



Restaurant Revitalization Fund (RRF)

& Other Government Programs
to Support Small Businesses



Asset Enhancement Solutions, LLC
Creative Solutions to Financial Challenges

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sam tell
companies



Who is Asset Enhancement Solutions, LLC?

- Asset Enhancement Solutions (AES) is a financial advisory firm established in 2003.
- For 18 years, we have helped businesses large and small find solutions to their financial challenges.
- Financing solutions for both favorable and unfavorable challenges.





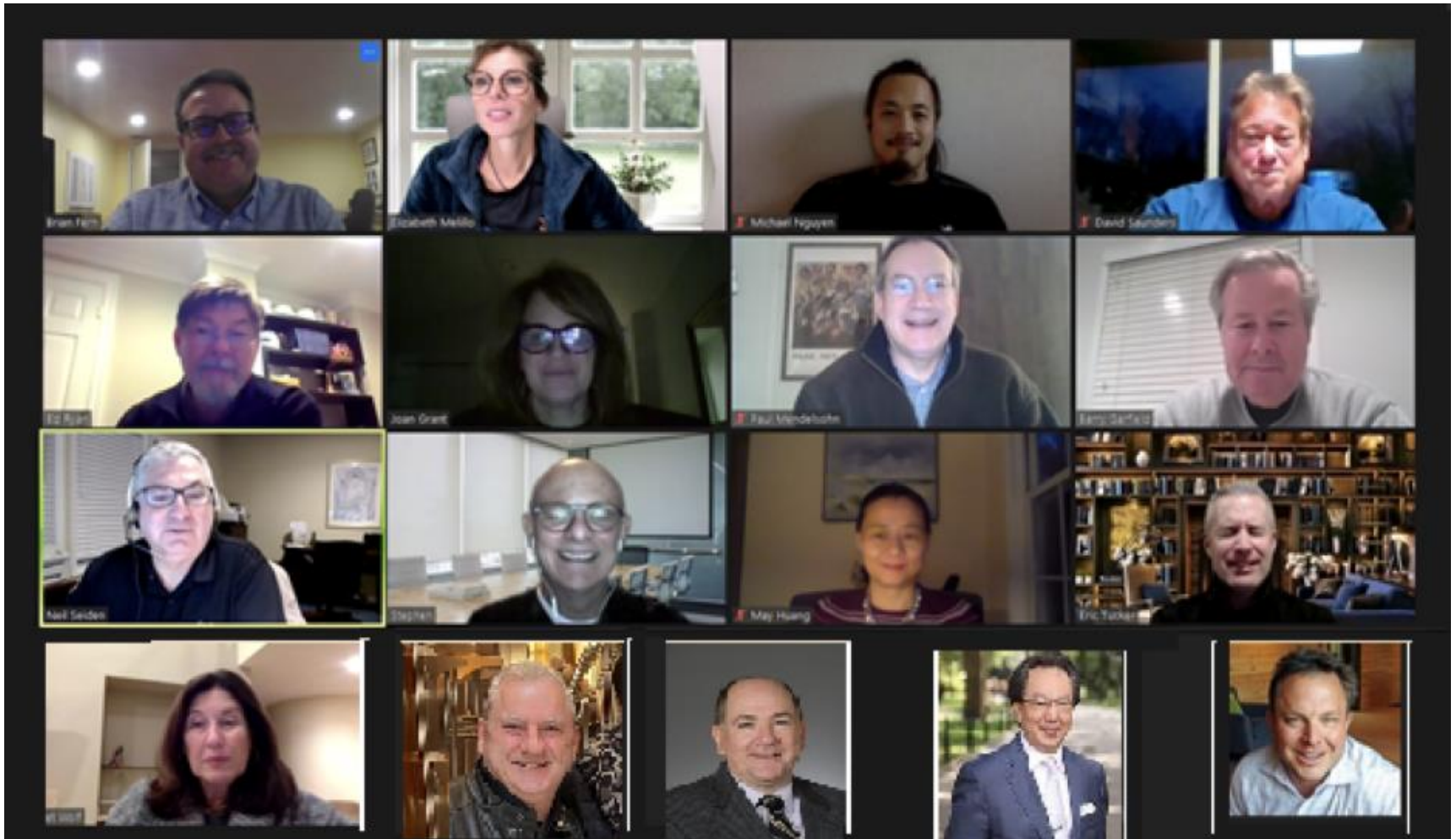
Pivoted to Assist Businesses with Government Stimulus Funds

