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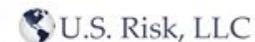
PPP Loan Forgiveness – What You Need to Know

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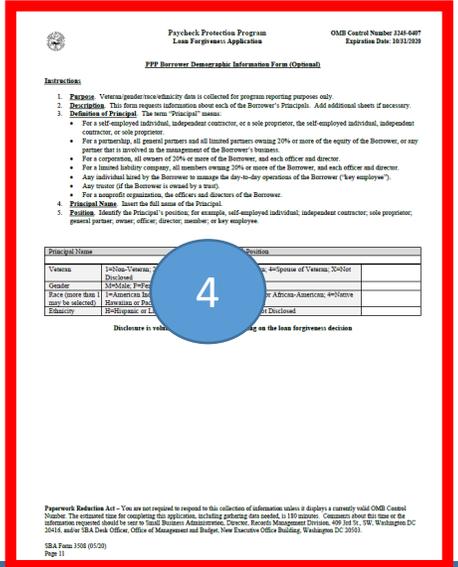
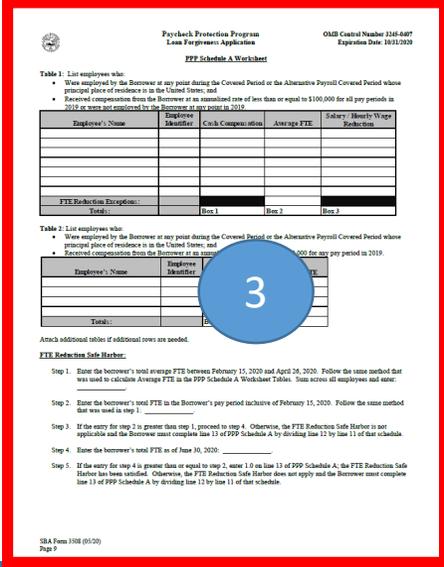
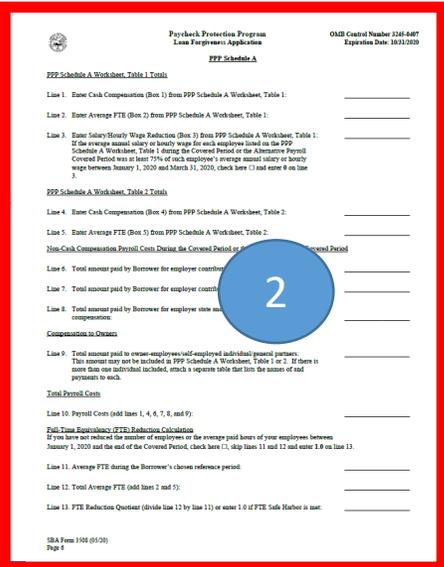
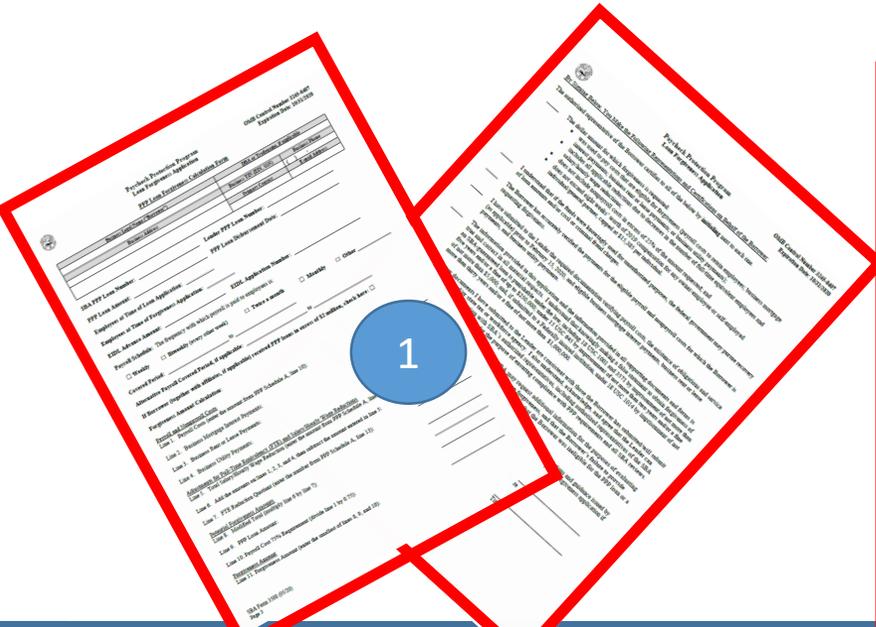
Today's Agenda

- PPP Loan Forgiveness Application
 - Application components
 - What supporting documents need to be provided
 - What documents need to be retained
- How to complete the application and supporting documents, and determine eligible payroll and non-payroll expenses
- How to apply the reduction factors & safe harbors/exceptions
 - Salary/Hourly Wage Reduction
 - FTE Reduction Quotient and Safe Harbor



PPP Loan Forgiveness Application

- Application components
 - There are four components to the loan application (however, only items 1 and 2 need to be submitted):
 1. PPP Loan Forgiveness Calculation Form
 2. PPP Schedule A
 3. PPP Schedule A Worksheet (must be retained for 6 years)
 4. PPP Borrower Demographic Information Form (optional for submission)



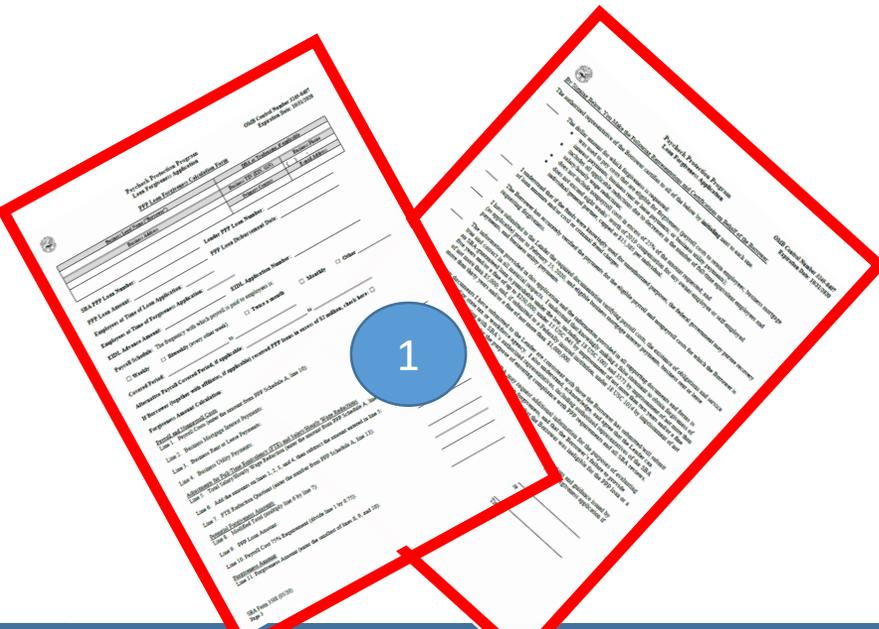


PPP Loan Forgiveness Application

- Application Components

- Borrowers who received PPP loans in excess of \$2 million must indicate on the application by checking a box. Applies by adding up all loans disbursed to borrower and affiliates

