

3 Ways to Protect Your Art Business NOW

Webinar presented by Center for Cultural Innovation

With Claire Van Holland and Jill James

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Q&A Chat Transcript

Q. Would you risk trying to apply [for EDIL] just in hopes of getting [the \$10,000 Advance grant]?

A. Yes, I would try apply. It really doesn't hurt and you don't have to accept the loans if you are given them.

Q. As a self-employed artist, I write off the business portion of my home for the studio, including mortgage, taxes and insurance. Does this count as “rent” that could be covered for 8 weeks with a PPP loan?

A. The portion of your rent for your studio could be used as rent and within that initial 8 weeks, yes. Mortgage can also be included as rent as well. Insurance and taxes I'll have to flag with Jill for clarification.

Q. As a freelancer who performs a service (example: graphic design), what do you list for “cost of goods” (for the EDIL)?

A. Cost of Goods constitute any materials or labor you spend on that you need to complete a job or project for your client. If you are graphic designer this may include specific software and plugins specific to the client's project. For a product based company, this might include materials used to create the product you sell.

Q. For the PPP application, as a freelancer there are no payroll documents. What do we submit in place of those? I have bank statements, check stubs, 1099s, etc. Also, I had to apply for bankruptcy in 2017. [Will that impact my application?]

A. You will need check stubs, 1099s that you've been issued and any distributions you've taken out of your business accounts for personal use. As for Bankruptcy, this shouldn't have any effect on your applications, as I haven't seen any questions on either form asking about any potential bankruptcy history

Q. On PPP, if I am a sole proprietor with no employees, my self-employment income is my “payroll” for these purposes. Is that correct? How is this calculated for purposes of PPP?

A. Yes, any income you've received whether it was in the form as a W-2 employee and/or a 1099, this is what you will use to calculate your self-employment income from 2019 or whatever the best time period is based on your highest revenue generating period over the last year.

Q. For the EDIL: Huge difference if the 10k is a loan at 3.75% or an Advance that is simply forgiven. How/when can we possibly find out if this is a loan or actually a grant?

A. The \$10K is a grant, but the EDIL Loan will be a separate amount and is what will accrue an interest of 3.75%, not the \$10K grant that is given as a result of applying for the EDIL loan itself.

Q. How will they know what we use PPP vs. EIDL [to pay for]?

A. PPP expenses must be 75% allocated to payroll costs, rent & utilities in order for it to be forgiven. If you are following the use of the PPP funds to these expenses strictly, it will increase your chances of getting the PPP loan forgiven. EIDL can be used against all other expenses not used against the PPP loans.

Q. I'm salaried but [my] work hours were reduced to 40% so I applied for unemployment benefits. I'm also an artist and am working as an independent contractor on an arts commission (which is on hold) and an arts consultant (project on hold), can I also apply for further funds?

A. Yes, you are eligible to apply for the PPP and the EDIL as an independent contractor and/or freelancer.

Q. Just to clarify you can apply for all 3 (EDIL/PPP/unemployment) but you can only receive 1?

A. You can definitely apply for all 3 and are eligible to receive all 3.