

MAXIMIZING PAYCHECK PROTECTION PROGRAM (PPP) LOAN FORGIVENESS

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Housekeeping

- The content of this webinar is based on the information that is currently available as of June 2, 2020
- To ask any questions please use the questions pane in the GoToWebinar dashboard on your screen. We will try to answer as many questions as possible at the end.
- This webinar is being recorded and will be uploaded on to www.wgcpas.com

Agenda

Loan Forgiveness Basics

Payroll Costs and Owner Comp

Nonpayroll Costs

Limitations on Forgiveness

Maximizing Loan Forgiveness



Potential Legislative Changes

- Extension of 8-week period to 16 or 24 weeks
- Reduction of the 75% payroll cost requirement
- Extension of the June 30th restoration date for limitations
- Extension of repayment period
- Deductibility of costs paid with forgivable proceeds

PPP Loan Forgiveness

The Basics

- Available for proceeds spent on qualifying costs paid or incurred during covered period or alternative payroll covered period
- Nonpayroll costs limited to 25% of forgiveness amount
- Must apply for forgiveness with lender
- Lender has 60 days to issue a decision
- SBA has 90 days to remit forgiveness amount to lender

Loan Forgiveness

If the loan, or a portion of the loan, is not forgiven:

The interest rate shall be a 1% fixed rate

Loan is due in 2 years

Payments deferred for 6 months (interest still accrues)

No prepayment penalties or fees

Covered Period

- 8-week period
- Begins on date PPP loan proceeds received

Alternative Payroll Covered Period

- 8-week period
- Applies to businesses with weekly or bi-weekly payrolls
- Borrower may elect to begin covered period for payroll costs on the first day of next pay period

Loan Forgiveness

Qualifying Costs

- Payroll costs (must be at least 75%)
- Any payment of interest on any covered mortgage obligation (excludes principal payments and prepayments). Mortgage must have been incurred **prior** to February 15, 2020
- Any payment on any covered rent obligation (lease must have been in force **prior** to February 15, 2020)
- Any covered utility payment for which service began **before** February 15, 2020

Forgivable Payroll Costs

- Paid during the covered period or alternative covered period
- Incurred during covered period or alternative covered period and paid no later than the first regular payroll date after the period
- Payments to furloughed employees qualify
- Bonuses and hazard pay also qualify

Payroll Costs Definition

The term '**payroll costs**' means the sum of payments of any compensation with respect to employees that is a

- Salary, wage, commission, or similar compensation
- Payment of cash tip or equivalent
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees; and

Understanding Payroll Costs

'Payroll costs' shall not include:

- The compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the covered period (Capped at \$15,385)
- Any compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116–127)
- Qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act (Public Law 116–127)

Owner Compensation

- Owner-employee compensation equal to $\frac{8}{52}$ of 2019 amount
 - capped at \$15,385 including any retirement and medical benefits
- Sole proprietors/self-employed individuals replacement comp equal to $\frac{8}{52}$ of 2019 net profit
 - capped at \$15,385
- General partner's self-employment replacement comp equal to $\frac{8}{52}$ of 2019 self-employment income multiplied by .9235
 - capped at \$15,385
- Sole proprietors/self-employed individuals/general partners – retirement and medical benefits do **not** qualify
- Cap is based on compensation from all entities owned

Payroll Costs

Observations and Open Questions

- Cap on shareholder retirement and health benefits was **not** included in CARES Act
- Appears that retirement contributions may need to be paid in advance to qualify
- Appears that more than 8-weeks of payroll can be included if prior payroll is paid during covered/alternative covered period
- Will the SBA put a cap on advanced payments of retirement contributions/bonuses?



Forgivable Nonpayroll Costs

- Paid during the covered period
- Incurred during the covered period and paid by next regular billing date
- Advanced payment of interest on mortgage loans do not qualify

Nonpayroll Costs

Mortgage Interest

- Interest on mortgages on real property
- Interest payments on debt for personal property such as auto loans
- Principal payments do not qualify
- Mortgage must have been incurred prior to February 15, 2020

Nonpayroll Costs

Lease Payments

- Payments on leases of real property
- Leases of personal property qualify
- Lease agreement must be in force prior to February 15, 2020

Nonpayroll Costs

Utilities

- Electricity
- Gas
- Water
- Transportation
- Telephone
- Internet
- Service must have begun **before** February 15, 2020

Nonpayroll Costs

Observations and Open Questions

- Advance payments appear to be allowed other than mortgage interest
- Transportation costs have not been defined
- Can utilities be paid in advance without an invoice?
- Will a cap on advanced payment be instituted?