- ***Note: The \$2 million threshold based on amount of loan that was disbursed – i.e., cannot avoid audit/notice requirement by repaying portion of \$2+ million loan to get below \$2 million threshold***



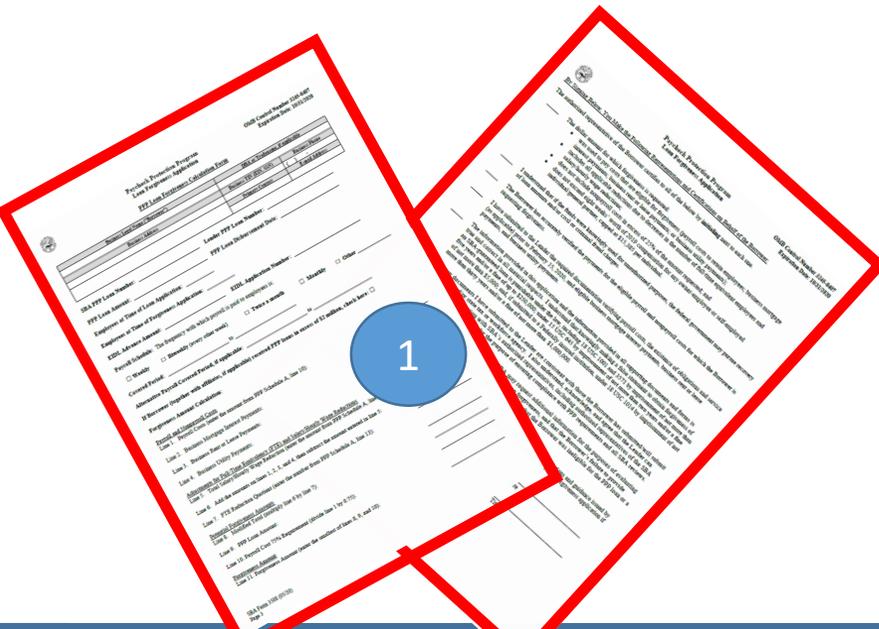


PPP loan Forgiveness Application

- Application components
 - Borrowers are required to make “representations and certifications” regarding a series of items, including, notably, the dollar amount for which forgiveness is requested
 - The certification/attestations include a representation that states: ***“The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or workforce agency”***

- **Notes:**

- ***This language could raise questions for PEO client employers if these tax documents were submitted by the PEO under the PEO’s EIN (such as regarding Forms W-2 and 941)***
- ***However, lenders should accept PEO tax documents filed on behalf of a borrower (as they did when processing loan applications- see Treasury FAQs)***





PPP Loan Forgiveness Application

- To guide today's discussion, we are going to use a case study as an example
- Company: **ACME Co.**
- Owner-Employee: **Birx N. Stock**
- Employee Roster:
 - **Paul P. Phillips**
 - **Cora Novirus**
 - **Phau Chi**
 - **Noah Swab**
 - **Ciro Logee (Termed 4/1/20)**
- PPP loan amount: **\$90,000**
- PPP disbursement date: **April 15, 2020**
- Payroll period: **Bi-weekly**



How to Complete the PPP Schedule A Worksheet

STEP 2: Must determine which employees get listed on Table 1 and Table 2 of the Worksheet

Table 1: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.



Only use Table 1 to list employees who had **less than \$100k** of annual cash compensation in **2019 (regardless of 2020 comp)**

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3

Table 2: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Only use Table 2 to list employees who had **more than \$100k** of annual cash compensation in **2019 (regardless of 2020 comp)**



Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Totals:		Box 4	Box 5



How to Complete the PPP Schedule A Worksheet

STEP 2: Must determine which employees get listed on Table 1 and Table 2 of the Worksheet

Table 1: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary
FTE Reduction Exceptions:				
Totals:				

**** PLEASE REMEMBER: Owner Employees, Self-Employed Individuals and General Partners should NOT be listed on Tables 1 or 2. ****

Use Table 1 to list employees who had **less than** annual cash compensation in **2019** (regardless of 2020 comp)

Table 2: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Totals:		Box 4	Box 5

Only use Table 2 to list employees who had **more than \$100k** of annual cash compensation in **2019** (regardless of 2020 comp)



How to Complete the PPP Schedule A Worksheet

STEP 2: Must determine which employees get listed on Table 1 and Table 2 of the Worksheet

- **Example A:** Noah Swab made \$120k of annual cash compensation in 2019. However, as a result of the pandemic, his hours were reduced by 50% to 20 hours/wk and he is slated to make about \$60k in 2020. Because his cash compensation was in excess of \$100k in 2019, **he should be listed on Table 2**
- **Example B:** Cora Novirus made \$80k of annual compensation in 2019, but is on track to make \$120k of annual cash compensation in 2020. Regardless of her actual or expected 2020 cash compensation, because she made less than \$100k of annual cash compensation in 2019, **she should be listed on Table 1**
- **Example C:** Birx N. Stock is an owner-employee of the borrower. Although she receives compensation related to her services to the entity, because she is an owner-employee, **she should NOT be listed on Tables 1 or 2**
- **Example D:** Ciro Logee was not an employee during either the Covered Period or the Alternative Payroll Covered Period because he was terminated on April 1, therefore **he should NOT be listed on Tables 1 or 2**



How to Complete the PPP Schedule A Worksheet

STEP 3: Fill out Table 1 with the required information

Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$464
Cora Novirus	3465	\$15,385	1.0	0
Phau Chi	9675	\$7,550	0.3	\$650
FTE Reduction Exceptions:				
Totals:		Box 1 \$29,475	Box 2	Box 3 \$1,194

Employer Identifier = last four digits of SSN



How to Complete the PPP Schedule A Worksheet

Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$464
Cora Novirus	3465	\$15,385	1.0	0
Phau Chi	9675	\$7,550	0.3	\$650
FTE Reduction Exceptions:				
Totals:		Box 1 \$29,475	Box 2	Box 3 \$1,194

For determining employee's "cash compensation":

