

National Savvy. Local Sensibility.

YOU HAVE YOUR PPP LOAN...NOW WHAT?

An In-Depth Review of Loan Forgiveness

OBJECTIVES FOR TODAY

- Broaden your understanding of the Paycheck Protection Program Loan
- Help you understand what drives forgiveness
- Help you assess what's best for your company

AND

- Help you realize you haven't gone

CRAZY!



DISCLAIMER....

**EVERYTHING YOU ARE ABOUT TO
HEAR IS SUBJECT TO CHANGE!!**



- History
- What's New
- I Got My PPP Loan – Now What?
 - Accounting for the PPP Loan
 - Planning Tool
 - Critical Concepts a Case Study
- Questions

A TIME-LINE OF EVENTS

- COVID – 1 – March 6, 2020 – \$8.3 Billion
Coronavirus Preparedness Response Supplemental and Appropriations Act
- COVID – 2 – March 18, 2020
Families First Coronavirus Response Act
- COVID – 3 – March 28, 2020 – \$2.2 Trillion
Coronavirus Aid, Relief, and Economic Security Act
- COVID – 3.5 – April 24, 2020 – \$489 Billion

PPP LOAN PROGRAM

- SBA thrust into the center of the universe
- SBA network of banks used for distribution
- Extension of the SBA 7(a) loan program
- Was...the Small Business Interruption Loan
- Now...the Paycheck Protection Program



PPP LOANS – CURRENT STATUS

- Many dealers have already received loans
- First round quickly approved and distributed
- Second round underway

| State | Approved PPP Loans | Approved PPP Amount |
|-------|--------------------|---------------------|
| AK | 4,843 | \$921,927,504 |
| AL | 27,923 | \$4,862,690,129 |
| AR | 21,754 | \$2,722,726,557 |
| AZ | 2 | \$419,583 |
| CA | 19,280 | \$4,846,959,062 |
| CT | 112,967 | \$33,413,693,192 |
| DC | 41,635 | \$7,392,960,359 |
| DE | 18,435 | \$4,151,934,451 |
| FL | 3,253 | \$1,247,218,727 |
| GA | 5,171 | \$1,090,415,848 |
| GU | 88,997 | \$17,863,199,837 |
| HI | 48,332 | \$9,464,475,442 |
| IA | 508 | \$102,418,346 |
| IL | 11,553 | \$4,315,688,444 |
| IN | 29,424 | \$1,850,034,026 |
| KS | 13,627 | \$15,972,578,071 |
| KY | 69,893 | \$7,491,445,351 |
| LA | 35,990 | \$4,288,652,108 |
| MA | 26,245 | \$4,149,467,684 |
| MD | 23,797 | |

States and Territories

| State | Approved PPP Loans | Approved PPP Amount |
|-------|--------------------|---------------------|
| MA | 26,635 | \$5,100,534,501 |
| MD | 46,937 | \$6,537,733,687 |
| ME | 26,068 | \$10,360,907,178 |
| MI | 14,993 | \$1,944,425,549 |
| MN | 43,438 | \$10,381,310,070 |
| MO | 46,983 | \$9,014,060,040 |
| MP | 46,481 | \$7,547,822,023 |
| MMS | 56 | \$12,619,835 |
| MT | 20,748 | \$2,481,000,606 |
| NC | 13,456 | \$1,470,300,136 |
| ND | 39,520 | \$8,005,752,270 |
| NE | 11,002 | \$1,548,384,035 |
| NH | 23,477 | \$2,988,800,489 |
| NJ | 11,382 | \$2,006,898,477 |
| NM | 33,519 | \$9,527,794,260 |
| NV | 8,277 | \$1,424,408,711 |
| NY | 81,073 | \$2,013,939,889 |
| OH | 59,800 | \$20,345,081,101 |
| OK | 35,557 | \$14,108,889,927 |
| | | \$4,615,708,450 |

| State | Approved PPP Loans | Approved PPP Amount |
|-------|--------------------|---------------------|
| OR | 18,732 | \$3,806,104,476 |
| PA | 69,567 | \$15,697,648,689 |
| PR | 2,856 | \$658,573,638 |
| RI | 7,732 | \$1,335,777,801 |
| SC | 22,933 | \$3,369,616,339 |
| SD | 11,324 | \$28,483,710,273 |
| TN | 34,035 | \$3,695,399,459 |
| TX | 134,737 | \$8,721,170,223 |
| UT | 21,257 | \$62,242,612 |
| VA | 40,371 | \$1,000,127,478 |
| VT | 240 | \$6,959,680,159 |
| WA | 30,421 | \$8,317,705,842 |
| WI | 43,395 | \$1,351,223,328 |
| WV | 7,861 | \$837,018,372 |
| WY | 7,618 | |