Full-Time Equivalent Limitation

The amount of loan forgiveness shall be reduced, but not increased, by utilizing one of these two methods:

Amounts paid
for select
expenses

X

average FTE employees per month during the 8-week covered
or alternative payroll covered period

average FTE employees per month during the period beginning
on **February 15, 2019** and ending on **June 30, 2019**

or

Amounts paid
for select
expenses

X

average FTE employees per month during the 8-week covered
or alternative payroll covered period

average FTE employees per month during the period beginning
on **January 1, 2020** and ending on **February 29, 2020**

Note: there is an adjustment for seasonal employers

Full-Time Equivalent Employees

- Based on 40-hour work week
- Full-time employees count as 1 regardless of number of hours
- Two options for calculating part-time employees
 - Calculate based on a decimal for each part-time employee
 - Use .5 for each part-time employee

Exceptions to FTE Limitation

- FTE employee count is restored by June 30, 2020
- Employees who voluntarily leave or request reduced hours during covered period
- Employees fired for cause during covered period
- Reduction due to employees refusing to return from unemployment

Exception for Employees not Returning from Unemployment

- Written offer to rehire employee
- Offer was for the same pay/hours prior to separation/reduction
- Offer was rejected by the employee
- Borrower maintains records documenting offer and rejection
- Borrower informs applicable state unemployment insurance office within 30 days of rejection (additional guidance to be provided)

Limitation for Reduction in Salary

Reduction related to salaries and wages:

- The amount of loan forgiveness shall be reduced by the amount of any reduction in total salary or wages of any employee (note 1) during the covered period that is in excess of 25 percent of the total salary or wages of the employee during the most recent full quarter during which the employee was employed before the covered period.
- Note 1 – in this context, the law defines an employee as any employee who did not receive, during any single pay period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000.



Exceptions to Reduction in Salary Limitation

- Salary or wage reduction is restored by June 30, 2020
- Reduction is due to a reduction in FTE employees

In order to request forgiveness:

- You can submit a request to the lender.
- Include documents to verify
 - Number of full-time equivalent employees and pay rates
 - Payments on eligible mortgage, lease, and utility obligations
- You must certify that the documents are true
- The lender **must** make a decision on the forgiveness within 60 days.

For Federal tax purposes, the amount of debt forgiveness shall be excluded from gross income.

Forgiveness in Practice

Practical considerations:

- Covered Period versus Alternative Payroll Covered Period
- Full-time equivalency (FTE) calculations using the standard methodology versus the simplified method
- FTE Reduction Safe Harbor
- Wage/salary reduction Safe Harbor

Best way to maximize forgiveness?

Calculate it!

Covered Period versus Alternative Covered Period

- The first day of the (56-day) Covered Period must be the same as the PPP Loan Disbursement Date
- Borrowers may elect to use an Alternative Payroll Covered Period
 - Available to Borrowers with a biweekly (or more frequent) payroll schedule
 - May be beneficial for Borrowers whose payroll periods or business circumstances did not align effectively with the standard covered period

Full-time Equivalency Calculations

Standard methodology:

- For each employee: Average number of hours paid per week, divided by 40, and rounded to the nearest tenth. Not to exceed 1.0 per employee
- This computation must be performed for all relevant reference, tested, and Covered periods

Simplified methodology:

- Methodology available by election
- For each employee: Assign 1.0 for those who work 40 hours or more per week and 0.5 for employees who work fewer hours
- This computation must be performed for all relevant reference, tested, and Covered periods

FTE Reduction Safe Harbor

- Borrower is exempt from reduction in loan forgiveness based on FTE equivalency calculations if the following are met:
 - Reduction in FTE employee levels during the 02/15/20 – 04/26/20 period
 - Restoration of 02/15/20 FTE employee levels no later than 06/30/20
- FTEs must be calculated for these windows of time



Date of First Disbursement From Lender:

Payroll Frequency:

Loan Amount:

Standard / Simplified Method:

Seasonal Employer?