- Maximum amount is \$15,385 (which is prorated amount of \$100,000 annual salary/wages)
- Indicates this includes "gross" cash remuneration, such as salary, wages, tips, commissions
- Unclear extent to which can include one-time bonus, hazard pay, other incentive compensation
- Also appears to include severance/separation pay



How to Complete the PPP Schedule A Worksheet

Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$464
Cora Novirus	3465	\$15,385	1.0	0
Phau Chi	9675	\$7,550	0.3	\$650
FTE Reduction Exceptions				
Totals:		Box 1 \$29,475	Box 2	Box 3 \$1,194

Example re: Paul P. Phillips re: “Cash Compensation”

- Paul P. Phillips was subject to a 30% work reduction. Thus, he worked an average of 28 hours per week over the course of the Alternative Covered Payroll Period, for which he was paid \$817.50. (8 x \$817.50 = \$6,540)



How to Complete the PPP Schedule A Worksheet

Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$464
Cora Novirus	3465	\$15,385	1.0	0
Phau Chi	9675	\$7,550	0.3	\$650
FTE Reduction Exceptions:				
Totals:		Box 1 \$29,475	Box 2	Box 3 \$1,194

For determining Average FTE:

- A full-time equivalent employee is an employee who was **paid** for 40 hours per week (work or non-work)
- An individual can only have an Average FTE score of 1.0 or less
- Instructions provide direction on determining each individual's weekly FTE; presumably one must calculate FTE for each of the 8 weeks, and then average the sum of the eight weeks to determine final Average FTE score



How to Complete the PPP Schedule A Worksheet

Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$464
Cora Novirus	3465	\$15,385	1.0	0
Phau Chi	9675	\$7,550	0.3	\$650
FTE Reduction Exceptions:				
Totals:		Box 1 \$29,475	Box 2	Box 3 \$1,194

Week of:	Average Hours Paid Per Week
4/19	30
4/26	28
5/3	27
5/10	26
5/17	29
5/24	28
5/31	23
6/7	33
Total Weekly Average	28
Average FTE (Total Weekly Average/40)	0.7

Example re Paul P. Phillips

- As mentioned above, Paul's employer reduced his work schedule from 40 hours per week on average to 28 hours per week. Because 28 hours is 70% of a full-time equivalent schedule of 40 hours, he has an Average FTE result of 0.7



How to Complete the PPP Schedule A Worksheet

Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$464
Cora Novirus	3465	\$15,385	1.0	0
Phau Chi	9675	\$7,550	0.3	\$650
FTE Reduction Exceptions:				
Totals:		Box 1 \$29,475	Box 2	Box 3 \$1,194

For determining Average FTE:

- Instructions provide for elective use of “simplified” method whereby the borrower may use an Average FTE score of “0.5” for any employee who worked less than 40 hours per week during the covered period.
- If the borrower used this method, Cora Novirus would continue to have a score equal to “1”, but the borrower would list a score of “0.5” for both Paul and Phau.



How to Complete the PPP Schedule A Worksheet

Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$464
Cora Novirus	3465	\$15,385	1.0	0
Phau Chi	9675	\$7,550	0.3	\$650
FTE Reduction Exceptions:				
Totals.		Box 1	Box 2	Box 3
		\$29,475		\$1,194

FTE Reduction Exceptions:

- Instructions allow borrowers to add additional Average FTE scores into Table 1 for:
 1. Any positions for which the Borrower made a good-faith, written offer to rehire an employee during the Covered Period or the Alternative Payroll Covered Period which was rejected by the employee and
 2. Any employees who during the Covered Period or the Alternative Payroll Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours



How to Complete the PPP Schedule A Worksheet

How to Complete the PPP Schedule A Worksheet

Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$464
Cora Novirus	3465	\$15,385	1.0	0
Phau Chi	9675	\$7,550	0.3	\$650
FTE Reduction Exceptions:			1.3	
Totals:		Box 1 \$29,475	Box 2	Box 3 \$1,194

FTE Reduction Exceptions:

- Instructions allow borrowers to add additional Average FTE scores into Table 1 for:
 - Any positions for which the Borrower made a good-faith, written offer to rehire an employee during the Covered Period or the Alternative Payroll Covered Period which was rejected by the employee and
 - Any employees who during the Covered Period or the Alternative Payroll Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours

- Any positions for which the Borrower made a good-faith, written offer to rehire an employee during the Covered Period or the Alternative Payroll Covered Period which was rejected by the employee:
 - Example:** ACME initially terminated Ciro Logee on April 15, prior to his receipt of a PPP loan. He made repeated efforts to re-hire Ciro, but Ciro declined because he was actually earning almost the same in UI benefits. ACME can reflect an additional Average FTE score of "1.0" for Ciro on its Table 1
- Any employees who during the Covered Period or the Alternative Payroll Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours:
 - Example:** Phau Chi, a single father, requested that he have his hours reduced from 24 hours per week to 12 hours per week to care for his son whose day care center has closed because of the pandemic. Thus, ACME can reflect an additional Average FTE score of "0.3" (12/40) on its Table 1



How to Complete the PPP Schedule A Worksheet

Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$464
Cora Novirus	3465	\$15,385	1.0	0
Phau Chi	9675	\$7,550	0.8	\$650
FTE Reduction Exceptions:			1.3	
Totals:		Box 1 \$29,475	Box 2 3.3	Box 3 \$1,194

For determining Salary/Hour Wage Reduction:

- Only include amounts in excess of a 25% reduction when compared to the employee's compensation for January 1, 2020 to March 31, 2020.
- If there is no reduction when compared to the reference period **or the reduction is less than 25%**, then the listed reduction should be \$0.



How to Complete the PPP Schedule A Worksheet

Table 1

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Paul P. Phillips	9754	\$6,540	0.7	\$464
Cora Novirus	3465	\$15,385	1.0	0
Phau Chi	9675	\$7,550	0.3	\$650
FTE Reduction Exceptions:			1.3	
Totals:		Box 1 \$29,475	Box 2 3.3	Box 3 \$1,194

Example re: Paul Phillips:

- As mentioned above, Paul's schedule was reduced from 40 hours/week to 28 hours per week, and his annual salary was reduced accordingly from \$60,736 to \$42,536. This represents a 30% reduction in salary/wages
- The first 25% of the reduction is disregarded, however. **ONLY the reduction amounts in excess of 25% are reflected in the Tables**
- Therefore, the reduction that is captured for purposes of the Tables is \$58/week
- \$58 multiplied by 8 weeks = \$464. this is the number reflected in the Table
- The amounts in Box 3 will reduce the amounts that would otherwise be forgivable