| Loan Count | Net Approved Dollars | Lender Count |
|------------|----------------------|--------------|
| 1,661,367 | \$342,277,999,103* | 4,975 |

| AVG LOAN SIZE: | |
|----------------|------------|
| MA | \$ 220,741 |
| ME | \$ 129,689 |
| NH | \$ 173,274 |
| VT | \$ 143,223 |

PPP LOANS – IN THE HEADLINES

Mnuchin Says SBA Will Do "Full Review" of PPP Loans Over \$2 Million

Treasury Secretary Steve Mnuchin told CNBC Tuesday that the Small Business Administration would undertake a "full review" of any loan that exceeds \$2 million under the Paycheck Protection Program (PPP). The big picture: Mnuchin's announcement comes after large corporations and organizations — like Shake Shack and the Los Angeles Lakers, which both returned their loans — have come under fire for receiving cash from the coronavirus stimulus program.

Source: Axios

Editor's Note: The Small Business Administration (SBA) issued a new [FAQ # 31](#) last Thursday addressing the required certifications PPP loan borrowers must make on their applications.

- “We were cruising along then all of a sudden...”

PPP LOANS – QUESTIONS 31 & 37

THEN...

- Good Faith Certification (among other things)
 - Uncertainty of current economic conditions
 - Retaining workers and maintaining payroll, making mortgage payments, lease payments, and utility payments

NOW...

- All borrowers should review carefully the required certification that “[c]urrent economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.”

PPP LOANS – QUESTIONS 31 & 37

31. **Question:** Do businesses owned by large companies with adequate sources of liquidity to support the business’s ongoing operations qualify for a PPP loan?

Answer: In addition to reviewing applicable affiliation rules to determine eligibility, all borrowers must **assess their economic need** for a PPP loan under the standard established by the CARES Act and the PPP regulations at the time of the loan application. Although the CARES Act suspends the ordinary requirement that borrowers must be unable to obtain credit elsewhere (as defined in section 3(h) of the Small Business Act), borrowers still must certify in good faith that their PPP loan request is necessary. Specifically, before submitting a PPP application, all borrowers should review carefully the required certification that “[c]urrent economic uncertainty makes this loan request necessary to **support the ongoing operations of the Applicant.**” Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business. For example, it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith, and such a company should be prepared to demonstrate to SBA, upon request, the basis for its certification.

Lenders may rely on a borrower’s certification regarding the necessity of the loan request. Any borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith.¹¹

PPP LOANS – QUESTION 31 & 37

- What will the impact of these questions be on me and my loan?
- How can I mitigate the impact of these questions on me and my loan?
 - Impact Statements
 - Including financial analysis
 - Using the money properly
 - Payroll Protection Program

OTHER RECENT DEVELOPMENTS

- IRS Notice 2020-32 – Forgivable expenses are not tax deductible...WHAT?
- IFR-7 - \$20M limit for PPP loans to corporate groups
- IFR 5 and 6 – Confirmation of the 8-week covered period start date
- FAQ Updates – In addition to FAQs 31 and 37, there was an update indicating a change in ownership post 2/15/20 would qualify for the buyer if an asset sale

I GOT MY PPP LOAN, NOW WHAT?

Accounting for your PPP Loan:

- Do I need a separate bank account?
- What accounting entries should I make?
- What entries should I make during the 8-week period?
- How do I determine how much can be forgiven?

MANAGING FORGIVENESS



PPP LOAN FORGIVENESS TOOL

SAMPLE COMPANY

rev 4/20/2020

ARB and B&R are CPA firms who enjoy a collaborative relationship. We are happy to have worked together to create this planning tool for loan forgiveness. Please note, it is a "Planning Tool" and not a "Precision Tool." This tool has been prepared using the CARES Act as well as the relevant guidance available as of April 12, 2020. Additional guidance issued by the SBA and Treasury Department after April 12, 2020 may materially impact the loan forgiveness calculations. Please see the tab labeled "Significant Assumptions" for a list of assumptions that may change once official guidance is issued. For actual loan forgiveness, please verify the information provided in these calculations, as in most instances they are projections and not actual results. This tool is useful for projecting when to bring mid off/hurricane workers back to work, at what rate of pay, and the impact of your decisions on your loan forgiveness. As the information becomes available, Step 3 of the tool also allows you to add actual payroll data. Entering this information allows you to update your projections with real time data. We hope you find the tool useful and look forward to assisting you with these calculations. Please do not hesitate to contact us with questions.