- Agent for several banks making PPP loans
- Built a team of 21 professionals in a few weeks, including 7 CPAs
- Succeeded where others failed
- Treated every business with respect, attention, and support
- Went above and beyond, worked 7 days-a-week including evenings, solved problems and removed roadblocks countless times
- Processed over 1,300 loans for \$150 million in 34 states
- Loan sizes ranged from \$600 to \$7.1 million
- Secured approximately 15,000 jobs





The Team



Asset Enhancement Solutions, LLC

Creative Solutions to Financial Challenges



Restaurant Revitalization Fund (RRF)



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The Basics of RRF

- The new Restaurant Revitalization Fund, part of the recently passed American Rescue Plan Act, provides \$28.6 billion in grants to restaurants and bars in need
- The SBA opened applications on Monday, May 3, 2021
- The online application will remain open to any eligible establishment until all funds are exhausted
- For the first 21 days, the SBA will prioritize funding applications from businesses owned and controlled by women, veterans, and socially and economically disadvantaged individuals
- Following the first 21 days, all eligible applications will be funded on a first-come, first-served basis





Who is Eligible for RRF Grants?

Most American restaurant and other food and beverage-serving businesses that lost revenue in 2020 versus 2019 will be eligible

- Restaurants
 - Food stands, food trucks, food carts
 - Caterers
 - Bakeries
 - Saloons, inns, taverns, bars, lounges
 - Brewpubs, tasting rooms, taprooms
 - Breweries and microbreweries
 - Wineries and distilleries
- **NOTE:** Onsite sales of food/beverage must be at least 33% of gross receipts for some of these categories. Any restaurant or bar that is part of a publicly-traded company or owned by a state or local government is not eligible to apply.
- Also, owners that operate more than 20 restaurants are ineligible.
- If you are the owner of a franchise and you do not control more than 20 locations, you are likely eligible to apply





Maximum Funds Per Applicant

- Applicants can apply for grants that are equal to 2020 gross receipts minus 2019 gross receipts minus PPP loan amounts
- For businesses in operation for all of 2019 and 2020, the maximum grant size will be \$5 million for restaurants and \$10 million for restaurant groups
- Grant funds will not be taxed as income
- If a restaurant was not operating for all of 2019, the amount of the grant is the annualized monthly gross receipts in 2019 minus the gross receipts in 2020 minus PPP loan amounts
- If a restaurant was not in operation for all of 2020, it could receive a grant that totals the amount of “eligible expenses” between February 15, 2020, and March 11, 2021 minus the gross receipts through March 11, 2021 minus PPP loan amounts
- The minimum amount of an RRF grant is \$1,000





How and When to Apply

- The Small Business Administration (SBA) will administer and disperse the RRF grants directly
- To apply, there is a portal on the [SBA.gov site](https://www.sba.gov)
- Everyone eligible should register immediately, and apply as soon as possible





Allowable Use of Grant Funds

RRF Grants may be used for specific expenses including:

- Payroll and related payroll related costs
- Payments of principal or interest on any mortgage obligation
- Rent payments, including rent under a lease agreement
- Utilities
- Maintenance, including new outdoor seating construction
- Supplies, including PPE and cleaning materials
- Food and beverage inventory
- Covered supplier costs
- Operational expenses
- Paid sick leave
- Any other expense SBA says is essential to maintain operations





Conflicting SBA Programs

You are NOT eligible for an RRF grant if:

- You have a pending or completed Shuttered Venue Operators Grant
- You have a pending PPP loan (*You may withdraw your PPP application to apply for the RRF grant*)





Timeframe for using the RRF Funds

- Awardees must use all Restaurant Revitalization by March 11, 2023 on eligible expenses incurred beginning February 15, 2020 and ending on March 11, 2023
- If all funds received are used for eligible expenses by March 11, 2023, no repayment of the grant is required





Applicants Need to Collect and Submit Certain Documentation

Tax information verification is needed: submission of a signed IRS Form 4506-T

- Businesses may submit the following documents to prove gross receipts:
 - Business tax returns (IRS Form 1120 or IRS 1120-S)
 - IRS Forms 1040 Schedule C; IRS Forms 1040 Schedule F
 - For a partnership: partnership's IRS Form 1065 (including K-1s)
 - Bank statements
 - Externally or internally prepared financial statements such as income statements or profit and loss statements
 - Point-of-sale report(s), including IRS Form 1099-K
- Applicants that operate as a brewpub, tasting room, taproom, brewery, winery, distillery, bakery or inn have additional requirements

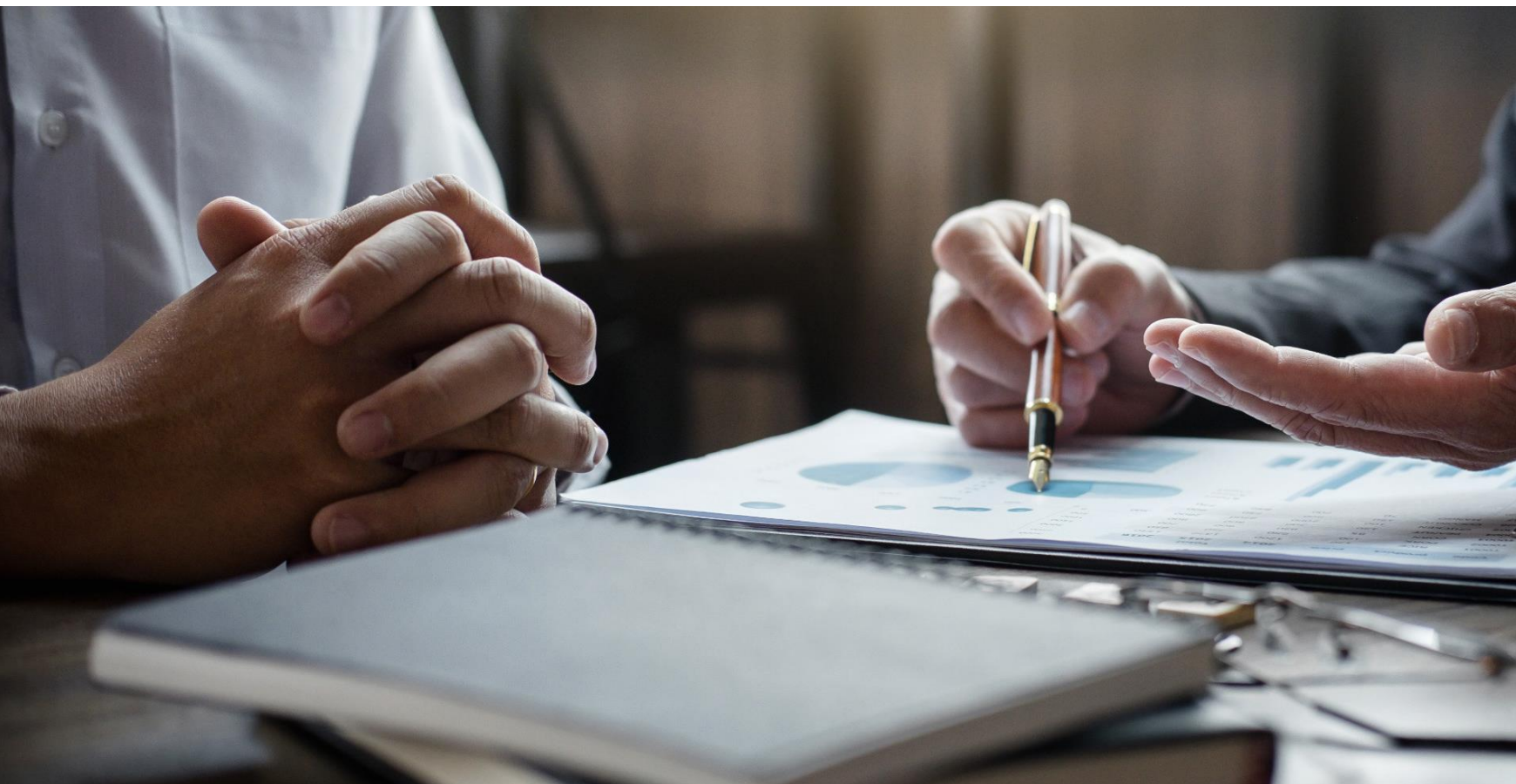




How Can Asset Enhancement Solutions, LCC Assist?

- We have a team of 15 financial professionals who understand the details of the RRF requirements
- We are helping our clients understand and compile the information and documentation required
- We are doing one-on-one Zoom meetings with clients to complete the online application
- We are available any time of day to assist clients
- We have team members that speak Spanish, Mandarin, Cantonese, Vietnamese and Korean
- We charge a nominal fee for our services that can get restaurants up to \$5 million per location or \$10 million in the aggregate





Payroll Protection Program PPP Loans





What are PPP Loans?

- Program created by the SBA in April 2020 to provide assistance to businesses
- If the funds are used for “Eligible” expenses the loan turns into a grant that does not need to be repaid
- Businesses can receive 2 PPP loans
- The 1st Draw is up to \$10 million
- Businesses that had a reduction in revenue in 2020 compared to 2019 can receive up to \$2 million in a second draw
- To qualify you must have had a reduction in revenue of 25% or more for one quarter of 2020 vs the same quarter in 2019.





