

Presented by









Agenda

- Review of
 - Paycheck ProtectionProgram Flexibility Act of 2020
 - Forgiveness refresher
 - FAQs recently answered
 - Walkthrough of loan forgiveness application
 - FAQs that remain
- Q&A webinar attendees



PPP - What is your goal?

100% Loan Forgiveness

Vs.

Business Long Term Success

Rational business decisions are key!



PPP - Items to consider

Loan and forgiveness may/will overlap yearend!
(June 30, 2020, December 31, 2020 etc.)

Income Tax Reporting Issues

Financial Reporting Issues





Paycheck Protection Program Flexibility Act of 2020

Key points -

- Extension of the 8 week period to 24 week period
 - Note: Borrowers may still elect an 8 week period
- Reduce payroll spending requirements (Reduced from 75% to 60%)
- Safe Harbor Exemption moved to December 31, 2020
- Extension of loan maturity date (5 years)
- Full Time Employee Equivalency (FTE) Relief
- Payroll tax deferral



Payroll Tax Deferral Credit

Previously, entities who have debt forgiven under the PPP were ineligible for the Payroll tax credit.

What is the Payroll Tax Deferral?

The payroll tax deferral allows employers and selfemployed individuals to defer payment of the employer side 6.2% payroll tax from the date of enactment through January 1, 2021.

This is essentially an interest free loan with 50% of the taxes due on December 31, 2021 and the remainder due December 31, 2022.





Million Dollar Question:

How much will be forgiven and is it taxable?

The loan forgiveness amount is based upon the total costs for payroll, interest, rent, and utilities made during the 8 or 24 week period following the loan disbursement date.

Amounts forgiven will not be includable in taxable income. Currently expenses paid with PPP funds are not deductible for tax purposes.

The PPP is designed to provide payroll and necessary operating expenses for small businesses. Assumed that not more than 40% of the forgiven amount may be for non-payroll costs.



What are eligible payroll costs?

Generally speaking, payroll costs include salary, wages, cash tips, state and local taxes assessed on payroll and employee benefits including employer paid health insurance and retirement benefits.

What are the exceptions?

Salary and wages are capped at \$100K annual compensation (Assumed \$46,155 for 24 weeks) per employee, any amounts paid in excess of that amount will not be included in the calculation. Also wages paid to foreign individuals or for qualified sick leave or family leave wages for which a credit is allowed under the Families First Coronavirus Response Act.

Bonuses and hazard pay can be paid subject to the \$100K annual compensation cap.



Items of Note

Are there caps on the amount of loan forgiveness available for owner-employees and self-employed individuals' own payroll compensation?

Yes, the amount of loan forgiveness requested for owner-employees and self-employed individuals' payroll compensation can be no more than the lesser of 8/52 of 2019 compensation (i.e., approximately 15.38 percent of 2019 compensation) or \$15,385 per individual in total across all businesses.



Items of Note, Continued

- Owner-employees are capped by the amount of their 2019 employee cash compensation and employer retirement and health care contributions made on their behalf.
- Schedule C filers are capped by the amount of their owner compensation replacement, calculated based on 2019 net profit.
- General partners are capped by the amount of their 2019 net earnings from self-employment (reduced by claimed section 179 expense deduction, unreimbursed partnership multiplied by 0.9235.

No additional forgiveness is provided for retirement or health insurance, contributions for self-employed individuals, including Schedule C filers and general partners, as such expenses are paid out of their net self employment income.



\$2 Million Dollar Question: How much can the loan forgiveness be reduced?

Formula based: reduction in the total number of average full-time equivalent employees (FTEs) and/or salary reductions of employees.

Remember, the goal of this program is to cover payroll costs. The government wants employers to keep their employees employed (and off unemployment), so any reduction in employee count or costs that would have normally occurred if the COVID 19 crisis was not in effect will reduce the available forgiveness amount.