INSTRUCTIONS:

- (1) Fill in the highlighted cells below.
- (2) Additional Information: In the End of Next Pay Period Box, enter the last day of your first payroll cycle following the first date in which loan proceeds are received.
- (3) Read the "Introduction" to loan forgiveness to understand the various calculations.
- (4) Complete the "Forgivable Cost Base" tab to calculate the amount of costs available for forgiveness.
- (5) Complete "Step 1" and "Step 2" to determine limitations based on full-time equivalents and compensation by filing in the highlighted cells.
- (6) Complete "Step 3" by inputting actual pay period amounts as weeks progress to tighten forecasting window.
- (7) Once finished, the "Summary Results" tab will calculate your estimated amount of loan forgiveness.

| | |
|-----------------------------------|------------|
| Date First Loan Proceeds Received | 4/27/2020 |
| Loan Amount | \$ 135,000 |
| Pay Period | Weekly |
| End of Next Pay Period | 5/1/2020 |

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12/2019 - 6/30/2019 - OR

an proceeds received
and 25% of the total

time equivalent (FTE)
February 15, 2019

object to change
the loan forgiveness
ok chooses the FTE

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ny or wage of more
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New that companies have
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can be forgiven. Therefore,
FORGIVABLE COST BASE"

rious limitations on
Americans employed.
First, near full-time
15, 2019 through June 30,
verage FTEs results in a decline
of to this limitation.

employees must demonstrate
that at 75% of the
most employees, this will be
action for the 8-week period
employee. The steps to
if from this test.

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calculate your updated, most

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since due to lack of published

the law refers to "costs incurred and
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For example, if your 8-week
ing on April 13, 2020 you'd allocate
a special payroll at the end of

FTEs) but does not define the
with SBA guidance on previous

ating the average number of FTEs
this to mean that you'll need to
period. For example, all salaried
they work, not to exceed 30
An hourly employee working 15

and wages, the law refers to "the
look, we are using the 1st quarter

wages, the law refers to "25% of
owed) it does not explicitly state
job, we have assumed that the
made \$10,000 during the first
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uses of this workbook, it is

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test test, not restoring FTE counts
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x, we have assumed the 75%
and the wage test last.

ptions for eliminating any
book makes no attempt to

A and/or Treasury Department***

| Worksheet Tab | | | | Worksheet Tab | | | | |
|---|--|----------------|-------------------|--|---------------|--|----------------|-------------------|
| A | | | | B | | | | |
| Worked from February 15, 2019 through June 30, 2019 | | | | CALCULATION 2: Hours Worked During 8-Week Covered Period | | | | |
| Period Ending | Total hours paid (not to exceed 30 hours per person) | FTE per Period | Average per month | Period beginning | Period ending | Total hours paid (not to exceed 30 hours per person) | FTE per Period | Average per month |
| 2/15/2019 | 300 | 10.0 | | Period 1 | 4/25/2020 | 5/1/2020 | 180 | 6.0 |
| 4/22/2019 | 300 | 10.0 | | Period 2 | 5/2/2020 | 5/8/2020 | 180 | 6.0 |
| | | | | | | | 210 | 7.0 |
| | | | | | | | 210 | 7.0 |
| | | | | | | | 210 | 7.0 |
| | | | | | | | 240 | 8.0 |

| | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|---|
| 250 | | | | | | | | | 6.8 |
| 3,027 | See STEP 2 Limit - EE Comp Tab (Limited to \$15,385 for 8-weeks or \$100,000 annually) | | | | | | | | Monday |
| | Assume these costs are included in Salaries & Wages | | | | | | | | FTE Ratios (not to exceed 100%) |
| | includes health insurance premiums | | | | | | | | 2019 97.76% |
| | | | | | | | | | 2020 84.72% |
| | | | | | | | | | Maximum % 84.72% |
| | | | | | | | | | Eligible in Loan Forgiveness Based on FTE's |
| | | | | | | | | | to \$ 82,087 |
| | | | | | | | | | to Costs \$ 77,852 |
| | | | | | | | | | able Costs \$ 109,410 |
| | | | | | | | | | able Percent 15.28% |
| | | | | | | | | | In Loan Forgiveness |
| | | | | | | | | | to \$ 16,715 |