PPP Loans

- The calculation of the PPP loan amount is based on Average Monthly Payroll Costs
 - Compensation
 - Employer Paid Health Care Benefits
 - Employer Paid Retirement Benefits
 - State Unemployment Insurance costs (SUI)
- $\text{Loan amount} = \text{Average Monthly Payroll} \times 3.5$





How AES Can Help You Apply for a PPP Loan

APPLY FOR YOUR PPP LOAN HERE

- Apply through our lender portal
- We will answer any questions; help you through the application
- We can “see behind the curtain” and trouble shoot your loan process
- We will offer live workshop webinars to go step by step through the application
- We have bilingual accountants available for ESL business owners/applicants
- NO COST to applicants for our VIP service





Economic Injury Disaster Loan EIDL Loan



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EIDL Loan

- Program administered by the SBA
- Initially up to \$150,000 per business with an EIN number
- Could get an EIDL loan for each business
- Recently increased to \$500,000 per location
- Loan not a grant
 - Paid back over 30 years
 - Interest rate of 3.75%
 - No prepayment penalties
- Applicants apply directly at the SBA website
- SBA online application very simple
- Can be received even if you received funding from other SBA programs





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Employee Retention Tax Credit

Presented to Associates of:

sam tell
companies

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Who is Gettry Marcus?

- We are a **Premier Accounting, Tax and Consulting** Firm that Builds Value for our clients, employees and our community.
- Recognition:
 - Top 10 Non-National Accounting Firm on Long Island
 - Best of the Best – Top 50 Firms
 - Top 100 Regional Firm
 - Top 200 Firm – National
 - Fastest Growing Firm





Our Brand

- We have built a powerful brand centered around our three pillars:
 - Accounting
 - Tax
 - Consulting

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Groups/Departments

- Industries and Services
 - Accounting & Auditing (Quality Control)
 - Tax
 - Forensic Accounting, Business Valuation & Litigation Support
 - Health Care
 - Real Estate
 - Restaurants
 - High Net Worth
 - VRTL Accounting Services
 - QuickBooks
 - Financial Assistance Services

