



April 2, 2020

Re: Paycheck Protection Program

Dear Client:

The US Department of The Treasury has finalized their information on Paycheck Protection Program (“PPP”), please see <https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses>.

The Small Business Administration has also issued a website on PPP at <https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp#section-header-4>

Starting tomorrow, the banks will start accepting loans for PPP, which is a forgivable loan, if you use the funds for “Allowable Uses of Covered Loans”. Most banks will give you a loan up to 2.5 times your average monthly payroll cost, without asking much documentation, as the CARES Act (“the Act”) says so. The US government is guaranteeing 100% of the loan or “100% participation” according to the Act.

There will be banks, requiring unnecessary documentation, but if you wish to continue to bank with them, you will need to supply them with what they ask for. We will not speak with your bank regarding what the Act says. However, there will be banks, which will follow the Act and not require much documentation. The documentation will come later when you ask for forgiveness of the loan.

We also like to bring to your attention that according to the Department of Treasury released Lender Guidance <https://home.treasury.gov/system/files/136/PPP%20Lender%20Information%20Fact%20Sheet.pdf>, CPAs are agents and “Agents may not collect any fees from the applicant.” We want you to be aware of this fact, as our resources are also stretched thin assisting other clients who are adversely affected by COVID-19.

We urge you to speak with your bank about PPP starting tomorrow, as the funds are limited. I will be having a Zoom Webinar on PPP tomorrow, April 3, 2020 at 4PM. You may join this webinar at <https://zoom.us/j/871823028?pwd=aXNxOGJreE1URUp3dHNFc1Bkc3dwdz09> Password: 458720 or call in via phone at 1-408-638-0968,,871823028#.

In addition to PPP, the Act has various provisions to add liquidity to your business during this crisis. Please ask us and we will see if there are other provisions in the Act, which will add liquidity to your business, compensating for the downturn in your revenue.

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To give you a perspective on our current crisis, US went through the 1918 influenza pandemic (also known as Spanish flu), infecting 500 million people or one-third of the world's population becoming infected with this virus. The number of deaths was estimated to be at least 50 million worldwide with about 675,000 occurring in the United States, according to Center for Disease Control, <https://www.cdc.gov/flu/pandemic-resources/1918-pandemic-h1n1.html>. Two years later, we witnessed one of the biggest economic boom called, "Roaring Twenties", with resulting excesses.

Many are saying that we are living in unprecedented times (and I am also guilty of saying this), however we have been there already, during the Spanish Flu outbreak in 1918, <https://www.youtube.com/watch?v=KDPObRoYohc>.

So, let's do social distancing and flatten the curve.

Sincerely,



Steven Y.C. Kang, CPA
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Proverbs 15:23



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