Covered / Alternative Covered Period:

Employee Name	USA Non-Res.	Average Full-Time Equivalency			FTE Reduction Safe Harbor			
		FTEs During Covered Period:	FTEs During Reference Period:	FTEs During Reference Period:	FTEs During Reference Period:	FTEs During Reference Period:	FTEs During Covered Period:	FTE Reduction Exceptions (only if position not filled)
		4/21/2020 - 6/16/2020	2/15/2019 - 6/30/2019	1/1/2020 - 2/29/2020	As of 2/15/2020	2/15/2020 - 4/26/2020	As of 6/30/2020	
Totals:		129.5	86.6	116.2	116.3	119.3	126.9	0.7
		0.3	0.3	0.2	0.3	0.2	0.4	
		0.4	0.0	0.5	0.5	0.6	0.3	
		1.0	0.0	1.0	1.0	1.0	1.0	
		1.0	1.0	1.0	1.0	1.0	1.0	
		0.2	0.1	0.1	0.1	0.2	0.3	
		0.2	0.0	0.0	0.0	0.0	0.4	
		1.0	1.0	1.0	1.0	1.0	1.0	
		0.0	0.4	0.2	0.2	0.2	0.2	Voluntary Resignation
		0.0	0.3	0.4	0.5	0.5	0.4	Offer Rejected
		1.0	1.0	1.0	1.0	1.0	1.0	
		1.0	1.0	1.0	1.0	1.0	1.0	
		0.6	0.7	0.6	0.7	0.7	0.3	
		1.0	1.0	0.0	0.0	1.0	1.0	
		1.0	1.0	1.0	1.0	1.0	1.0	
		1.0	1.0	1.0	1.0	1.0	1.0	
		1.0	0.0	0.0	0.0	0.0	1.0	
		1.0	0.0	1.0	1.0	1.0	1.0	
		0.2	0.0	0.2	0.3	0.2	0.3	

Salary/Hourly Wage Reduction

The following calculation will be used to determine whether the Borrower's loan forgiveness is to be reduced due to employee compensation reductions. Done for each employee:

I. Step 1. Determine if pay was reduced more than 25%

- a) Enter average annual salary or hourly wage during the Covered Period or Alternative Payroll Covered Period
- b) Enter average annual salary or hourly wage between 01/01/20 and 03/31/20
- c) Divide 1a by 1b. If 1c is 0.75 or more, enter zero in the column above box 3 for that employee

II. Step 2. Determine if the Salary/Hourly Wage Reduction is met

- a) Enter the annual salary or hourly wage as of 02/15/20
- b) Enter the average annual salary or hourly wage between 02/15/20 and 04/26/20
If 2b is equal to or greater than 2a, skip to Step 3. Otherwise, proceed to 2c
- c) Enter the average annual salary or hourly wage as of 06/30/20
If 2c is equal to or greater than 2a, the Salary/Hourly Wage Reduction Safe Harbor has been met – enter zero in the column above box 3 for that employee. Otherwise proceed to Step 3

Salary/Hourly Wage Reduction

(Continued)

I. Step 3. Determine the Salary/Hourly Wage Reduction

- d) Multiply the amount entered in 1b by 0.75
- e) Subtract the amount entered in 1a from 3a
- If the employee is an hourly worker, compute the total dollar amount of the reduction that exceeds 25% as follows:
 - d) Enter the average number of hours worked per week between 01/01/20 and 03/31/20
 - e) Multiply the amount entered in 3b by the amount entered in 3c. Multiply this amount by 8. Enter this value in the column above box 3 for that employee
- If an employee is a salaried worker, compute the total dollar amount of the reduction that exceeds 25% as follows:
 - d) Multiply the amount entered in 3b by 8. Divide the amount by 52. Enter this value in the column above box 3 for that employee

Salary/Hourly Wage Reduction

Employee Name:

Step 1. Determine if pay was reduced more than 25%.

- a. Enter average annual salary or hourly wage during Covered Period or Alternative Payroll Covered Period:
- b. Enter average annual salary or hourly wage between January 1, 2020 and March 31, 2020:
- c. Divide the value entered in 1.a. by 1.b.:

If 1.c. is 0.75 or more, enter zero in the column above box 3 for that employee; otherwise proceed to Step 2.

