: Spending the Loan

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- What type of business expenses qualify?
  - Up to 25% of PPP loans may be spent on rent and utility bills.
  - For most businesses, rent and utilities are their second highest expense after payroll.



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Business Expenses Example	
Loan Proceeds	\$65,000
Percent allowable for non-payroll	X 25%
Allowable for utilities and rent	\$16,250