



Paycheck Protection Program

PLANNING FOR
FORGIVENESS

What We Know

- Information is limited; still awaiting guidance
- We are getting lots of questions as you begin to setup your accounting for the PPP Loan
- This webinar will give you a baseline to begin

Accounting for CARES Act Expenses

GOAL: Simplify the forgiveness process by keeping your PPP loan records accurate and clean for bank review.

ACTION: Use your COVID Account for known forgivable expenses only.



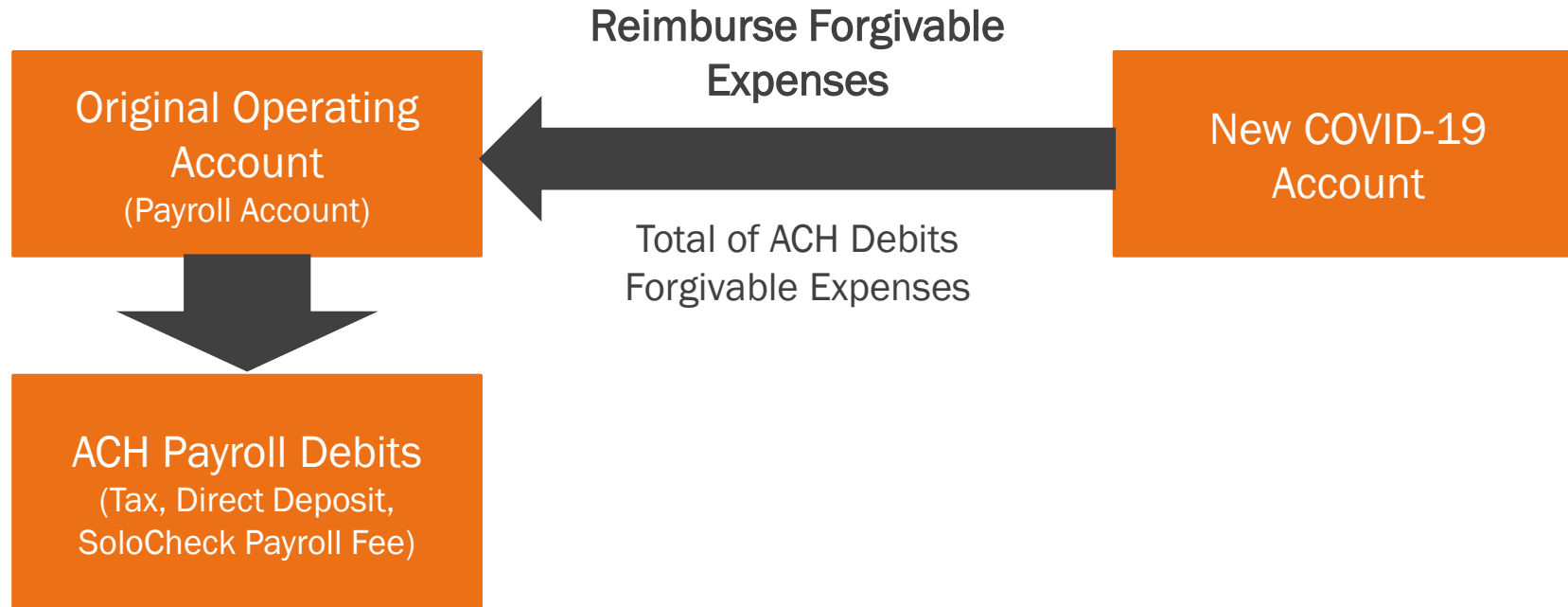
Tracking Allowable Expenses

OPTION 1: USE OPERATING ACCOUNT FOR PAYROLL

- Pay allowable expenses, including payroll, from Operating Account
- Reimburse Operating Account for allowable expenses from COVID Account
- Separate transfer for each type of charge: payroll, rent, utilities, etc.