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Employee Retention Tax Credit (“ERTC”)

- Extension & Expansion of ERTC
- Qualifying for the ERTC
- Periods that Qualify for the credit
- Calculating the credit
- Impact of having both a PPP loan and claiming ERTC



Extension & Expansion of ERTC

- Originally passed into law on March 27, 2020 as part of the CARES Act (the “Act”)
 - Until December 2020 Stimulus passed, businesses were barred from claiming Employee Retention Tax Credits if they took a PPP loan.
- December 2020 Stimulus expanded credit eligibility to businesses who already took PPP1 loans and for those taking PPP2 loans.
 - Previously not allowed to claim ERTC if took out a PPP loan
 - Now allowed to claim both ERTC and PPP
 - Wages used for PPP Forgiveness are not eligible for ERTC (no double benefit)
- Credit originally expired on December 21, 2020
 - Extended through 7/1/2021 as part of the Consolidated Appropriations Act
 - Extended through 12/31/2021 as part of American Rescue Plan
 - Credit increased from maximum \$5K per employee for 2020 to \$7K per employee, per quarter, for 2021 (maximum \$28K for 2021).

ERTC – Who Qualifies?

- All employers engaged in a trade or business during 2020 or 2021 that meet one of the following tests qualify:
 - **Full or Partial Suspension of Operations:** Business experiences a full or partially suspension of business operations at any time during 2020 due to a government order limiting commerce, travel, or group meetings due to COVID-19.
 - Only qualify for the period operations were fully or partially suspended due to govt. order
 - The government order must have a material impact on business operations
 - Closure of on-site-dining due to govt order while still allowed to provide carry-out, drive-through, or delivery does qualify as partial suspension of operations.
 - **Significant Decline in Gross Receipts:** Business experiences a “Significant Decline in Gross Receipts”, defined as follows:
 - Experienced a decrease in gross receipts of 50% in any 2020 calendar quarter compared to the same quarter of 2019.
 - Experienced a decrease in gross receipts of 20% in any quarter of 2021 compared to the same quarter in 2019.



ERTC – Who Qualifies?

- Significant Decline in Gross Receipts continued.....
 - Gross receipts are defined as tax basis gross receipts
 - Aggregation rules apply so need to aggregate all controlled entities for gross receipts test
 - Special rules apply for businesses not in existence for all of 2019. Those businesses can claim 2020 credits in some situations and can claim 2021 credits.
 - Two Beneficial Rules:
 - For 2020, the initial quarter of qualification for the credit is the first quarter in which gross receipts decline by at least 50% vs. the same quarter in 2019. After the initial quarter of qualification a business continues to qualify for ERTC until the END OF the first future quarter in which sales surpass 80% of the same quarter in 2019.
 - For 2021, can elect to use prior quarter gross receipts to qualify. For example,
 - For 2021 Quarter 1 can elect to measure the 20% decline in gross receipts by comparing 2020 Quarter 4 to 2019 Quarter 4.
 - For 2021 Quarter 2 can elect to measure the 20% decline in gross receipts by comparing 2021 Quarter 1 to 2019 Quarter 1.



Example – Significant Decline In Gross Receipts

Tax Basis Gross Receipts:

Quarter	2019	2020	% Decrease	% of 2019	Qualified
1	\$1,000,000	\$450,000	55%	45%	Yes
2	\$1,100,000	\$825,000	25%	75%	Yes
3	\$1,100,000	\$935,000	15%	85%	Yes
4	\$1,200,000	\$948,000	21%	79%	No

- Initial Quarter of qualification is Q1 since greater than 50% decline in gross receipts
- Continue to qualify for Q2 since sales don't exceed 80% of 2019 Q2.
- Continue to qualify for Q3 because it's the first quarter after initial qualification in which sales exceed 80% of the same quarter in the prior year (qualify until the end of this quarter).
- Q4 does not qualify since not at least a 50% decline in gross receipts
- Regardless of 2021 Q1 gross receipts the business could elect to compare 2020 Q4 and 2019 Q4 for 2021 Q1 qualification. Since greater than 20% drop 2021 Q1 qualifies.