How to Complete the PPP Schedule A Worksheet

- But wait- it's not THAT easy!
- **You can eliminate the Salary/Hourly Wage Reduction if you satisfy the "Salary/Hourly Wage Reduction Safe Harbor"**

- Meet Safe Harbor for a given employee if:

1. (CRITERIA #1) the employee's annual salary/hourly wage as of February 15, 2020 was **GREATER THAN** the same employee's average annual salary/hourly wage between February 15, 2020 and April 26, 2020

– AND –

2. (CRITERIA #2) The employee's annual salary/hourly wage as of February 15, 2020 was **LESS THAN OR EQUAL TO** the same employee's average annual salary/hourly wage as of June 30, 2020

- If meet both CRITERIA #1 and #2, then the safe harbor is satisfied!
- NOTE: Regarding CRITERIA #2, unclear whether the borrower needs to restore the employee to the same *rate* of pay in effect on February 15, 2020, or whether the borrower must increase the rate in order to account for periods of reduced pay between February 15 and June 30

Example re: Paul Phillips:

- Paul's annual salary/wage as of February 15, 2020 was \$60,736, but was decreased as a result of the pandemic; therefore, Paul meets CRITERIA #1 for the safe harbor
- If Paul's annual salary/wage is increased as of June 30, 2020 to at least the level of February 15, 2020, the Paul would meet CRITERIA #2 and the safe harbor would be met





How to Complete the PPP Schedule A Worksheet

Table 2: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Noah Swab	2876	\$9,230	0.5
Totals:		Box 4 \$9,230	Box 5 0.5

STEP 4: Complete Table 2

- Remember: Only list individuals in Table 2 if they worked for any point during the relevant 8-week period **AND** were paid at an **annualized rate of greater than 100k for any pay period in 2019.**



PPP Schedule A (Lines 1-5)

STEP 5: Begin completing Schedule A regarding Table 1 and Table 2 information

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: _____

Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid by Borrower for employer contributions for employee health insurance: _____

Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans: _____

Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation: _____

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners: _____
This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.

Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): _____

Full-Time Equivalency (FTE) Reduction Calculation
If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here , skip lines 11 and 12 and enter 1.0 on line 13.

Line 11. Average FTE during the Borrower's chosen reference period: _____

Line 12. Total Average FTE (add lines 2 and 5): _____

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met: _____

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PPP Schedule A Worksheet, Table 1 Totals

Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1: \$29,475

Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1: 3.3

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. \$1,194

PPP Schedule A Worksheet, Table 2 Totals

Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2: \$9,230

Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2: 0.5



PPP Schedule A (Lines 6-8)

STEP 6: Begin completing Schedule A regarding NON-cash compensation

Paycheck Protection Program
Loan Forgiveness Application
OMB Control Number 1545-0047
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 each employee's average annual salary or hourly wage between January 1, 2020 and March 31, 2020, check here (1) 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: _____

Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid by Borrower for employer contributions for employee health insurance: _____

Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans: _____

Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation: _____

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individuals/partners:
This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of said payments to each.

Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): _____

Full-Time Equivalency (FTE) Reduction Calculation

If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here (1), skip lines 11 and 12 and enter 1.0 on line 13.

Line 11. Average FTE during the Borrower's chosen reference period: _____

Line 12. Total Average FTE (add lines 2 and 5): _____

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met: _____

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Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid by Borrower for employer contributions for employee health insurance: _____

Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans: _____

Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation: _____

Regarding Non-Cash Compensation:

- **Only consider employer nonelective contributions** towards health and retirement since employee pre-tax contributions are already reflected in “gross” cash compensation numbers elsewhere on Schedule A
- “Employee health insurance” appears to encompass major medical, dental, vision, HRA, employer contributions to FSA (but not employee pre-tax contributions). Does not appear to encompass life, AD&D, accident, or employer contributions to HSAs
- “Employee retirement plan” contributions appears to encompass only employer matching or non-elective (such as profit-sharing) contributions



How to Complete the PPP Schedule A Worksheet

Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid by Borrower for employer contributions for employee health insurance:	<u>\$700</u>
Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans:	<u>\$440</u>
Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation:	<u>\$152</u>

- Paul P. Phillips makes monthly pre-tax contributions of \$600 for major medical coverage, as well as dental, vision, and a \$100 a month contribution to a health FSA
- ACME contributes \$200 towards the cost of Paul’s major medical coverage
- Paul also earns a wellness incentive from ACME equal to \$250, which is paid into his HSA
- Only the \$200 employer contribution towards major medical coverage should be reflected on Line 7 of the Worksheet
- The employee pre-tax contributions and the HSA contribution do not qualify as eligible contributions

Employee’s Name	Employee Identifier	ER Contributions for Health Coverage	ER Contributions for Retirement Benefits	State and Local Tax Liability for Employer on EE Comp
Paul P. Phillips	9754	\$200	\$80	\$25
Cora Novirus	3465	\$300	\$150	\$53
Phau Chi	9675	\$0		\$35
Noah Swab	2876	\$200	\$110	\$39
Totals:		Line 6 \$700	Line 7 \$440	Line 8 \$152

Note: The above table is not included in the PPP Schedule A Worksheet. This was created for the presentation



PPA Schedule A (Line 9)

STEP 7: Determine whether any amounts were paid to owner employees, self-employed persons or general partners

Paycheck Protection Program
Loan Forgiveness Application
PPP Schedule A

OMB Control Number 1545-0047
Expiration Date: 10/31/2020

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 each employee's average annual salary or hourly wage between January 1, 2020 and March 31, 2020, check here (Y) 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: _____

Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid by Borrower for employee contributions for employee health insurance: _____

Line 7. Total amount paid by Borrower for employee contributions to employee retirement plans: _____

Line 8. Total amount paid by Borrower for employee state and local taxes assessed on employee compensation: _____

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners:
This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each. _____

Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): _____

Full-Time Equivalency (FTE) Reduction Calculation

If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here (Y), skip lines 11 and 12 and enter 1.0 on line 13.

Line 11. Average FTE during the Borrower's chosen reference period: _____

Line 12. Total Average FTE (add lines 2 and 5): _____

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met: _____

SBA Form 3508 (05/20)
Page 6

Line 9: Enter any amounts paid to owners (owner-employees, a self-employed individual, or general partners). This amount is capped at \$15,385 (the eight-week equivalent of \$100,000 per year) for each individual or the eight-week equivalent of their applicable compensation in 2019, whichever is lower. See Interim Final Rule on Additional Eligibility Criteria and Requirements for Certain Pledges of Loans posted on April 14, 2020 for more information ([85 FR 21747, 21749](#)).

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners:
This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.