The reduction amount due to a decrease in FTEs is calculated as follows:

- The total eligible loan forgiveness amount multiplied by
- The average # of FTEs for the 8 or 24 week period divided by (at the borrowers election) either the
 - Average # of FTEs from 2-15-19 through 6-30-19
 - Average # of FTEs from 1-1-20 through 02-29-20
 - Average # of FTEs from 2-15-19 through 6-30-19 (Seasonal ERs only)

Note - The credit cannot be increased in the scenario where additional workers were hired.



The reduction amount in FTEs is not impacted by the following:

- Any position for which the borrower made a good-faith, written offer to rehire an employee which was rejected by the employee
- Any employee fired for cause
- Any employee who voluntarily resigned
- Any employee who voluntarily requested and received a reduction of their hours

More guidance is needed on FTE reduction safe harbor provision - (December 31, 2020)



Reduction for wages paid

The loan forgiveness amount will be further reduced for any reduction in salary or hourly wages for an employee who is in excess of 25% of the total salary and wages of the employee during the most recent quarter.

In other words, if you decrease an employee's payroll by more than 25%, each \$ above 25% will reduce the loan forgiveness amount.

Note - Reductions in excess of 25% for employees with annual salaries of \$100K or more are excluded (no proration or cap)

Loan Calculation

A	Compensation (Per W-3 Box 5)		\$ 2,500,000
	Add Back: Compensation items not included above (Section 125 plans)		\$ 100,000
	Less: Employees in excess of \$100,000		
	Kahn	(156,000)	
	Litwin	(156,000)	
	Renza	(156,000)	
	Total		(468,000
	Number of employees in Excess of \$100,000	3	
	Add back: Employees capped at \$100,000		300,000
	Eligible EMPLOYER PAID Benefits:		
В	401K matching contributions for 2019		200,000
С	Profit Sharing Contribution (paid in 2019)		300,000
D	State and local taxes assessed on compensation		
	(RI Illustrated below from quarterly Form TX-17)		
	JDF		5,000
	ES		3,000
	Total eligible Health Insurance paid for 2019	750,000	
	Less: EE paid amounts	(250,000)	500,000
			3,440,000
	12 month average for 2019		286,667
	Multiplied x 2.5		\$ 716,667



Loan Forgiveness Amount - Bucket A - 8 week

Payroll Costs (Bucket A)				Amount	
Compensation (all)				\$ 385,000	
	Gross payroll for				
	Those employees with	Cap of \$100,000			
	payroll in excess of \$15,384	Annual Salary	Adjustment		
Less: Employees in excess of \$100,000	during 8 week period	during 8 week period	Required		
Kahn	24,000	15,384	(8,616)		
Litwin	24,000	15,384	(8,616)		
Renza	24,000	15,384	(8,616)		
Total	72,000	46,152	(25,848)	(25,848)	
State and local taxes assessed on compensation				1,200	
401K Matching Contributions (EXCLUDES ANNUA	L RETIREMENT)			31,000	
Health and Dental Insurance				77,000	
Total Payroll Costs				468,352	70.50%



Loan Forgiveness Amount - Bucket B - 8 week

Non - Payroll Costs (Bucket B)			
Mortgage Interest:	Date of Loan Origination		
Build i ng Loan	1/1/2015	5,000	
Auto Loan	1/1/2018	1,000	
Rent Obligations	Date of Lease Origination		
Building	1/1/2006	150,000	
Truck	1/1/2018	2,000	
Trailer	1/1/2018	2,000	
Equipment	1/1/2020	4,000	
Utilities	Date of Service Agreement		
Electric	1/1/2006	5,000	
Gas	1/1/2006	3,000	
Water	1/1/2006	2,000	
Telephone	1/1/2017	2,000	
Internet	1/1/2017	20,000	
Total Non-Payroll Costs		196,000	29.50%
Total Allowable Costs Incurred		664,352	
Maximum Allowable Expenses	60% of bucket A - Payroll Costs	780,587	
Eligible Forgiveness Amount		\$ 664,352	