| Step | Adjusted Maximum |
|------|------------------|
| 1 | 1,750 \$ 77,352 |
| 2 | 1,000 \$ 20,000 |
| 3 | 1,000 \$ 5,000 |

| Estimated Loan Forgiveness Amount | |
|--|------------------------------|
| Loan amount (from cover page) | A \$ 135,000 |
| Costs Incurred During the "Covered" Period (8 weeks following loan origination): | |
| Payroll Costs (from Forgivable Cost Base Tab) | \$ 82,057 |
| Adjusted Non-payroll Costs (from Forgivable Cost Base Tab) | 27,352 |
| Total Eligible Costs Incurred During the "Covered" Period | B \$ 109,410 |
| Amounts eligible for forgiveness are the lesser of A or B above | C \$ 109,410 |
| Required Reductions in Loan Forgiveness: | |
| Based on FTEs (from STEP 1 Limit - FTE Calc's FTE Ratio) | \$ (16,715) |
| Based on Compensation (from STEP 2 Limit EE Comp) | (7,735) |
| Total reductions | D \$ (24,451) |
| Total adjusted eligible costs | E \$ 84,959 C - D |
| Total Estimated Loan Forgiveness | F \$ 84,959 LESSER OF E OR C |
| Estimated Principal Balance of Loan Payable Over 2-Years | G \$ 50,441 C - F |

A CASE STUDY

| | | 2019 Wages | Eligible Wages |
|---|-----------------|----------------|----------------|
| Employee 1 | Salary | 200,000 | 100,000 |
| Employee 2 | Salary | 120,000 | 100,000 |
| Employee 3 | Salary | 90,000 | 90,000 |
| Employee 4 | Salary | 90,000 | 90,000 |
| Employee 5 | Salary | 52,000 | 52,000 |
| Employee 6 | Salary | 52,000 | 52,000 |
| Employee 7 | \$15 x 20 hours | 15,600 | 15,600 |
| Employee 8 | \$15 x 20 hours | 15,600 | 15,600 |
| Employee 9 | \$15 x 10 hours | 7,800 | 7,800 |
| Employee 10 | \$15 x 10 hours | 7,800 | 7,800 |
| | | 650,800 | 530,800 |
| Health insurance | | | 70,000 |
| Retirement | | | 37,200 |
| SUTA | | | 10,000 |
| Total payroll costs | | | 648,000 |
| | | | 12 |
| Average payroll costs per month multiplier | | | 54,000 |
| | | | 2.5 |
| PPP Loan - Received 4/27/2020 | | | 135,000 |




PPP LOAN FORGIVENESS TOOL rev. 6/20/2020

SAMPLE COMPANY

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SIGNIFICANT ASSUMPTIONS/UNRESOLVED ISSUES



SIGNIFICANT ASSUMPTIONS/UNRESOLVED ISSUES

- Allowable Costs
 - Do I have to spend 75% of total loan proceeds on payroll costs? What happens if I don't?
 - Do the other SBA 7(a) allowable costs qualify?
 - Is floorplan interest allowed? Is it on a car-by-car basis as of February 15, 2020?
 - Does rent include both real and personal property?
 - The definition of utilities includes "transportation." What is that?

SIGNIFICANT ASSUMPTIONS/UNRESOLVED ISSUES

- Forgivable Costs
 - Does floorplan interest count as “mortgage interest?”
 - If so, does it matter if the vehicle was acquired before February 15, 2020?
 - Does vacation/sick pay count towards \$100,000 per employee limit?

SIGNIFICANT ASSUMPTIONS/UNRESOLVED ISSUES

- Reductions in Forgiveness
 - In what order and to what amounts do you apply the forgiveness reduction rules?
 - What is the definition of a full-time equivalent (FTE)?
 - Does the “Most Recent Full Quarter” mean Q1 2020 for all employees? Or only those that were not furloughed in March?
 - For the wage reduction test, is the Q1 2020 wage intended to be prorated to the 8-week equivalent?
 - For the wage reduction test, how do you treat an employee that did not return for reasons other than Covid-19?