Regarding Compensation to Owners:

- These individuals should NOT be listed in Tables 1 or Table 2
- The amounts to reflect on Line 9 of the Worksheet are capped at \$15,385 per individual (prorated amount of \$100,000 annual comp), or the eight-week equivalent of what was reported on their 2019 Form 1040, Schedule C line 31 (net profit amount)- whichever is lower.



PPP Schedule A (Line 9)

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners:
This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.

\$15,385

Example re: Birx N. Stock

- As mentioned, she is an owner-employee of the ACME, therefore she is not reflected in Tables 1 or 2
- Birk had over \$100,000 reported as profit for 2019, so she reports the \$15,385 capped prorated amount.



PPP Schedule A (Line 10)

STEP 8: Determine "Total Payroll Costs"

Paycheck Protection Program
Loan Forgiveness Application

OMB Control Number 3248-0487
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 # 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: _____

Non-Cash Compensation Payroll Costs During the Covered Period

Line 6. Total amount paid by Borrower for employer contributions: _____

Line 7. Total amount paid by Borrower for employer contributions: _____

Line 8. Total amount paid by Borrower for employer state and local taxes: _____

Compensation to Owners

Line 9. Total amount paid to owner-employees/independent contractors:
This amount may not be included in PPP Schedule A Worksheet, Table 1 if you have more than one individual included, attach a separate schedule of payments to each.

Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): _____

Full-Time Equivalent (FTE) Reduction Calculation
If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here (), skip lines 11 and 12 and enter 1.0 on line 13.

Line 11. Average FTE during the Borrower's chosen reference period: _____

Line 12. Total Average FTE (add lines 2 and 5): _____

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Side History is not: _____

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Page 4

Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):

\$55,382





PPP Schedule A (Lines 11-13)

STEP 9: Perform Full-Time Equivalency Reduction Calculation to determine FTE Reduction Quotient

Paycheck Protection Program
Loan Forgiveness Application

OMB Control Number 1545-0047
Expiration Date: 10/31/2020

PPP Schedule A

PPP Schedule A Worksheet, Table 1, Total

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, Total

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: _____

Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid by Borrower for employee contributions for employee health insurance: _____

Line 7. Total amount paid by Borrower for employee contributions to employee retirement plans: _____

Line 8. Total amount paid by Borrower for employee state and local taxes assessed on employee compensation: _____

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individuals/general partners:
This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each. _____

Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): _____

Full-Time Equivalency (FTE) Reduction Calculation

If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here , skip lines 11 and 12 and enter 1.0 on line 13.

Line 11. Average FTE during the Borrower's chosen reference period: _____

Line 12. Total Average FTE (add lines 2 and 5): _____

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met: _____

Full-Time Equivalency (FTE) Reduction Calculation
 If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here , skip lines 11 and 12 and enter 1.0 on line 13.

Line 11. Average FTE during the Borrower's chosen reference period: _____

Line 12. Total Average FTE (add lines 2 and 5): _____

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met: _____

Regarding Calculation:

- Regarding line 11 – This figure represents the Average FTE during the borrower's chosen reference period
- Regarding line 12 – This figure is derived from the Average FTE totals on Tables 1 (e.g., 3.3) and Table 2 (e.g., 0.5)
- Regarding line 13 – This figure is the “FTE Reduction Quotient” which is then used to reduce the extent of the maximum forgivable amount; thus, the closer the figure is to 1.0 the better
- Note that line 13 directs the borrower to enter 1.0 “if the FTE Safe Harbor is met”



PPP Schedule A (Lines 11-13)

Full-Time Equivalency (FTE) Reduction Calculation

If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here , skip lines 11 and 12 and enter 1.0 on line 13.

Line 11. Average FTE during the Borrower's chosen reference period: _____

Line 12. Total Average FTE (add lines 2 and 5): _____

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met: _____

Line 11: Enter the Borrower's total average weekly full-time equivalency (FTE) during the chosen reference period. For purposes of this calculation, the reference period is, at the Borrower's election, either (i) February 15, 2019 to June 30, 2019; (ii) January 1, 2020 to February 29, 2020; or (iii) in the case of seasonal employers, either of the preceding periods or a consecutive twelve-week period between May 1, 2019 and September 15, 2019. For each employee, follow the same method that was used to calculate Average FTE on the PPP Schedule A Worksheet. Sum across all employees during the reference period and enter that total on this line.

Example:

- ACME elects to use the January 1, 2020 to February 29, 2020 reference period
 - Note: Unclear whether a borrower may use first payroll period beginning on or after January 1, 2020
- ACME does not choose to use the "simplified" method. It looks at any employee employed during the 8-week reference period and calculates each employee's average FTE score, then sums the scores to arrive at the answer



PPP Schedule A (Lines 11-13)

Example:

- ACME elects to use the January 1, 2020 to February 29, 2020 reference period
- ACME does not choose to use the “simplified” method. It looks at any employee employed during the 8-week reference period and calculates each employee’s average FTE score, then sums the scores to arrive at the answer

Full-Time Equivalency (FTE) Reduction Calculation

If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here , skip lines 11 and 12 and enter 1.0 on line 13.

Line 11. Average FTE during the Borrower’s chosen reference period:	4.5
Line 12. Total Average FTE (add lines 2 and 5):	3.8 (3.3 + 0.5)
Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:	0.84 (3.8/4.5)

Reference Period	Paul P. Phillips	Cora Novirus	Phau Chi	Noah Swab	Ciro Logee (Termed 4/15/20)
	Average Hours Paid Per Week				
Week 1	40	40	24	40	40
Week 2	40	40	24	40	40
Week 3	40	40	24	40	40
Week 4	40	40	24	40	40
Week 5	40	ZERO (“0”)	24	40	40
Week 6	40	40	24	40	40
Week 7	40	40	24	40	40
Week 8	40	40	24	40	40
Total Weekly Average	40	35	24	40	40
Each Employee Average FTE (Total Weekly Average/40)	1.0	0.9	0.6	1.0	1.0
Borrower’s Reference Period Average FTE	4.5 (1+0.9+0.6+1+1= 4.5)				

- Note: It appears that for purposes of determining an employee’s individual Average FTE score, each week where the individual was not paid would be counted as a zero (“0”) (e.g., See Week 5 for Cora Novirus)
- Result is an Average FTE of 4.5 for the reference period of January 1, 2020 to February 29, 2020

Note: The above table is not included in the PPP Schedule A Worksheet. This was created for the presentation



PPP Schedule A (Lines 11-13)

Example:

- Borrower elects to use the January 1, 2020 to February 29, 2020 reference period

Borrower does not choose to use the "simplified" method. It looks at any employee employed during the 8-week reference period and calculates each employee's average FTE score, then sums the scores to arrive at the answer

Full-Time Equivalency (FTE) Reduction Calculation

If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here , skip lines 11 and 12 and enter 1.0 on line 13.