Loan Forgiveness Amount - Bucket A - 24 week

Payroll Costs (Bucket A)				Amount	
Compensation (all)				\$ 1,154,000	
	Gross payroll for				
	Those employees with	Cap of \$100,000			
	payroll in excess of \$46,155	Annual Salary	Adjustment		
Less: Employees in excess of \$100,000	during 24 week period	during 24 week period	Required		
Kahn	83,000	46,155	(36,845)		
Litwin	83,000	46,155	(36,845)		
Renza	83,000	46,155	(36,845)		
Total	249,000	138,465	(110,535)	(110,535)	
State and local taxes assessed on compensation				10,000	
401K Matching Contributions/Profit sharing				4,000	
Health and Dental Insurance				30.000	
Total Payroll Costs				1,087,465	84.73%



Loan Forgiveness Amount - Reduction

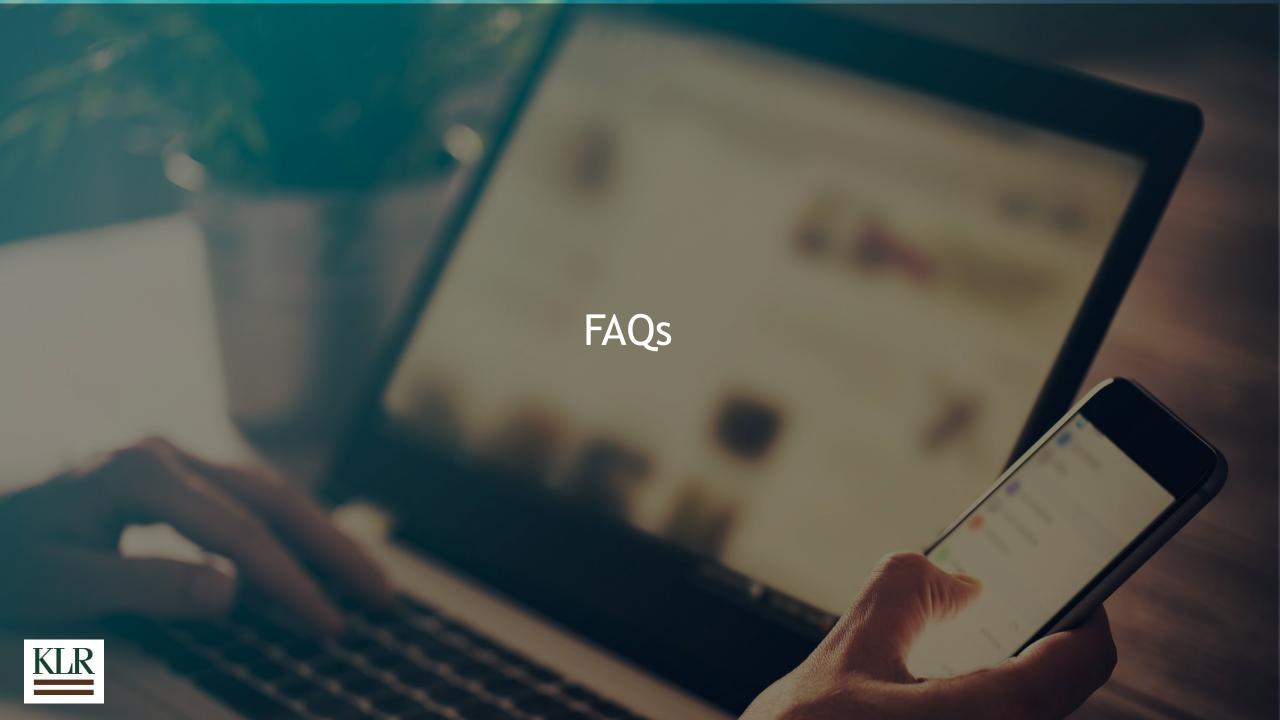
Eligible Forgiveness Amount				\$ 716,667
HEADCOUNT REDUCTION TO FORGIVENESS AMOU	NT			
Employee Headcount Reduction			Alternative Method	
Monthly average of FTE for the 8 Week period			25	
Monthly average FTE's 2-15-19 to 6-30-19			30	
Monthly average FTE's 1-1-20 to 2-29-20			30	
Denominator			30	
Reduction Percentage				83.33
Potential Loan Forgiveness Amount				\$ 597,22
SALARY REDUCTION TO FORGIVENESS AMOUNT				
	Most recent qtr. worked	Factor	24 Week	Adjustment
Employees who made less then \$100,000 during 2019	March 31, 2020	0.75	Compensation	Required
A N/A in most cases				
В				
С				
Actual Loan Forgiveness Amount				\$ 597,22
Original Loan Amount				\$ 716,66
•				