Step 2. Determine if the Salary/Hourly Wage Reduction Safe Harbor is met.

- a. Enter the annual salary or hourly wage as of February 15, 2020:
- b. Enter the average annual salary or hourly wage between February 15, 2020 and April 26, 2020:
If 2.b. is equal to or greater than 2.a., skip to Step 3. Otherwise, proceed to 2.c.
- c. Enter the average annual salary or hourly wage as of June 30, 2020:
If 2.c. is equal to or greater than 2.a., the Salary/Hourly Wage Reduction Safe Harbor has been met – enter zero in the column above box 3 for that employee. Otherwise proceed to Step 3.

Step 3. Determine the Salary/Hourly Wage Reduction.

- a. Multiply the amount entered in 1.b. by 0.75:
- b. Subtract the amount entered in 1.a. from 3.a.:

If the employee is an hourly worker, compute the total dollar amount of the reduction that exceeds 25% as follows:

- c. Enter the average number of hours worked per week between January 1, 2020 and March 31, 2020:
- d. Multiply the amount entered in 3.b. by the amount entered in 3.c.
Multiply this amount by 8:
Enter this value in the column above box 3 for that employee

If the employee is a salaried worker, compute the total dollar amount of the reduction that exceeds 25% as follows:

- e. Multiply the amount entered in 3.b. by 8:
Divide this amount by 52:
Enter this value in the column above box 3 for that employee.

	Salary	Salary	Hourly	Salary
a. Enter average annual salary or hourly wage during Covered Period or Alternative Payroll Covered Period:	14,677	3,959	12.00/hr	33,522
b. Enter average annual salary or hourly wage between January 1, 2020 and March 31, 2020:	-	29,795	-	27,922
c. Divide the value entered in 1.a. by 1.b.:		13.29%		120.06%
If 1.c. is 0.75 or more, enter zero in the column above box 3 for that employee; otherwise proceed to Step 2.		13.29%		enter zero in the column above box 3 for that employee
Step 2. Determine if the Salary/Hourly Wage Reduction Safe Harbor is met.				
a. Enter the annual salary or hourly wage as of February 15, 2020:		33,978		
b. Enter the average annual salary or hourly wage between February 15, 2020 and April 26, 2020: If 2.b. is equal to or greater than 2.a., skip to Step 3. Otherwise, proceed to 2.c.		32,476		
c. Enter the average annual salary or hourly wage as of June 30, 2020: If 2.c. is equal to or greater than 2.a., the Salary/Hourly Wage Reduction Safe Harbor has been met – enter zero in the column above box 3 for that employee. Otherwise proceed to Step 3.		proceed to 2c		
		-		
		proceed to step 3		
Step 3. Determine the Salary/Hourly Wage Reduction.				
a. Multiply the amount entered in 1.b. by 0.75:		22,346		
b. Subtract the amount entered in 1.a. from 3.a.:		18,387		
<i>If the employee is an hourly worker</i> , compute the total dollar amount of the reduction that exceeds 25% as follows:				
c. Enter the average number of hours worked <u>per week</u> between January 1, 2020 and March 31, 2020:				
d. Multiply the amount entered in 3.b. by the amount entered in 3.c. Multiply this amount by 8: Enter this value in the column above box 3 for that employee				
<i>If the employee is a salaried worker</i> , compute the total dollar amount of the reduction that exceeds 25% as follows:				
e. Multiply the amount entered in 3.b. by 8:		147,099		
Divide this amount by 52: Enter this value in the column above box 3 for that employee.		2,829		

Average FTE Quotient Calculation

April 21, 2020 - June 16, 2020	130.1	✔ 150.23%
February 15, 2019 - June 30, 2019	86.6	

