

How To Account for PPP

CEEP Administrators Group

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The Professional Services firm of

James B. Jordan CPA, LLC

James B. Jordan CPA, CFE, CVA, CGMA

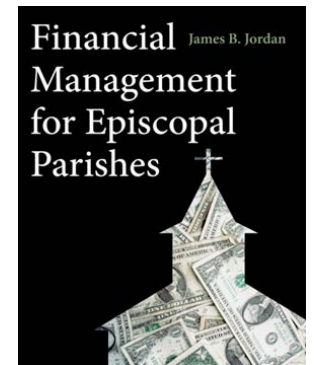
James B. Jordan CPA, LLC

- Nationwide Professional Services Firm solely focused on churches and dioceses
- Locations in Atlanta and New York
- National Practice Areas:
 - Audit
 - Churches and Dioceses
 - Remote Bookkeeping
 - Weekly, monthly, and year-end processing
 - Consulting
 - Process design and implementation
 - Fraud prevention and detection
 - Reconciliation
 - Tax
 - All manner of taxes

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 - Consulting – Church and other church entity fraud assessments
 - Proactive internal control design
- Author
 - *Financial Management for Episcopal Parishes, Revised Edition*, Morehouse Press, Church Publishing, Inc.
- Educator – Seminaries: Emory, GTS (NYC), CDSP (Berkeley)

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Disclaimer

Please note that any information given in this document or verbally on this Zoom meeting cannot be used to avoid penalties which the Treasury Department of the United States government or your State might impose because we have not included all of the information required by IRS Circular 230, nor have we performed services that rise to this level of assurance.

Subsequent law changes may make this information invalid as will subsequent changes to or revelation of facts. Specific advice regarding your situation at a certain point in time is by engagement letter only.

Paycheck Protection Program (PPP)

- It is a LOAN
- Funding is provided by the US Treasury
- Initial applications are made to your bank
- Your bank prepares your loan package and sends to the Small Business Administration who approves a dollar amount and returns it to the bank with funding
- You sign loan documents certifying accuracy of information provided and the bank deposits the funds in your checking account
- Not a sure thing the loan will be forgiven
- Basically, two months to expend funds and account for them with the Treasury within six months. IRS has oversight of loans.

Accounting for PPP – Receipt of Funds

PPP is a LOAN, not income

<u>A</u>	<u>Receipt of funds:</u>	<u>DR</u>	<u>CR</u>
1000	Cash (Bank Account Deposit)	10,000.00	
2000	PPP Loan Payable		10,000.00
	<u>(Recommended)</u>		
3000	Unrestricted Net Assets (Fund principal)	10,000.00	
8000	PPP Designated Funds		10,000.00

Accounting for PPP – Disbursement of Funds

<u>B</u>	<u>Disbursement of funds</u>		
8000	PPP Designated Funds <i>MEMO: 5000 Rent expense</i>	1,000.00	
8000	PPP Designated Funds <i>MEMO: 5500 Payroll</i>	500.00	
1000	Cash (where LOAN was deposited)		1,500.00

Accounting for PPP – Closing Loan

<u>C</u>		<u>Forgiveness of loan - once approved by SBA via lender</u>	
C-1	2000	PPP Loan Payable (CAVEAT - only the portion forgiven!)	10,000.00
	1000	Unrestricted Net Assets (same CAVEAT)	10,000.00
C-2*	5000	Rent Expense	1,000.00
	5500	Payroll	500.00
	8000	PPP Designated Funds	
		(should bring the balance back to 10,000)	1,500.00
C-3	8000	PPP Designated Funds	10,000.00
	3000	Unrestricted Net Assets (Fund Balance)	10,000.00

* CAVEAT: If loan is not closed out by the end of the year, enter C-2 only in the books via Journal Entry. Once closed, reverse C-2 in the new year – do not post back to prior year. Complete C-1 through C-3 once the loan is closed out with the lender.

Accounting for PPP

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	5500 Payroll	500.00	
	8000 PPP Designated Funds		
	(should bring the balance back to 10,000)		1,500.00
C-3	8000 PPP Designated Funds	10,000.00	
	3000 Unrestricted Net Assets (Fund Balance)		10,000.00

PPP Resources

- [US DEPARTMENT OF THE TREASURY](#)
 - **Tools**
 - **Program Overview**
 - [Top-line Overview of PPP \(3/31/2020\)](#)
 - [SBA Paycheck Protection Program Loan Report \(4/16/2020\)](#)
 - [SBA Paycheck Protection Program Loan Report Round 2 \(5/3/2020\)](#)
 - **For Borrowers**
 - [More information \(3/31/2020\)](#)
 - [Search Tool: Find an Eligible Lender](#)
 - [Borrower Application Form \(4/2/20\)](#)
 - [Applicable Affiliation Rules](#)
 - [How to Calculate Loan Amounts](#)

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