Line 11. Average FTE during the Borrower's chosen reference period: 4.5

Line 12. Total Average FTE (add lines 2 and 5): 3.8

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:

**** BUT REMEMBER: Per Line 13, enter an FTE Reduction Quotient of "1.0" if the FTE Safe Harbor is Met ****

Reference Period	Paul P. Phillips	Cora Novirus	Noah Swab	Ciro Logee (Termed 4/15/20)
	Hours Paid Per Week			
Week 1	40	40	40	40
Week 2	40	40	40	40
Week 3	40	24	40	40
Week 4	40	24	40	40
Week 5	40	24	40	40
Week 6	40	24	40	40
Week 7	40	24	40	40
Week 8	40	24	40	40
Total Weekly Average	40	24	40	40
Each Employee Average FTE (Total Weekly Average/40)	1.0	0.9	0.6	1.0
Borrower's Reference Period Average FTE	4.5 (1+0.9+0.6+1=4.5)			

- Note: It appears that for purposes of determining an employee's individual Average FTE score, each week where the individual was not paid would be counted as a zero ("0") (e.g., See Week 5 for Cora Novirus)

- Result is an Average FTE of 4.5 for the reference period of January 1, 2020 to February 29, 2020

Note: The above table is not included in the PPP Schedule A Worksheet. This was created for the presentation



FTE Reduction Safe Harbor

STEP 10: Determine whether FTE Reduction Safe Harbor applies

(Let's assume this number is probably around 3.8)

FTE Reduction Safe Harbor:

(Probably will be greater than 3.8 because Ciro was terminated and Phau's hours reduced since 2/15/20)

- 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: _____.
- 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: _____.
- 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.
- Step 4. Enter the borrower's total FTE as of June 30, 2020: ???.
- 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.

(So ACME moves to Step 4...)

(If ACME can get FTEs as of 6/30/20 back to where they were as of 2/15/20, we can eliminate our FTE reduction quotient)



PPP Schedule A

PPP Schedule A Worksheet, Table 1 Totals

Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:	<u>\$29,475</u>
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:	<u>3.3</u>
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 <input type="checkbox"/> and enter 0 on line 3.	<u>\$1,194</u>

PPP Schedule A Worksheet, Table 2 Totals

Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:	<u>\$9,230</u>
Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:	<u>0.5</u>

Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid by Borrower for employer contributions for employee health insurance:	<u>\$700</u>
Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans:	<u>\$440</u>
Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation:	<u>\$152</u>

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners: This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.	<u>\$15,385</u>
--	-----------------

Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):	<u>\$55,382</u>
--	-----------------

Full-Time Equivalency (FTE) Reduction Calculation

If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here , skip lines 11 and 12 and enter 1.0 on line 13.

Line 11. Average FTE during the Borrower's chosen reference period:	<u>4.5</u>
Line 12. Total Average FTE (add lines 2 and 5):	<u>3.8 (3.3 + 0.5)</u>
Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:	<u>0.84 (3.8/4.5)</u>

PPP Loan Forgiveness Application

- Now, with all of that work done, one can begin to complete the *actual* PPP “Loan Forgiveness Application”....



PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address		Business TIN (EIN, SSN)	Business Phone
		() -	
		Primary Contact	E-mail Address

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____

Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): _____

Line 2. Business Mortgage Interest Payments: _____

Line 3. Business Rent or Lease Payments: _____

Line 4. Business Utility Payments: _____

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): _____

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____

Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): _____

Line 9. PPP Loan Amount: _____

Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): _____

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

PPP Loan Forgiveness Application

- Remember: One application per borrower; therefore if two affiliated companies applied for and each received PPP loans, each company will need to file its own PPP Loan Forgiveness Application



PPP Loan Forgiveness Application

Paycheck Protection Program
Loan Forgiveness Application
OMB Control Number 3245-0047
Expiration Date: 10/31/2020

PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address:	Business TIN (EIN, SSN)	Business Phone	
	Primary Contact	E-mail Address	

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____
 PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____
 Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:
 Weekly Biweekly (every other week) Twice a month Monthly

Covered Period: _____ to _____
 Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check box _____

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs
 Line 1: Payroll Costs (enter the amount from PPP Schedule A, line 10): _____

Line 2: Business Mortgage Interest Payments: _____

Line 3: Business Rent or Lease Payments: _____

Line 4: Business Utility Payments: _____

Adjustments for Full-Time Equivalent (FTE) and Salary/Hourly Wage Reductions
 Line 5: Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): _____

Line 6: Add the amount on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____

Line 7: FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____

Potential Forgiveness Amount
 Line 8: Modified Total (multiply line 6 by line 7): _____

Line 9: PPP Loan Amount: _____

Line 10: Payroll Cost 75% Requirement (divide line 1 by 0.75): _____

Forgiveness Amount
 Line 11: Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
ACME Co.		N/A	
Business Address		Business TIN (EIN, SSN)	Business Phone
XYZ Street, State, ZIP		XX - XXXXXX	XXX- XXX-XXXX
		Primary Contact	E-mail Address
		Noah Swab	nswab@acme.com

SBA PPP Loan Number: XXXXXX **Lender PPP Loan Number: XXXXXX**

PPP Loan Amount: \$90,000 **PPP Loan Disbursement Date: 4/15/20**



PPP Loan Forgiveness Application

Paycheck Protection Program
Loan Forgiveness Application
PPP Loan Forgiveness Calculation Form

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

Business Legal Name ("Borrower")	DBA or Tradename, if applicable		
Business Address	Business TIN/EIN/SSN	Business Phone	
	Primary Contact	Email Address	

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____
 PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____
 Employees at Time of Forgiveness Application: _____
 EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:
 Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____
 Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 m.
 Forgiveness Amount Calculation:
 Payroll and Nonpayroll Costs
 Line 1: Payroll Costs (enter the amount from PPP Schedule A, line 10): _____
 Line 2: Business Mortgage Interest Payments: _____
 Line 3: Business Rent or Lease Payments: _____
 Line 4: Business Utility Payments: _____
 Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions
 Line 5: Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 5): _____
 Line 6: Add the amount on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____
 Line 7: FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____
 Potential Forgiveness Amount
 Line 8: Modified Total (multiply line 6 by line 7): _____
 Line 9: PPP Loan Amount: _____
 Line 10: Payroll Cost 75% Requirement (divide line 1 by 0.75): _____
 Forgiveness Amount
 Line 11: Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

Employees at Time of Loan Application: Enter the total number of employees at the time of the Borrower's PPP Loan Application.