Reduction for the Forgiveness Amount - 2 Components

Д	Reduction based on r	eduction in number of	employee	28	
				Average # of FTE EE's per	Average # of FTE EE's from the period 2-
				month for the covered period (8 or 24 Weeks after	15-19 through 6-30-19
		Total eligible	Х	loan disbursement)	
		forgiveness amount	ess amount	3 Options at election of	Average # of FTE EE's from the period 1-1
				Borrower	20 through 2-29-20
					Seasonal ER's Only - Average # of FTE
					EE's from the period 2-15-19 through 6-
					30-19
	Note - Can not increa	se the credit!			
3	Reduction for wages	paid			
	The loan forgiveness	amount will be further	reduced	for any reduction in total salary or wages	for an EE that is in excess of 25% of the total salary
	and wages of the EE o	during the most recent	quarter.		
	In other words, if you	decrease a salary EE's	payroll by	more than 25%, each \$ above 25% will re	educe the loan forgiveness amount.
	Note Poductions in	excess of 25% for EE's w	ith annu	al salary's of \$100K or more are excluded	(no proration or can)
	Note - Reductions in	2XC255 OF 2570 TOF EE S V	mun annua	ii zaiai k z oi żrook oi illole ale excinded	(no proration of cap)







Any flexibility on when my 8 or 24 week period begins?

Yes! Borrowers with a bi-weekly or weekly payroll can elect to have their 8 or 24 week covered period begin on the first day of the first payroll period after the date their loan proceeds were disbursed to them.

For example, if the Borrower received its PPP loan proceeds on Monday, April 20, and the first day of its first pay period following its PPP loan disbursement is Sunday, April 26, the first day of the Alternative Payroll Covered Period is April 26 and the last day of the Alternative Payroll Covered Period is Saturday, June 20.

Note - Alternative period does not apply to non-payroll costs.



Accrual vs Cash? Mostly answered, but with the extension of the period from 8 to 24 weeks, not as critical when maximizing loan forgiveness. For example, the question regarding annual retirement contributions made during the forgiveness period.

Eligible payroll costs - Paid and incurred during the 24 week period are eligible for forgiveness. Considered paid on day paychecks are distributed or when ACH is originated. Considered incurred on day pay is earned - must be paid before next regular pay date.

Non Payroll costs - paid during covered period or incurred during covered period and paid before next regular billing date. Proration possible.

Can't prepay expenses!



What is a full time equivalent (FTE)?

FTEs are calculated by dividing the total hours paid for each employee during the Covered Period (or Alternative Covered Period) by 40, rounded to the nearest tenth.

Each employee is limited to a value of 1.0.

Alternative Method - Borrowers can elect to assign each employee who regularly works 40 hours or more a value of 1.0 and .5 for employees who work regularly less than 40 hours.