SIGNIFICANT ASSUMPTIONS/UNRESOLVED ISSUES

- End of Program
 - What amount converts to a term loan?
 - Loan proceeds less amount forgiven – or –
 - Allowable costs less forgiven
 - Is it really tax-free income or does the loan generate non-deductible expenses?

ALLOWABLE VS FORGIVABLE

| COSTS | ALLOWABLE | FORGIVABLE |
|---|-----------|------------|
| Time Period | June 30 | 8-Weeks |
| Payroll Costs (as defined) | YES | YES |
| Compensation in Excess of \$100,000 | YES | NO |
| Group Healthcare Benefits During Periods of Paid Sick, Medical, or Family Leave | YES | NO |
| Payments of Interest on Any Mortgage Obligation* | YES | YES** |
| Interest on Any Other Debt Obligation** | YES | NO |
| Rent | YES | YES** |
| Utilities | YES | YES** |
| Other SBA 7(a) Allowable Costs | MAYBE | NO |

* Floorplan Interest – Maybe. Waiting on Regulations. NADA thinks yes.

** Incurred before February 15, 2020

FORGIVABLE COSTS

INSTRUCTIONS-See Instructions Tab

| | |
|---|------------|
| 75% of PPP Loan - Minimum Payroll Costs for Maximum Loan Forgiveness | \$ 101,250 |
| Loan Proceeds Used for Payroll Costs During the 8-Week Covered Period: | |
| Salaries & Wages | \$ 64,027 |
| Cash Tips | |
| Paid Time Off (vacation, sick pay, etc.) | |
| Allowance for Dismissal or Separation | |
| Employer Share of: | |
| Healthcare Benefits | \$ 10,769 |
| Retirement | \$ 5,723 |
| State Unemployment Insurance | \$ 1,538 |
| | \$ 82,057 |

See STEP 2 Limit - EE Comp Tab (Limited to \$15,385 for 8-weeks or \$100,000 annually)

Assume these costs are included in Salaries & Wages

Assume these costs are included in Salaries & Wages

Includes health insurance premiums

This amount must be 75% or more of total forgiven amount

Payroll costs other than salaries and wages

| | |
|------------|--------|
| Healthcare | 10,769 |
| Retirement | 5,723 |
| SUTA | 1,538 |

Non-payroll costs

| | | |
|-----------|--------|---------|
| Rent | 20,000 | Monthly |
| Utilities | 5,000 | Monthly |

| | Maximum | Adjusted Maximum | |
|---|------------------------------------|------------------------------------|--------------|
| Loan Forgiveness for Non-payroll Costs | \$ 33,750 | \$ 27,352 | |
| | A | B | |
| Loan Proceeds Used For Non-payroll Costs During the 8-Week Covered Period: | | | |
| | 4-Weeks Beginning 4/27/2020 | 4-Weeks Beginning 5/26/2020 | Total |
| Mortgage Interest (real and personal property in place 2/15/2020) | | | \$ - |
| Rent (lease agreements in force on 2/15/2020) | \$ 20,000 | \$ 20,000 | \$ 40,000 |
| Utilities (electric, gas, water, transportation, telephone or internet for services that began prior to 2/15/2020) | \$ 5,000 | \$ 5,000 | \$ 10,000 |
| | | | \$ 50,000 |
| | | | \$ 27,352 |
| | | | C |
| Non-Payroll Costs Limitations: | | | |
| A - The maximum amount of non-payroll costs that can be forgiven is equal to 25% of the loan balance. | | | |
| B - The total amount of non-payroll costs cannot exceed 25% of the amount forgiven. Therefore, this amount is equal to 1/3 of forgivable payroll costs. | | | |
| C - The amount of non-payroll costs actually forgiven is the lesser of actual non-payroll costs expended C, or B, or A. | | | |

Cannot exceed 25% of amount forgiven

REDUCTIONS IN FORGIVENESS

- Did not spend the loan proceeds on forgivable costs
- Did not meet the 75% tests
 - Allowable
 - Forgivable
- FTE Test
- Wage Test

INSTRUCTIONS-See Instructions Tab

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|---|------------|
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See STEP 2 Limit - EE Comp Tab (Limited to \$15,385 for 8-weeks or \$100,000 annually)
 Assume these costs are included in Salaries & Wages
 Assume these costs are included in Salaries & Wages
 Includes health insurance premiums
 This amount must be **75% or more** of total forgiven amount