Employees at Time of Forgiveness Application: Enter the total number of employees at the time the Borrower is applying for loan forgiveness.

Employees at Time of Loan Application: 4

Employees at Time of Forgiveness Application: 4

EIDL Advance Amount: N/A EIDL Application Number: N/A

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week) Twice a month Monthly Other _____

Payroll Schedule: Select the box that corresponds to your payroll schedule.

Regarding Payroll Schedule

- Note: The Application does not appear to contemplate use of more than one payroll schedule



PPP Loan Forgiveness Application

Paycheck Protection Program
Loan Forgiveness Application
PPP Loan Forgiveness Calculation Form

OMB Control Number 3245-6487
Expiration Date: 10/31/2028

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address:	Business TIN/EIN/SSN	Business Phone:	
Primary Contact:		Email Address:	

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____
 PPP Loan Amount: _____ PPP Loan Disbursement Date: _____
 Employees at Time of Loan Application: _____
 Employees at Time of Forgiveness Application: _____
 EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:
 Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____
 Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:
 Payroll and Nonpayroll Costs
 Line 1: Payroll Costs (enter the amount from PPP Schedule A, line 10): _____
 Line 2: Business Mortgage Interest Payments: _____
 Line 3: Business Rent or Lease Payments: _____
 Line 4: Business Utility Payments: _____
 Adjustments for Full-Time Equivalent (FTE) and Salary/Hourly Wage Reductions
 Line 5: Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 9): _____
 Line 6: Add the amount on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____
 Line 7: FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____
 Potential Forgiveness Amount
 Line 8: Modified Total (multiply line 6 by line 7): _____
 Line 9: PPP Loan Amount: _____
 Line 10: Payroll Cost 75% Requirement (divide line 1 by 0.75): _____
 Forgiveness Amount
 Line 11: Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

Covered Period: 4/15/20 to 6/9/20

Alternative Payroll Covered Period, if applicable: 4/19/20 to 6/13/20

Covered Period: Enter the eight-week (56-day) Covered Period of your PPP loan. The first day of the Covered Period must be the same as the PPP Loan Disbursement Date. For example, if the Borrower received its PPP loan proceeds on Monday, April 20, the first day of the Covered Period is April 20 and the last day of the Covered Period is Sunday, June 14.

Alternative Payroll Covered Period: For administrative convenience, Borrowers with a biweekly (or more frequent) payroll schedule may elect to calculate eligible payroll costs using the eight-week (56-day) period that begins on the first day of their first pay period following their PPP Loan Disbursement Date (the "Alternative Payroll Covered Period"). For example, if the Borrower received its PPP loan proceeds on Monday, April 20, and the first day of its first pay period following its PPP loan disbursement is Sunday, April 26, the first day of the Alternative Payroll Covered Period is April 26 and the last day of the Alternative Payroll Covered Period is Saturday, June 20. Borrowers who elect to use the Alternative Payroll Covered Period must apply the Alternative Payroll Covered Period wherever there is a reference in this application to "the Covered Period or the Alternative Payroll Covered Period." However, Borrowers must apply the Covered Period (not the Alternative Payroll Covered Period) wherever there is a reference in this application to "the Covered Period" only.

Regarding Covered Periods

- Per the Instructions, appears the Alternative Payroll Covered Period can only be utilized by borrowers that utilize a bi-weekly (or more frequent) payroll schedule
- Note that all borrowers will need to complete the "Covered Period" information as this period will be important for numerous purposes in completing the PPP Loan Forgiveness Application, including regarding eligible NON-payroll expenses



PPP Loan Forgiveness Application

Paycheck Protection Program
Loan Forgiveness Application
PPP Loan Forgiveness Calculation Form
OMB Control Number 3245-0487
Expiration Date: 10/31/2020

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address:	Business TIN/EIN/SSN	Business Phone:	
	Primary Contact:	Email Address:	

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____
 PPP Loan Amount: _____ PPP Loan Disbursement Date: _____
 Employees at Time of Loan Application: _____
 Employees at Time of Forgiveness Application: _____
 EIDL Advance Amount: _____ EIDL Application Number: _____
 Payroll Schedule: The frequency with which payroll is paid to employees is:
 Weekly Biweekly (every other week) Twice a month Monthly
 Covered Period: _____ to _____
 Alternative Payroll Covered Period (APC) (optional): _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs
 Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): _____
 Line 2. Business Mortgage Interest Payments: _____
 Line 3. Business Rent or Lease Payments: _____
 Line 4. Business Utility Payments: _____
Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions
 Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 9): _____
 Line 6. Add the amount on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____
 Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____
Potential Forgiveness Amounts
 Line 8. Modified Total (multiply line 6 by line 7): _____
 Line 9. PPP Loan Amount: _____
 Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): _____
Forgiveness Amount
 Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

If Borrower Received PPP Loans in Excess of \$2 Million: Check the box if the Borrower, together with its affiliates (to the extent required under SBA's interim final rule on affiliates ([85 FR 20817](#) (April 15, 2020)) and not waived under 15 U.S.C. 636(a)(36)(D)(iv)), received PPP loans with an original principal amount in excess of \$2 million.

Regarding the \$2 million question:

- The \$2 million threshold considers PPP loans received by the borrower and its affiliates (Thus, if Company X received a \$1.2 million PPP loan and its affiliate, Company Y received a \$1 million PPP loan, both Company X and Company Y would need to check the box indicating a PPP loan in excess of \$2 million)
- The \$2 million threshold appears to be based on the amount of the loan that was disbursed; therefore, cannot pay back loan amounts in order to be get below the threshold (e.g., cannot pay back \$201k of \$2.2 million loan to avoid checking the box)



PPP Loan Forgiveness Application

Paycheck Protection Program
Loan Forgiveness Application
PPP Loan Forgiveness Calculation Form

OMB Control Number 3245-0487
Expiration Date: 10/31/2020

Business Legal Name ("Business")		DBA or Tradename, if applicable	
Business Address	Business PIN/DFN/SSN	Business Phone	
Primary Contact	Secondary Contact		

SBA PPP Loan Number: _____ Leader PPP Loan Number: _____
 PPP Loan Amount: _____ PPP Loan Disbursement Date: _____
 Employees at Time of Loan Application: _____
 Employees at Time of Forgiveness Application: _____
 EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:
 Weekly Biweekly (every other week) Twice a month Monthly
 Covered Period: _____ to _____
 Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check:

Forgiveness Amount Calculation:
Payroll and Nonpayroll Costs
 Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): _____
 Line 2. Business Mortgage Interest Payments: _____
 Line 3. Business Rent or Lease Payments: _____
 Line 4. Business Utility Payments: _____

Adjustment for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions
 Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 9): _____
 Line 6. Add the amount on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____
 Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____
 Potential Forgiveness Amount
 Line 8. Modified Total (multiply line 6 by line 7): _____
 Line 9. PPP Loan Amount: _____
 Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): _____
 Forgiveness Amount
 Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): _____

Line 2. Business Mortgage Interest Payments: _____

Line 3. Business Rent or Lease Payments: _____

Line 4. Business Utility Payments: _____

Line 2: Enter the amount of business mortgage interest payments during the Covered Period for any business mortgage obligation on real or personal property incurred before February 15, 2020. Do not include prepayments.