Average Salary / Hourly Wage Salary / Hourly Wage Reduction Calculation							Salary / Hourly Wage Reduction Safe Harbor		
Salary / Hourly	Covered Period: 4/21/2020 - 6/16/2020	Quarter 1 2020: 1/1/2020 - 3/31/2020	Received a 2019 Annualized Payment > \$100K	Salary / Hourly Wage Reduction (%)	Salary / Hourly Wage Reduction in Excess of 25%	Salary / Hourly Wage Reduction	Salary / Hourly Wage As of 2/15/2020	Salary / Hourly Wage As of 2/15/2020 - 4/26/2020	Salary / Hourly Wage As of 6/30/2020
						20,998			
H	22.00/hr	22.00/hr		-	-		22.00/hr	22.00/hr	
H	12.00/hr	11.98/hr		-	-		12.00/hr	12.00/hr	
S	38,412	32,747		-	-		36,541	37,937	
S	34,309	29,811		-	-		35,350	34,880	37,000
H	21.00/hr	21.00/hr		-	-		21.00/hr	21.00/hr	
H	12.00/hr	-		-	-				
S	27,950	32,918	X	15.09%	-		49,642	19,509	45,923
H	15.00/hr	15.00/hr		-	-		15.00/hr	15.00/hr	
H	12.00/hr	12.00/hr		-	-		12.00/hr	12.00/hr	
S	92,644	81,201	X	-	-		91,500	94,234	
S	87,000	74,571	X	-	-		87,000	87,000	
H	12.35/hr	12.07/hr		-	-		12.00/hr	12.08/hr	
S	73,920	-	X	-	-		-	N/A	
S	41,489	36,048		-	-		41,933	41,940	
S	79,851	65,444		-	-		76,547	75,371	80,000
S	8,243	-		-	-		-	N/A	
S	33,000	28,286		-	-		33,000	33,000	
H	12.00/hr	12.00/hr		-	-		12.00/hr	12.00/hr	
H	55.97/hr	79.30/hr		29.42%	3.51/hr	124		147.36/hr	12.00/hr
S	14,677	-		-	-		-	N/A	
S	3,959	29,795		86.71%	18,387	2,829	33,978	32,476	-
H	12.00/hr	-		-	-				
S	33,522	27,922		-	-		32,240	33,246	
S	102,409	82,330	X	-	-		100,462	97,686	99,640
S	57,000	63,714	X	10.54%	-		57,000	57,000	
S	33,840	28,567		-	-		32,700	33,454	

PPP Schedule A Worksheet

Table 1

Employee Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
		2,270	0.3	-
		2,044	0.4	-
		5,910	1.0	-
		5,278	1.0	-
		1,393	0.2	-
		821	0.2	-
		1,669	0.3	-
		1,449	0.3	-
		3,128	0.6	-
		6,383	1.0	-
		12,285	1.0	-
		1,268	1.0	-
		5,077	1.0	-
		1,194	0.2	-
		3,467	0.2	124
		2,258	1.0	-
		609	1.0	2,829
		327	0.1	-
		5,157	1.0	-
		5,206	1.0	-
		7,672	1.0	-
		1,698	1.0	-
		7,135	0.3	-
		6,309	1.0	-
		5,692	1.0	-
		543	0.1	-
		12,008	1.0	-
		1,507	0.1	-
		1,197	0.1	-
		3,786	0.8	-

FTE Reduction Safe Harbor:

Step 1. Enter the borrower's total average FTE between February 15, 2020 and April 26, 2020. Follow the same method that was used to calculate Average FTE in the PPP Schedule A Worksheet Tables. Sum across all employees and enter: 119.3

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: 116.3

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. Safe Harbor Not Applicable

Step 4. Enter the borrower's total FTE as of June 30, 2020: N/A

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. Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.

Table 2

Employee Name	Employee Identifier	Cash Compensation	Average FTE
		4,300	1.0
		14,253	1.0
		13,385	1.0
		11,372	1.0
		15,755	1.0
		8,769	1.0
		14,489	1.0
		14,192	1.0
		16,332	1.0
		8,692	1.0
		13,564	1.0
		11,940	1.0
		12,308	1.0
		14,562	1.0
		11,905	1.0
		13,846	1.0
		19,692	1.0
		11,261	1.0
		14,827	1.0



**Paycheck Protection Program
Loan Forgiveness Application**

**OMB Control Number 3245-0407
Expiration Date: 10/31/2020**

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: _____

Other Considerations: Documentation



Documents that Each Borrower Must Submit with its PPP Loan Forgiveness Application

PPP Loan Forgiveness Calculation Form

PPP Schedule A

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:

- a. 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:
 - i. Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
 - ii. 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;
- b. 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 twelve-week 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.

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.
- c. 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.

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.
- c. Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule.
- d. Documentation supporting the PPP Schedule A Worksheet "FTE Reduction Safe Harbor."

Thank you!



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