Tracking Allowable Expenses

OPTION 1



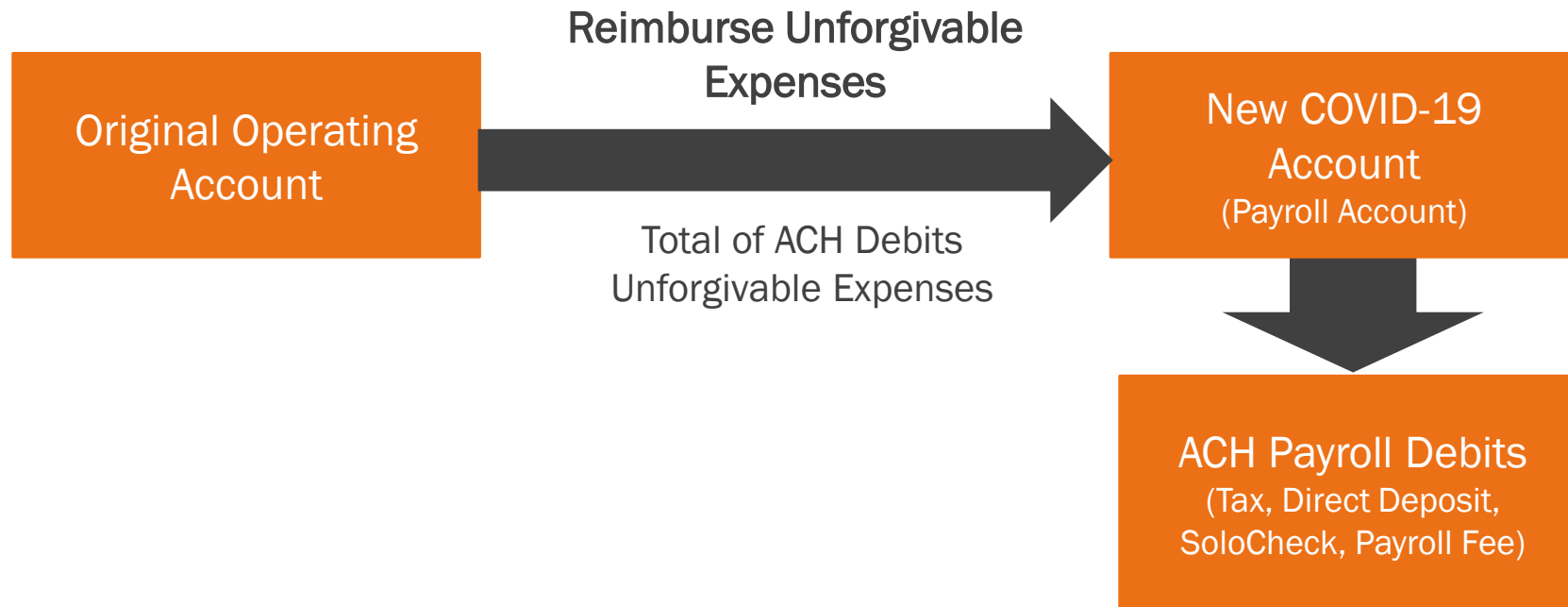
Tracking Allowable Expenses

OPTION 2: USE COVID ACCOUNT FOR PAYROLL

- Pay payroll and all allowable expenses from COVID Account
- Reimburse COVID Account for non-allowable expenses from Operating Account
- Keep only allowable expenses in COVID Account

Tracking Allowable Expenses

OPTION 2



Tracking Allowable Expenses

OPTION 3: Deposit to and pay everything from Operating Account

- Track allowable COVID expenses in accounting software using some form of a class system (QuickBooks) or new expense codes (Not recommended)
- Report through software only

Questions
before moving
on?



Allowable Expenses

1. Payroll Expenses (used to calculate loan)
 - a. Wages (including employee taxes)
 - b. Other Wages: Commission, Bonus (?), PTO, Vacation
 - c. Employer Paid Health Insurance
 - d. Employer Paid Supplemental Insurance: Dental, Vision, Life
 - e. 401K/Pension Employer Match
 - f. 2% Shareholder – easy to forget
 - g. Payroll Processing ??? (No guidance)



Allowable Expenses

2. Utilities

- a. Phone
- b. Internet
- c. Electric
- d. Water
- e. Gas
- f. Trash ???
- g. IT Managed Services ???

Allowable Expenses

- 3. Rent (Dig up your lease)
- 4. Interest on Mortgage (Have mortgage statements handy)
- 5. Interest on Secured Debt (Have loan statements handy)
 - a. Car Loan
 - b. Equipment Loan
 - c. Lease ???
- 6. Transportation ???
 - a. Mileage ???
 - b. Car Allowance ??? (Normally part of payroll wages)

Unallowable Expenses

1. Social Security – Employer Match (6.2%)
2. Medicare – Employer Match (1.45%)
3. FUTA – Federal Unemployment Tax
4. Employee wages greater than \$100,000
5. 1099 Payments through payroll
6. Non-Wage Payments (Reimbursement of Expenses)
7. Payroll Processing Fees ???

Payroll Amounts Over \$100,000

Weekly: \$1,923.08

Bi-Weekly: \$3,846.15

Semi-Monthly: \$4,166.67

Monthly: \$8,333.37 (prorate?)

Quarterly: \$25,000.00 (prorate?)



Questions
before moving
on?



Reporting

1. Evolution

2. iSolved

a. Executive

b. Staff

Opinion: Should I keep my loan?

“The PPP is intended to provide economic relief to small businesses nationwide adversely impacted by the Coronavirus Disease 2019 (COVID-19).” – CARES Act Legislation

1. Is it necessary for the ongoing health of your business?
2. Does it allow you to keep employees on payroll?
3. Will this loan set you up for future success?



Questions?