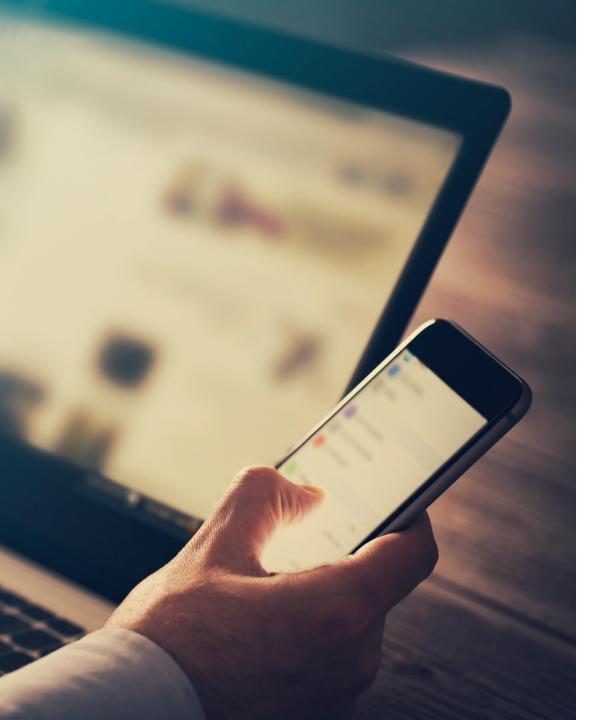


Why the alternative FTE method is important.

The alternative FTE method is important because for many borrowers it will neutralize the effect of hour reduction of part-time employees when calculating any reductions in forgiveness.

For example. A borrower has an employee who regular works 30 hours a week. That employee would be a .8 for baseline FTE purposes. During the 8 or 24 week period, that employee only works 10 hours a week, so that employee would count as .3.

Under the regular method, that's a .5 reduction in workforce whereas under the alternative method, there is no decrease.



FTE Reduction

Clarification from the Flexibility Act -

Borrowers will not be penalized for -

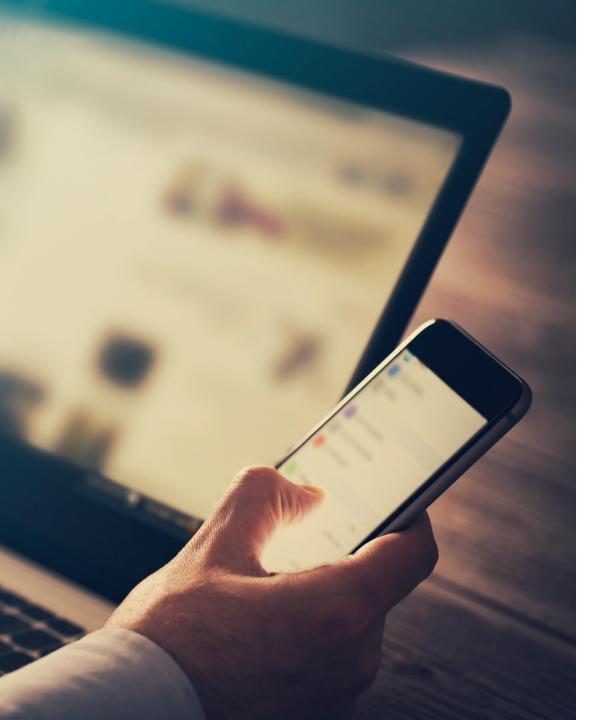
- 1. An inability to rehire individuals who were EEs as of 2/15/20
- 2. An inability to rehire similarly qualified employees on or before December 31, 2020



FTE Reduction

Clarification from the Flexibility Act -

3) is able to document an inability to return to the same level of business activity as such business was operating at before February 15, 2020, due to compliance with requirements established or guidance issued by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention or the Occupational Safety and Health Administration during the period beginning on March 21, 2020, and ending December 31, 2020, related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.



FTE Reduction

Clarification from the Flexibility Act -

#3 in Plain English -

If a borrower cannot return to previous staffing levels due to COVID-19 health and safety restrictions (essentially hospitality industry), a borrower will not be penalized for not returning to pre-COVID 19 employment levels.



Salary/Hourly Wage Reduction

Salary/hourly wage reductions are calculated by comparing the average annual salary (or hourly wage if applicable) paid during the covered period (or Alternative Payroll Covered Period) to the average annual salary paid (or hourly if applicable) to such employee during the period January 1, 2020 to March 31, 2020.