75/25

| | | | |
|--|--|--|--------------|
| Loan Forgiveness for Non-payroll Costs | \$ 33,750 | \$ 27,352 | |
| | A | B | |
| Loan Proceeds Used For Non-payroll Costs During the 8-Week Covered Period: | | | |
| | 4-Weeks Beginning 4/27/2020 | 4-Weeks Beginning 5/26/2020 | Total |
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| | | | \$ 50,000 |
| | | | \$ 27,352 |
| | | | C |

Cannot exceed 25% of amount forgiven

Non-Payroll Costs Limitations:
 A - The maximum amount of non-payroll costs that can be forgiven is equal to 25% of the loan balance.
 B - The total amount of non-payroll costs cannot exceed 25% of the amount forgiven. Therefore, this amount is equal to 1/3 of forgivable payroll costs.
 C - The amount of non-payroll costs actually forgiven is the lesser of actual non-payroll costs expended C, or B, or A.

FTE TEST

- Compare FTEs for 2/15/19-6/30/19 **-OR-** 1/1/20-2/29/20 **Whichever is LESS**
- FTEs for 8-week Comparative Period
- If goes down, then loan forgiveness **REDUCED**

INSTRUCTIONS-See Instructions Tab

| A | | | | | |
|--|------------------|---------------|--|--------------------|-------------------|
| CALCULATION 1: Hours Worked from February 15, 2019 through June 30, 2019 | | | | | |
| | Period Beginning | Period Ending | Total hours paid (not to exceed 30 hours per person) | FTE per Period | Average per month |
| Period 1 | 2/9/2019 | 2/15/2019 | 300 | 10.0 | |
| Period 2 | 2/16/2019 | 2/22/2019 | 300 | 10.0 | |
| Period 3 | 2/23/2019 | 3/1/2019 | 300 | 10.0 | |
| Period 4 | 3/2/2019 | 3/8/2019 | 300 | 10.0 | |
| Period 5 | 3/9/2019 | 3/15/2019 | 300 | 10.0 | |
| Period 6 | 3/16/2019 | 3/22/2019 | 300 | 10.0 | |
| Period 7 | 3/23/2019 | 3/29/2019 | 300 | 10.0 | |
| Period 8 | 3/30/2019 | 4/5/2019 | 300 | 10.0 | |
| Period 9 | 4/6/2019 | 4/12/2019 | 300 | 10.0 | |
| Period 10 | 4/13/2019 | 4/19/2019 | 300 | 10.0 | |
| Period 11 | 4/20/2019 | 4/26/2019 | 300 | 10.0 | |
| Period 12 | 4/27/2019 | 5/3/2019 | 300 | 10.0 | |
| Period 13 | 5/4/2019 | 5/10/2019 | 300 | 10.0 | |
| Period 14 | 5/11/2019 | 5/17/2019 | 300 | 10.0 | |
| Period 15 | 5/18/2019 | 5/24/2019 | 300 | 10.0 | |
| Period 16 | 5/25/2019 | 5/31/2019 | 300 | 10.0 | |
| Period 17 | 6/1/2019 | 6/7/2019 | 300 | 10.0 | |
| Period 18 | 6/8/2019 | 6/14/2019 | 300 | 10.0 | |
| Period 19 | 6/15/2019 | 6/21/2019 | 300 | 10.0 | |
| Period 20 | 6/22/2019 | 6/28/2019 | 300 | 10.0 | |
| Average FTE per month from 2/15/2019 - 6/30/2019 | | | | | 10.0 |
| Hours Worked from January 1, 2020 through February 29, 2020 | | | | | |
| | Period Beginning | Period Ending | Total hours worked (not to exceed 30 hours per person) | FTE per pay period | Average per month |
| Period 1 | 12/28/2019 | 1/3/2020 | 240 | 8.0 | |
| Period 2 | 1/4/2020 | 1/10/2020 | 240 | 8.0 | |
| Period 3 | 1/11/2020 | 1/17/2020 | 240 | 8.0 | |
| Period 4 | 1/18/2020 | 1/24/2020 | 240 | 8.0 | |
| Period 5 | 1/25/2020 | 1/31/2020 | 240 | 8.0 | |
| Period 6 | 2/1/2020 | 2/7/2020 | 240 | 8.0 | |
| Period 7 | 2/8/2020 | 2/14/2020 | 240 | 8.0 | |
| Period 8 | 2/15/2020 | 2/21/2020 | 240 | 8.0 | |
| Period 9 | 2/22/2020 | 2/28/2020 | 240 | 8.0 | |
| Period 10 | 2/29/2020 | 3/6/2020 | 240 | 8.0 | |
| Average FTE per month from 1/1/2020 - 2/29/2020 | | | | | 8.0 |

