



Paycheck Protection Program

PLANNING FOR
FORGIVENESS

Latest Update:

- Information is limited; still awaiting guidance
- As of 5:00 last night: \$194 of \$340 billion allotted
- Congress is now talking about Bill #4
 - Probably will include fixes for previous PPP issues
- Today we are going to address what we know

Possible/Expected Changes:

- Discussions of extending spend period more
8 weeks (Perhaps 10 or even 12 weeks)
This would fix a major challenge of the PPP!
- Legislative fix allowing deduction of PPP expense
- Major change – Safe Harbor for loans < \$2 million

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? *See Question #45*

Major Issue Regarding Timing:

- Businesses were shut down, employees were furloughed
- Example: Loan on Wed, EE start Monday, Work a pay period
- Biweekly – could be week 3-4 before 1st pay date

Some Solutions – Not Great

- Manipulate pay period – biweekly to weekly
- Accelerate check date – remove 1 week lag
- Discuss this with your lender, what will they allow
- Hopefully a fix in Congress

Accounting for CARES Act Expenses

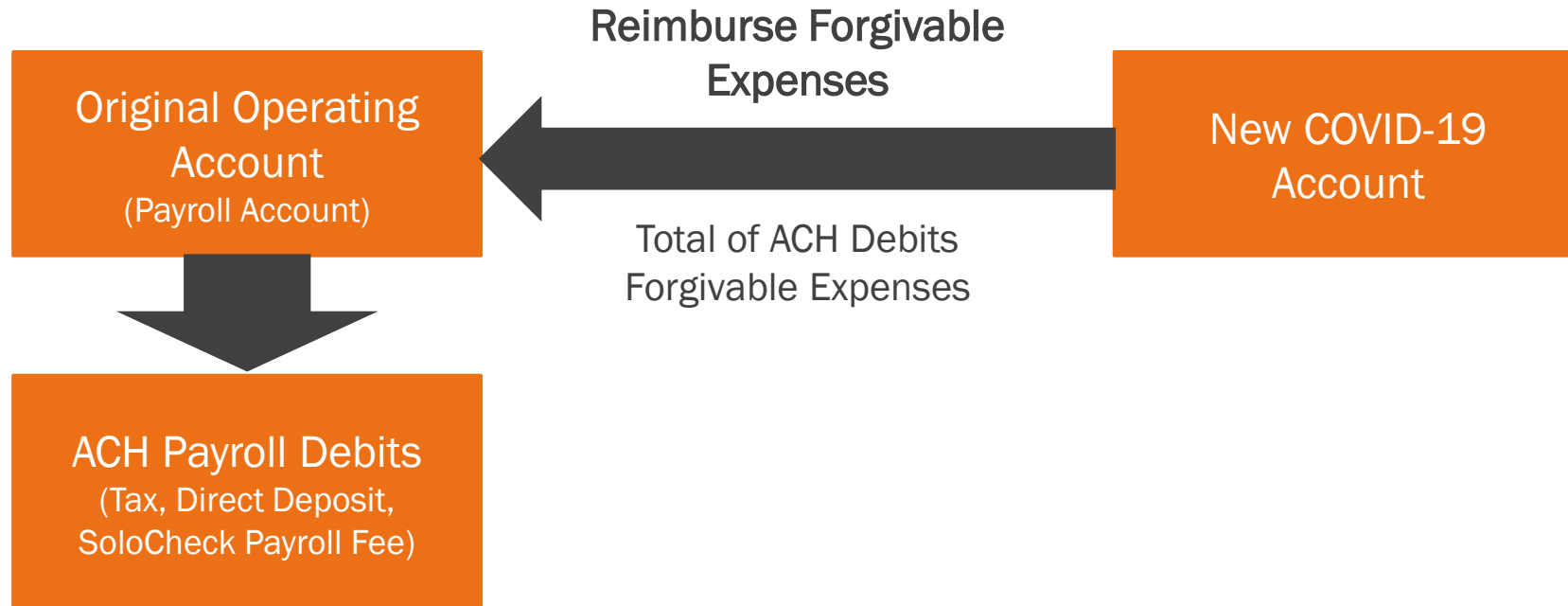
GOAL: Simplify the forgiveness process by keeping your PPP loan records accurate and clean for bank review. **CLEAN RECORDS IS KEY!**

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



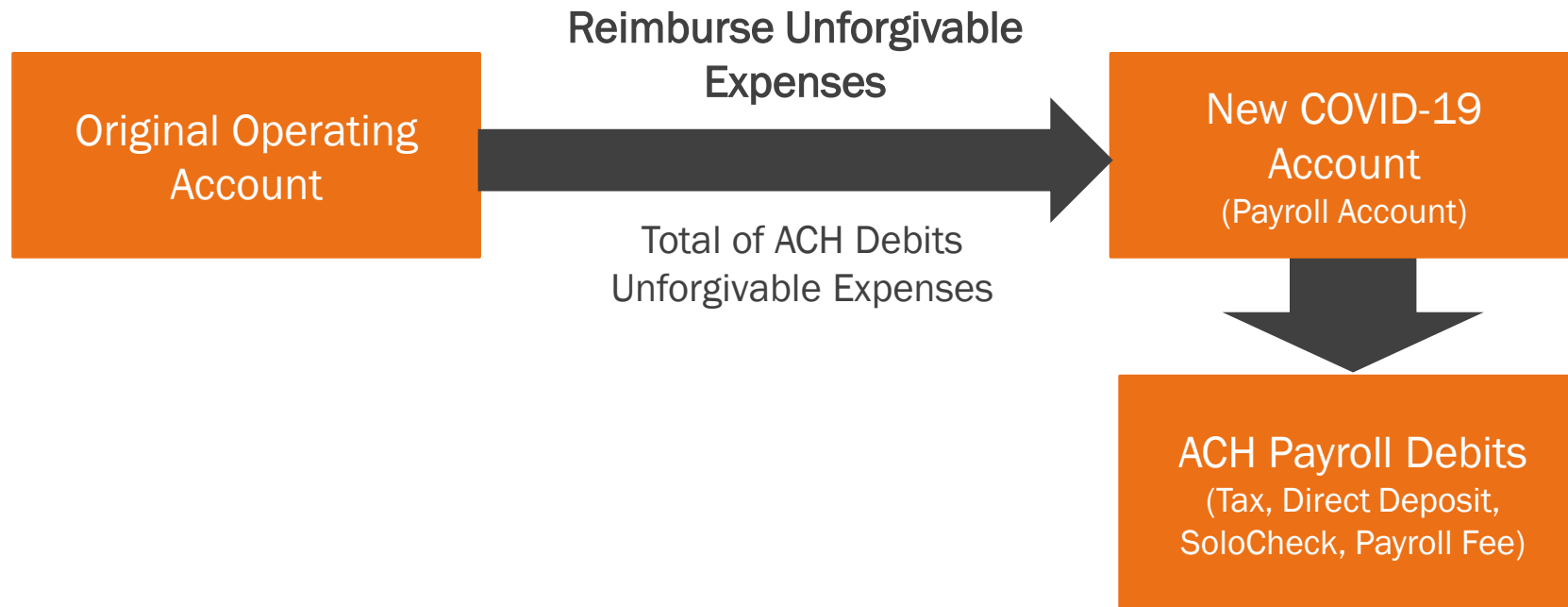
Tracking Allowable Expenses

OPTION 1



Tracking Allowable Expenses

OPTION 2



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. Gas for fleet vehicles??? (NEW)
 - c. 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?)



Reporting

1. Evolution

2. iSolved

SPREADSHEET FOR TRACKING!

Questions?