Loan Forgiveness Application

PPP Forgiveness Application Part 1



Paycheck Protection Program Loan Forgiveness Application

Expiration Date: 10/31/2020

OMB Control Number 3245-0407

PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")	DBA or Tradename, if applicable			
Business Address		Business TIN (EIN, SSN)	() -	
	-	Primary Contact	E-mail Address	
SBA PPP Loan Number:	Lender PPP Loan	Number:		
PPP Loan Amount:	PPP Loan Disburs	ement Date:		
Employees at Time of Loan Application:				
Employees at Time of Forgiveness Application:				
EIDL Advance Amount:	EIDL Application	Number:		
Payroll Schedule: The frequency with which payroll is	paid to employees is:			
☐ Weekly ☐ Biweekly (every other week)	☐ Twice a month	☐ Monthly	Other	
Covered Period: to				
Alternative Payroll Covered Period, if applicable:		to		
If Borrower (together with affiliates, if applicable) rec	ceived PPP loans in exc	cess of \$2 million, che	ck here:	



PPP Forgiveness Application Part 2

Forgiveness Amount Calculation:

ayroll and Nonpayroll Costs ine 1. Payroll Costs (enter the amount from PPP Schedule A, line 10):	
ine 2. Business Mortgage Interest Payments:	
ine 3. Business Rent or Lease Payments:	
A D C TOTA D	
line 4. Business Utility Payments:	
adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions	
ine 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3):	2.
ine 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5:	
ing 7 ETE Deduction Original (enter the number from DDD Schodule A. Line 12).	
ine 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13):	21
otential Forgiveness Amounts	
ine 8. Modified Total (multiply line 6 by line 7):	
ine 9. PPP Loan Amount:	
ing 10 Percell Cost 75% Provincement (divide line 1 by 0.75):	
ine 10. Payroll Cost 75% Requirement (divide line 1 by 0.75):	1
orgiveness Amount	
ine 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10):	



PPP Schedule A Worksheet

PPP Schedule A Worksheet

Table 1: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3

Table 2: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Totals:		Box 4	Box 5



FTE Safe Harbor Reduction

FTE Reduction Safe Harbor:

- Step 2. Enter the borrower's total FTE in the Borrower's pay period inclusive of February 15, 2020. Follow the same method that was used in step 1: _______.
- Step 3. If the entry for step 2 is greater than step 1, proceed to step 4. Otherwise, the FTE Reduction Safe Harbor is not applicable and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.
- Step 4. Enter the borrower's total FTE as of June 30, 2020:
- Step 5. If the entry for step 4 is greater than or equal to step 2, enter 1.0 on line 13 of PPP Schedule A; the FTE Reduction Safe Harbor has been satisfied. Otherwise, the FTE Reduction Safe Harbor does not apply and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.



PPP Schedule A Part 1

PPP Schedule A

PPP Schedule A Worksheet, Table 1 Totals			
Line 1.	Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:		
Line 2.	Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:		
Line 3.	Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1: If the average annual salary or hourly wage for each employee listed on the PPP		
	Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll Covered Period was at least 75% of such employee's average annual salary or hourly		
	wage between January 1, 2020 and March 31, 2020, check here and enter 0 on line		
	3.		
PPP Schedule A Worksheet, Table 2 Totals			
Line 4.	Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:		
Line 5.	Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:		
Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period			
Line 6.	Total amount paid by Borrower for employer contributions for employee health insurance:		
Line 7.	Total amount paid by Borrower for employer contributions to employee retirement plans:		
Line 8.	Total amount paid by Borrower for employer state and local taxes assessed on employee compensation:		



PPP Schedule A Part 2

Compensation to Owners			
Line 9. Total amount paid to owner-employees/self-employed individual/general partners: This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.			
Total Payroll Costs			
Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):			
Full-Time Equivalency (FTE) Reduction Calculation If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here □, skip lines 11 and 12 and enter 1.0 on line 13.			
Line 11. Average FTE during the Borrower's chosen reference period:			
Line 12. Total Average FTE (add lines 2 and 5):			
Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:			
· · · · · · · · · · · · · · · · · · ·			



PPP Schedule Required Support with Submission

Payroll: Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consisting of each of the following:

- Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- b. Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period:
 - Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
 - State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- c. Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount (PPP Schedule A, lines (6) and (7)).