| B | | | | | | | |
|--|------------------|---------------|--|----------------|-------------------|--|-------------------------|
| CALCULATION 2: Hours Worked During 8-Week Covered Period | | | | | | | |
| | Period beginning | Period ending | Total hours paid (not to exceed 30 hours per person) | FTE per Period | Average per month | Estimated total hours paid (not to exceed 30 hours per person) | FTE from STEP 3- Actual |
| Period 1 | 4/25/2020 | 5/1/2020 | 180 | 6.0 | | 180 | |
| Period 2 | 5/2/2020 | 5/8/2020 | 180 | 6.0 | | 180 | |
| Period 3 | 5/9/2020 | 5/15/2020 | 180 | 6.0 | | 180 | |
| Period 4 | 5/16/2020 | 5/22/2020 | 210 | 7.0 | | 210 | |
| Period 5 | 5/23/2020 | 5/29/2020 | 210 | 7.0 | | 210 | |
| Period 6 | 5/30/2020 | 6/5/2020 | 210 | 7.0 | | 210 | |
| Period 7 | 6/6/2020 | 6/12/2020 | 210 | 7.0 | | 210 | |
| Period 8 | 6/13/2020 | 6/19/2020 | 210 | 7.0 | | 210 | |
| Period 9 | 6/20/2020 | 6/26/2020 | 240 | 8.0 | | 240 | |
| Average FTE per month during 8 weeks | | | | | 6.8 | | |
| Day of week funding received | | | | | Monday | | |

| FTE Ratios (not to exceed 100%) | |
|---------------------------------|--------|
| 2019 | 67.78% |
| 2020 | 84.72% |
| Maximum % | 84.72% |

| Reduction in Loan Forgiveness Based on FTE's | |
|--|-----------|
| * Payroll Costs | 5 82,057 |
| * Non-Payroll Costs | 5 27,352 |
| Total Forgivable Costs | 5 109,410 |
| Non-Forgivable Percent | 15.28% |
| ** Reduction in Loan Forgiveness Based on FTEs | 5 16,715 |

* These amounts come from the Forgivable Cost Base tab
 ** This amount is used on the Summary Results tab

FORECASTED SUMMARY RESULTS



ARB Loan Forgiveness Forecasted Summary Results

| Estimated Loan Forgiveness Amount | | | |
|--|----------|-------------|-------------------------|
| Loan amount (from cover page) | A | \$ 135,000 | |
| Costs Incurred During the "Covered" Period (8 weeks following loan origination): | | | |
| Payroll Costs (from Forgivable Cost Base Tab) | | \$ 82,057 | |
| Adjusted Non-payroll Costs (from Forgivable Cost Base Tab) | | 27,352 | |
| Total Eligible Costs Incurred During the "Covered" Period | B | \$ 109,410 | |
| Amounts eligible for forgiveness are the lesser of A or B above | C | \$ 109,410 | |
| Required Reductions in Loan Forgiveness: | | | |
| Based on FTEs (from STEP 1 Limit - FTE Calcs FTE Ratio) | | \$ (16,715) | |
| Based on Compensation (from STEP 2 Limit EE Comp) | | (7,735) | |
| Total reductions | D | \$ (24,451) | |
| Total adjusted eligible costs | E | \$ 84,959 | C - D |
| Total Estimated Loan Forgiveness | F | \$ 84,959 | LESSER OF E OR C |
| Estimated Portion of Loan Not Forgiven | G | \$ 50,041 | C - F |

MANAGING THE PPP LOAN

- Do I bring all of my employees back?
- When do I bring employees back?
- What should I monitor?
 - Total allowable/forgivable spend
 - FTE headcount weekly
 - Compensation of pre-Covid employees compared to 8-week measurement period
 - Payroll / non-payroll cost ratio
 - Payroll must be greater than or equal to 75% of the cost base
 - Non-payroll must be less than or equal to 25% of the cost base

