

Learning Objectives

The objective of this course is to inform the reader of the accounting and financial reporting issues related to the receipt and forgiveness of loans received under the Paycheck Protection Program (PPP).

Topics include: Understanding the basic rules for PPP loans; a review of how PPP loans should be accounted for under GAAP; accounting for the treatment of PPP loans as debt; how to account for debt issuance costs; accounting for forgiveness of debt; presentation of eligible expenses; presentation of PPP loan transactions on the statement of cash flows; disclosures required for PPP loans; accounting for advances received under the Economic Injury Disaster Loan (EIDL); accounting for PPP loans as grants; CPA independence issues when there is involvement in PPP loan transactions; accountant and auditor reporting issues and use of an emphasis-of-matter paragraph in reports; and more.

After reading the course material, you will be able to:

- Identify some of the eligible expenses related to use of PPP loan proceeds
- Recognize approaches to account for PPP loans under GAAP
- Recall how to present debt issuance costs on the financial statements
- Recognize how to account for PPP loan forgiveness
- Recognize how to present a gain on extinguishment on the statement of cash flows
- Identify how to treat the forgiveness of a PPP loan for tax purposes
- Recognize how the IAS 20 grant approach is used to account for its PPP loan
- Recognize actions that impact a CPA's independence in a PPP loan assistance engagement
- Recall some of the rules pertaining to a CPA receiving an agent fee from a PPP loan lender, and
- Identify whether an emphasis-of-matter paragraph may be used in an accountant's report when there is a forgiveness of a PPP loan