FTE: Documentation showing (at the election of the Borrower):

- a. the average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019;
- the average number of FTE employees on payroll per month employed by the Borrower between January 1, 2020 and February 29, 2020; or
- c. in the case of a seasonal employer, the average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive twelveweek period between May 1, 2019 and September 15, 2019.

The selected time period must be the same time period selected for purposes of completing PPP Schedule A, line 11. Documents may include payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941) and state quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state. Documents submitted may cover periods longer than the specific time period.



PPP Schedule Required Support with Submission

Nonpayroll: Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.

- a. Business mortgage interest payments: Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period; or lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- b. Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; or lessor account statements from February 2020 and from the Covered Period through one month after the end of the Covered Period verifying eligible payments.
- Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.



PPP Schedule Required Support Retained by Applicant

Documents that Each Borrower Must Maintain but is Not Required to Submit

PPP Schedule A Worksheet or its equivalent and the following:

- a. Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 1, including the "Salary/Hourly Wage Reduction" calculation, if necessary.
- b. Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 2; specifically, that each listed employee received during any single pay period in 2019 compensation at an annualized rate of more than \$100,000.
- Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule.
- Documentation supporting the PPP Schedule A Worksheet "FTE Reduction Safe Harbor."

All records relating to the Borrower's PPP loan, including documentation submitted with its PPP loan application, documentation supporting the Borrower's certifications as to the necessity of the loan request and its eligibility for a PPP loan, documentation necessary to support the Borrower's loan forgiveness application, and documentation demonstrating the Borrower's material compliance with PPP requirements. The Borrower must retain all such documentation in its files for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request.





PPP Loan Due Diligence File

SBA will review individual PPP Loans for eligibility

- Based upon provisions of CARES Act, rules and guidance available at the time of PPP loan application
- Loan amounts calculated correctly
- Loan forgiveness supporting documents
- Must retain PPP documentation for 6 years after loan forgiven or repaid in full

If SBA determines that a borrower is ineligible for a PPP loan, the loan cannot be forgiven! (appeal guidance yet to be issued)

Also SBA will seek repayment of the loan and if borrower repays the loan the SBA will not pursue administrative enforcement or referrals to other agencies.



PPP Loan Due Diligence File

Items to have in the file:

- A copy of your loan application and loan agreement/promissory note
- Copies of any supporting documentation you provided to the bank
- Copies of your PPP borrowing amount calculation (including all payroll related reports Forms 940, 941, W3, W2s, etc.)
- A copy of any correspondence with your bank as to the submission and acceptance of the application
- A timestamped print out of all official relevant laws/guidelines in effect on the date you submitted your application
- A memo discussing your organization's eligibility and reasons why it took a PPP loan.
- A copy of forgiveness application and all related supporting documentation
- Lender and any SBA approval of forgiveness and communication



Unanswered FAQs

- 1) What is the fine print on the FTE elimination as of 12/31/2020?
- 2) What exactly are "transportation" costs?
- 3) Are self insured payments for health insurance or state unemployment insurance eligible for inclusion as payroll costs?
- 4) If a borrower spends all the PPP loan proceeds or restores FTE and wages levels, to pre-COVID 19 levels can they apply for forgiveness early?