Headcount Limits

- All wages paid can be figured into credit formula if below 2019 headcount limits below.
 - 2020 credit headcount limit is 100 FTEs in 2019
 - 2021 credit headcount limit is 500 FTEs in 2019
- If over headcount limits, credit only applies to wages paid to employees for not performing services –(i.e. paying people not to work).
- Must aggregate entities under common control/ownership when figuring headcount limits.



Credit Computation

- Credit is based on up to \$10,000 of “Qualified Wages” paid to each employee during 2020 and 2021.
 - Includes wages, compensation, and Employer Share of Group Health Insurance paid after March 12, 2020, and before December 31, 2021.
 - Wages paid via PEO qualify.
- Credit equals 50% of qualified wages in 2020 and 70% of qualified wages per quarter for 2021
 - Maximum of \$10K qualified wages in 2020.
 - Maximum of \$10K qualified wages per quarter in 2021.
 - Results in maximum credit of \$5K per employee in 2020 and \$28K per employee in 2021 (\$7K per quarter).
- Can’t claim PPP forgiveness on the same wages used for Employee Retention Tax Credit.

Coordination Between PPP and ERTC

- Qualified businesses can now claim the ERTC even if they took or will take a PPP loan
 - Can't claim PPP forgiveness on the same wages used for Employee Retention Tax Credit.
 - First determine if ERTC can be maximized outside of PPP forgiveness covered period
 - Maximize non-payroll PPP forgiveness expenses to maximize credit. To extent 60% payroll / 40% non-payroll split is achieved for PPP forgiveness a business will have 40% of each payroll available for credit even during PPP covered period.
 - Analyze employees earning over \$100K – amounts over \$100K are not included in PPP forgiveness and are eligible for credit.

ERTC Example - Computation

- **Example 1:** Company X had less than 100 average FTEs in 2019, and has its operations shut down by government order for 2020 Q3 and Q4. During Q3, X pays employee A \$8,000 in qualified wages. During Q4, X pays A another \$6,000 in eligible wages.
 - In Q3, X can claim a credit of \$4,000 ($50\% \times \$8,000$).
 - In Q4, X can claim a credit of \$1,000 ($50\% \times 2,000$) **maximum wages of \$10K less \$8K taken into account in Q3.
- **Example 2:** Suppose the same facts in example 1 except the quarters are 2021 Q1 and Q2, respectively.
 - In Q1, X can claim a credit of \$5,600 ($70\% \times \$8,000$).
 - For Q2, X can claim a credit of \$4,200 ($70\% \times 6,000$) **the maximum wage limitation of \$10K is per quarter in 2021 not per year like in 2020. Credit % is increased to 70% in 2021.



How To Claim the ERTC Credit

- Claim the ERTC on IRS Form 941
 - File amended Forms 941 for 2020 and 2021 Q1 to claim refunds.
 - The credit is refundable to the extent the credit exceeds your federal liability.
- Claiming Advanced Credit for 2021 Q2 – Q4 on IRS Form 7200
 - New law allows for claiming credits on Form 7200
 - Credits claimed in advance will be reconciled and trued up on subsequent Form 941 filings
 - More guidance to be provided by IRS.
- Working With Your Payroll Company
 - Payroll service will rely on taxpayer to determine whether the taxpayer qualifies for the credit and for computing qualified wages.
 - Payroll companies are not prepared to maximize the credit in conjunction with PPP forgiveness.
 - Gettry Marcus provides a full deliverable for clients to turn over to their payroll company that shows qualified wages per employee with all limitations and allocations with PPP forgiveness included.



Hire The Right Team

Don't End Up With a *Mess...*





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Thank You!

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Questions & Answers