MANAGING THE PPP LOAN

- Increasing the payroll cost base
 - Pay premium for key employees
 - Health insurance premium holiday during the 8-week measurement period
 - Pro-rated retirement contributions

ACTUAL EMPLOYEE DATA

Actual Employee Data

Planning Opportunities

COMPARISON

BEFORE

AFTER



| Estimated Loan Forgiveness Amount | | | |
|--|---|-------------|------------------|
| Loan amount (from cover page) | A | \$ 135,000 | |
| Costs Incurred During the "Covered" Period (8 weeks following loan origination): | | | |
| Payroll Costs (from Forgivable Cost Base Tab) | | \$ 82,057 | |
| Adjusted Non-payroll Costs (from Forgivable Cost Base Tab) | | 27,352 | |
| Total Eligible Costs Incurred During the "Covered" Period | B | \$ 109,410 | |
| Amounts eligible for forgiveness are the lesser of A or B above | C | \$ 109,410 | |
| Required Reductions in Loan Forgiveness: | | | |
| Based on FTEs (from STEP 1 Limit - FTE Calcs FTE Ratio) | | \$ (16,715) | |
| Based on Compensation (from STEP 2 Limit EE Comp) | | (7,735) | |
| Total reductions | D | \$ (24,451) | |
| Total adjusted eligible costs | E | \$ 84,959 | C - D |
| Total Estimated Loan Forgiveness | F | \$ 84,959 | LESSER OF E OR C |
| Estimated Portion of Loan Not Forgiven | G | \$ 50,041 | C - F |

| Estimated Loan Forgiveness Amount | | | |
|--|---|------------|------------------|
| Loan amount (from cover page) | A | \$ 135,000 | |
| Costs Incurred During the "Covered" Period (8 weeks following loan origination): | | | |
| Payroll Costs (from Forgivable Cost Base Tab) | | \$ 100,846 | |
| Adjusted Non-payroll Costs (from Forgivable Cost Base Tab) | | 33,615 | |
| Total Eligible Costs Incurred During the "Covered" Period | B | \$ 134,462 | |
| Amounts eligible for forgiveness are the lesser of A or B above | C | \$ 134,462 | |
| Required Reductions in Loan Forgiveness: | | | |
| Based on FTEs (from STEP 1 Limit - FTE Calcs FTE Ratio) | | \$ - | |
| Based on Compensation (from STEP 2 Limit EE Comp) | | (2,542) | |
| Total reductions | D | \$ (2,542) | |
| Total adjusted eligible costs | E | \$ 131,920 | C - D |
| Total Estimated Loan Forgiveness | F | \$ 131,920 | LESSER OF E OR C |
| Estimated Portion of Loan Not Forgiven | G | \$ 3,080 | C - F |

RE-HIRE PROVISIONS

- Most poorly written provision in the law – need regulations
- Headcount
 - Reduction in average headcount for the period February 15, 2020 through April 26, 2020 (30-days from enactment of the CARES Act)
 - By June 30, 2020 you re-hire employees so your headcount is equal to what it was on February 15, 2020
- Compensation
 - Reduction in compensation for a given employee for the period February 15, 2020 through April 26, 2020
 - By June 30, 2020 you have eliminated the reduction in salary compared to February 15, 2020

PPP LOANS

- Documents to accumulate when asking for forgiveness:
 - Copies of payroll tax reports file with the IRS (including Forms 941, 940, state income and unemployment tax filing reports) for the 8-week period following the original of the loan.
 - Copies of payroll reports for each pay period for the 8-week period following the origination of the loan. Gross wages including PTO (which might include vacation, sick, and other PTO) should be reflected.
 - Documentation reflecting the health insurance premiums paid by the company under a group health plan including owners of the company for the 8-week period following the origination of the loan should be provided. Copies of the monthly invoices should suffice.
 - Documentation of all retirement plan funding by the employer for the 8-weeks following the origination of loan should be sufficient. Copies of workpapers, schedules and remittances to the retirement plan administrator should be available.
 - Copies of all lease agreements for real estate and tangible personal property should be presented along with proof of payment during the 8-week period following the loan origination date.
 - Copies of all statement of interest paid on debt obligations incurred prior to February 15, 2020 indicating payment amounts and proof of payment for the 8-week period following the loan origination date.
 - Copies of cancelled checks, statements or other evidence of utilities paid during the "covered period" for the 8-week period following the loan origination date.

National Savvy. Local Sensibility.

QUESTIONS?

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