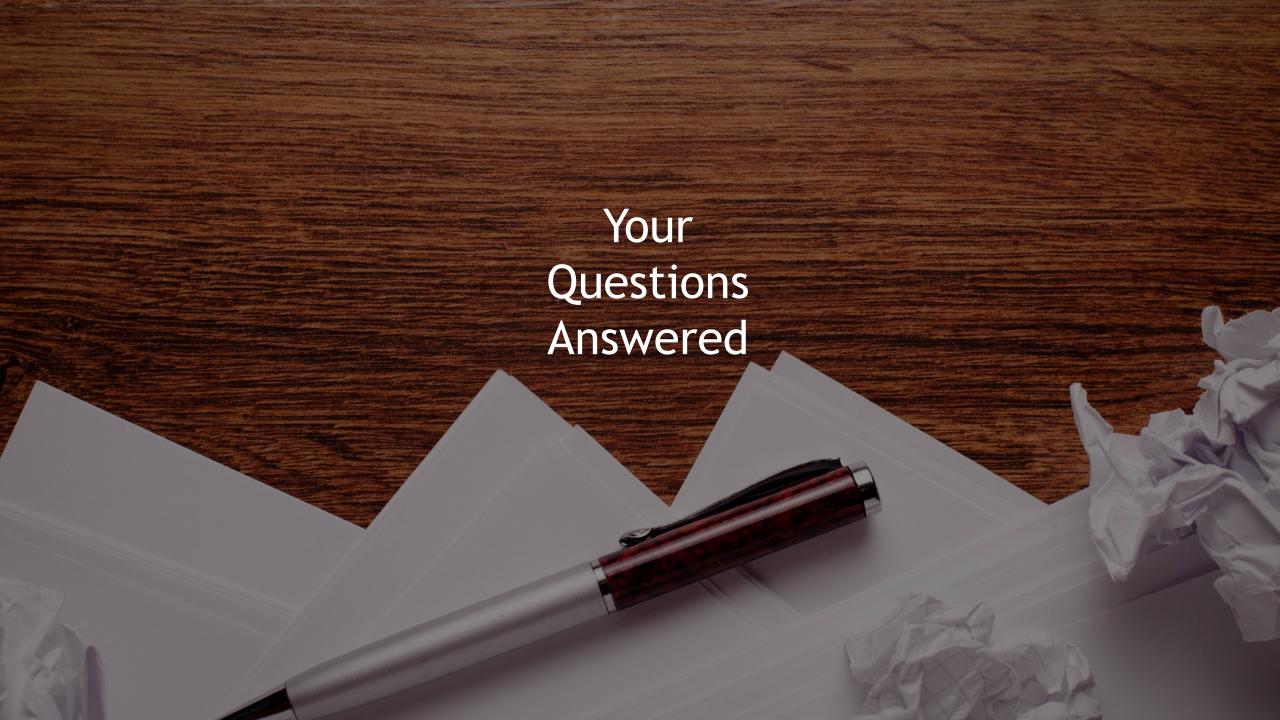


Unanswered FAQs

- 5) Are semi-monthly payrolls the same as bi-weekly and why does it matter?
- 6) Rent Does common area maintenance, property taxes, required insurance count as "rent"?
- 7) Can I renegotiate the length of my PPP loan from 2 years to 5 years?
- 8) What is an Owner-employee and what do they have to be aware of?
- 9) How long do I have to apply for forgiveness?









For schedule K partners, how do we pay ourselves to satisfy the terms of the PPP loan forgiveness?



Do vacation/sick/PTO time paid out count towards forgiveness?





How should we handle voluntary departures for headcount? (e.g., someone gave notice and left - was not let go)





Once the initial 8 week period ends (assuming Congress does not extend), when can we start laying off employees.

FTE calculations on hours or headcount? IE, someone averaged 42 hours in Q1 and 36 hours in the 8 weeks is that 1 head or .9?





Rules for independent contractors. Can we really NOT count our payments for health insurance as part of payroll?





We lease our office space from a separate LLC owned by our firm. We file a consolidated tax filing. Is rent forgivable?

Are premiums paid by the employer for life insurance, AD&D, short & long-term disability forgivable as "health" insurance?



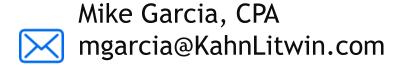


In app I counted anyone 30 hours as full time, now it's 40. Will I be able to resolve so not to lose out based on headcount?



We're Here.





" 888-KLR-8557

KLR Coronavirus Resource Center KahnLitwin.com/coronavirus





The content included herein is reprinted with permission from the FASB for this express purpose. It may not be reproduced or distributed. www.fasb.org

