

## CoVID-19 FREQUENTLY ASKED QUESTIONS ACCOUNTING – QUICKBOOKS – PPP – EIDL, ETC. (Updated Information – Highlighted in **Yellow**)

Q. If none of the EIDL grant has to be paid back, and there is not a forgiveness process such as the PPP, why is it coded to a liability and not as grant income?  
**(05/01/2020)**

A. Very good question, however, we have to be aware of the classifications. When and how the EIDL will be forgiven is still unknown. At the current time we should leave it as a liability. The formal transaction, when we know what it is, will take a debit in the liability to a forgiven liability and a credit in some income account like forgiveness of debt. This will be the same for the PPP loan.

Therefore, the EIDL money that comes in should be recorded as a liability. Up to the first \$10,000 is an “Advance,” and not a grant. It is **not** classified as a grant. It is an advance on a loan. More details are coming. The forgiveness portion is still undetermined and we need to patient and await details.

Here are the only current SBA programs:



Please record any EIDL money received into liability account number - 2340.1  
EIDL

Record all PPP loan money received into liability account number - 2340.2 PPP  
Loan

It is likely that it will not be until after the 8-week period is up and the SBA and the Bank confirms any portion is forgiven that the current liability will switch to income. Please do not rush this. All EIDL and PPP funds are currently a liability. The SBA has made it clear that the “Details are still unavailable.”

Last, we know that more information is coming out that could make this information obsolete or reverses this making it wrong information.

Q. Do I need a separate bank account for the PPP Loan Funds? (04/30/2020)

A. If your bank said you need to keep the funds in a separate bank account, then yes. Please only open a new account if your bank insists. Do not open a new checking account. Open a savings or money market account.

Pay your expenses out of the normal checking account. Limit the transfers from your new account to the normal check to once a week or longer, to provide receipt for forgivable expenses. Then keep the receipt to show the reason for the total amount of the transfer.

One perfect example is, ADP payroll will automatically withdraw from your normal checking account. You do not want to change ADP but you want the PPP Loan money to pay the forgivable amount of the payroll.

Q. When depositing PPP monies, is it acceptable to deposit the monies in my general checking account (1200) which I have already sub accounted (1200.1 – 1200.2 – etc.) or should I create an account separate from my general checking account?

A. Unless your bank has insisted that you keep the funds in a separate bank account, it would be permissible to create another sub account within your general account.

Q. How do you record the PPP Deposit? Which accounts are affected?

A. Deposit the monies in your general checking account (1200), unless otherwise directed by your banking institution. It will also be necessary to create new liability accounts. Two new liability accounts are available, #2340.1 EIDL Grant (Loan) & #2340.2 PPP Loan. These accounts should be set up in your Chart of Accounts as subaccounts of #2340. (See the instructions provided on the website “Creating New Liability Accounts in QB”.)

Q. (New Richmond) In working with their banker for the PPP loan, the question was raised concerning payment of expenses relative to the PPP loan?

A. The banker indicated that many of the expenses can simply be paid by payment date, as long as it matches fairly well within the invoice date (in other words, not paying too far ahead just to get it in the time frame.)

- Q. How are the 8 weeks reflected in the quarterly statement determined to pay the parish share of St. Pius Priest Fund (SPPF)?
- A. Divide the quarterly statement for April thru June of 2020 by the formula listed on the bottom of the Statement: (Total Quarterly Billed Amount divided by 91 days in the quarter and multiplied by 56 days which is the equivalent of 8 weeks.)

- Q. How do I process payroll over the next 8 weeks? Should I contact ADP and change my processing period from a monthly payroll to a semi-monthly or to a biweekly payroll? (04/28/2020)

- A. At this time, we feel it is not necessary to change your payroll to a different frequency. Frequency is relative to how the payroll is processed - which would be a monthly or semi-monthly. (As always, information has been subject to change)

The three Scenario's have been removed at this time as it was not the intention to confuse anyone or to suggest that these scenarios were "etched in stone". Below is a little bit more information to share but extremely general and yet subject to change:

- A. Everyday there is better documentation coming out and more Excel spreadsheets that will make the process easier. There is time before this has to be answered.
- Q. How, if at all, are parish cluster reimbursements a factor in the PPP loan process? For example, the main parish pays all the bills and the cluster parish reimburses the main parish for their portion.
- A. (This question is still under discussion)