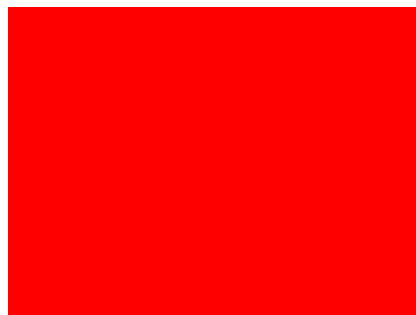




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RECALIBRATE RETOOL RESTART

WILL YOUR SBA PPP LOAN BE
FORGIVEN?
TIPS TO HELP YOU KEEP IN
COMPLIANCE



Guest Expert

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MANAGING MEMBER



GG CPA services

PPP Paycheck Protection Program

A program funded by the SBA and administered by banks and financial institutions



Must be paid off in two years

First six months are delayed, so payment is divided over 18 months

Loan amount can be forgiven if certain requirements are met

Interest Rate is 1%

PPP Loan Program Background

Its is part of the federal government CARES Act, that seeks to stimulate the economy

There have been two rounds of PPP Loan program funding and a third round is being discussed.

The goal of the program is to retain jobs and compensation levels

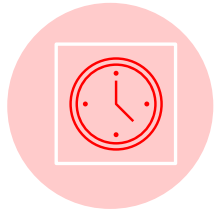
PPP Loan Application

1. Information Required:
 - Information about your payroll cost and number of employees
 - Questions about other SBA loan, other businesses, legal issues (suspended, declared ineligible, etc.)
 - Certification regarding the use of funds (payroll, rent, mortgage, etc.), necessary to support ongoing operations, understand the application, etc .
2. Processing status notification
3. Approved status notification
4. Sign loan document (loan closing)
5. Electronic disbursement in your business bank account

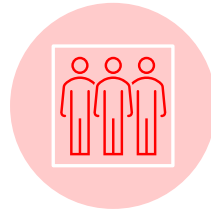
	PPP loan application	PPP loan forgiveness
Calculation	Year 2019 or year period before PPP application	8 weeks from disbursement
Payroll Cost	Average Costs, with exclusions	Actual Cost (cash basis)
Non payroll expenses (mortgage int, rent, utilities)	N/A for calculation	Actual Cost (cash basis)
Headcount	Actual Employee count	Full Time Equivalent
Exclusions	Employee non-US, Ind. contractor (initially considered), salary >\$100k	Employee non-US, Ind. contractor (initially considered), salary >\$100k

Differences Between PPP Application vs Forgiveness

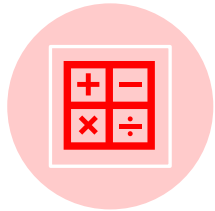
PPP Forgiveness



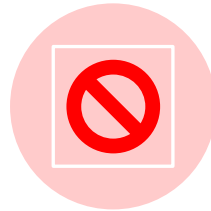
Spend the funds in 8 weeks after the disbursement



Spend at least 75% of the funds in payroll cost, – 80 or 85% is best



Keep the same number or more of FTEs to the base period – otherwise, there will be a reduction



Do not reduce the employee salary more than 75% from previous quarter – otherwise, there will be a reduction

Avoid Legal Issues Related to Federal Fraud

- Loans over \$2M will be audited
- Random audits are expected for other loans
- Keep clear and self-explanatory records
- There is no need to have a separate account for the funds, but it might help
- A forecast in Excel or similar can help to maximize the forgiveness

Let's Review an Example in Excel

Forgiveness calculation steps -

<https://www.aicpa.org/content/dam/aicpa/interestareas/privatecompaniespracticessection/qualityservicesdelivery/ussba/downloadabledocuments/coronavirus-ppp-loan-forgiveness-calculation-steps.pdf>

This Excel file was created following guidance from AICPA, SBA and other sources. At the time of completion, there is still significant questions about the interpretations of the SBA rules and unclear items.

This Excel file is for educational purposes only as there might be official calculations released by the SBA, Treasury or your financial lender.

Note that the SBA and Treasury have been adding guidance and interpretations that might have retroactive implications.

We advice to consult your accounting and tax professional to discuss your particular facts and circumstances.

Employees Who Do Not Want to Return

Will a borrower's forgiveness amount be reduced if they laid off an employee, offered to rehire the same employee, but the employee declined the offer?

No. It is expected that if the borrower offered to rehire an employee *for the same salary/wages and same number of hours*, then the forgiveness amount will not be reduced.

To qualify for this exception:

- 1. the borrower must have made a good faith, written offer of rehire, and**
- 2. the employee's rejection of that offer must be documented by the borrower.**



Those who reject offers of re-employment may be ineligible for continued unemployment compensation.



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THANK YOU

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