Line 3: Enter the amount of business rent or lease payments for real or personal property during the Covered Period, pursuant to lease agreements in force before February 15, 2020.

Line 4: Enter the amount of business utility payments during the Covered Period, for business utilities for which service began before February 15, 2020.

Regarding eligible NON-payroll costs:

- Generally payments of interest on mortgage obligations incurred before February 15, 2020, rent payments on leases dated before February 15, 2020, and utility payments under service agreements dated before February 15, 2020
- The Instructions state that these costs must be either (1) “paid during the Covered Period” or (2) “incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period”
- Must be calculated based on the DEFAULT eight-week Covered Period (even if the Alternative Payroll Covered Period is used for Payroll Costs)



PPP Loan Forgiveness Application

Paycheck Protection Program
Loan Forgiveness Application
PPP Loan Forgiveness Calculation Form

OMB Control Number 3246-0487
Expiration Date: 10/31/2020

Business Legal Name ("Business")		DBA or Tradename, if applicable	
Business Address	Business EIN/SSN	Business Phone	
Primary Contact	Secondary Contact		

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____
 PPP Loan Amount: _____ PPP Loan Disbursement Date: _____
 Employees at Time of Loan Application: _____
 Employees at Time of Forgiveness Application: _____
 EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:
 Weekly Biweekly (every other week) Twice a month Monthly
 Covered Period: _____ to _____
 Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check:

Forgiveness Amount Calculation:
Payroll and Nonpayroll Costs
 Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10):
 Line 2. Business Mortgage Interest Payments:
 Line 3. Business Rent or Lease Payments:
 Line 4. Business Utility Payments:

Adjustment for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions:
 Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3):
 Line 6. Add the amount on lines 1, 2, 3, and 4, then subtract the amount entered in line 5:
 Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13):
 Potential Forgiveness Amount:
 Line 8. Modified Total (multiply line 6 by line 7):
 Line 9. PPP Loan Amount:
 Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75):
 Forgiveness Amount:
 Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10):

Forgiveness Amount Calculation:	
Payroll and Nonpayroll Costs	
Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10):	\$55,382
Line 2. Business Mortgage Interest Payments:	\$0
Line 3. Business Rent or Lease Payments:	\$11,200
Line 4. Business Utility Payments:	\$1,216

Line 2: Enter the amount of business mortgage interest payments during the Covered Period for any business mortgage obligation on real or personal property incurred before February 15, 2020. Do not include prepayments.

Line 3: Enter the amount of business rent or lease payments for real or personal property during the Covered Period, pursuant to lease agreements in force before February 15, 2020.

Line 4: Enter the amount of business utility payments during the Covered Period, for business utilities for which service began before February 15, 2020.

Example:

- ACME has no business mortgage; however it does pay \$6,083 per month for a lease for office space (the lease took effect on January 1, 2020), which is on average \$200 per day. Thus, for the 56-day Covered Period beginning 4/15/20, ACME had qualifying lease payments of \$11,200
- ACME also had utility payments of \$5/day for phone, \$12/day on average for electricity, and \$4/day for water, for a total of \$1,216 for the Covered Period (i.e., \$320 (phone) + \$672 (electricity) + \$224 (water))



PPP Loan Forgiveness Application

Paycheck Protection Program
Loan Forgiveness Application
PPP Loan Forgiveness Calculation Form
OMB Control Number 3245-0487
Expiration Date: 10/31/2020

Business Legal Name ("Business")		DBA or Tradename, if applicable	
Business Address	Business TIN (EIN, SSN)	Business Phone	
Primary Contact	Email Address		

SBA PPP Loan Number: _____ Lender PPP
 PPP Loan Amount: _____ PPP Loan D
 Employees at Time of Loan Application: _____
 Employees at Time of Forgiveness Application: _____
 EIDL Advance Amount: _____ EIDL Appl
 Payroll Schedule: The frequency with which payroll is paid to employees
 Weekly Biweekly (every other week) Twice a
 Covered Period: _____ to _____
 Alternative Payroll Covered Period, if applicable: _____
 If Borrower (together with affiliates, if applicable) received PPP loans
 Forgiveness Amount Calculation:
 Payroll and Nonpayroll Costs
 Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10):
 Line 2. Business Mortgage Interest Payments:
 Line 3. Business Rent or Lease Payments:
 Line 4. Business Utility Payments:
 Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Redu
 Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP
 Line 6. Add the amount on lines 1, 2, 3, and 4, then subtract the amount
 Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A
 Potential Forgiveness Amounts
 Line 8. Modified Total (multiply line 6 by line 7):
 Line 9. PPP Loan Amount:
 Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75):
 Forgiveness Amount
 Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10):

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions	
Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3):	\$1,194
Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5:	\$66,604
Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13):	0.84
Potential Forgiveness Amounts	
Line 8. Modified Total (multiply line 6 by line 7):	\$55,947
Line 9. PPP Loan Amount:	\$90,000
Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75):	\$73,843
Forgiveness Amount	
Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10):	\$55,947

Example:

- ACME's "Forgiveness Amount" is equal to the smallest of lines 8, 9 and 10, which in its case is line 8 at \$57,947. This means that ACME will need to repay the remaining balance of \$34,053 at a maximum 1% interest rate over the two-year term of the loan



PPP Loan Forgiveness Application

- Certain documentation must be submitted with the application:
 - “Payroll” information used in completing Schedule A:
 - Bank account statements or “third-party payroll service provider reports” documenting cash compensation paid to employees.
 - “Tax forms (or equivalent third-party payroll service provider reports)” for the relevant eight-week period
 - Payment receipts, cancelled checks, or account statements documenting employer contributions to employee health insurance and retirement plans included in the forgiveness amount.
 - “FTE” information used in completing Schedule A:
 - Documentation showing the average number of FTE employees on payroll for the relevant periods of time.
 - States that “[d]ocuments 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.”
 - “Nonpayroll” information used in completing Schedule A:
 - For business mortgage interest payments: copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments were made.
 - For business rent or lease payments: copy of current lease agreement and receipts of cancelled checks verifying eligible payments were made.
 - For business utility payments: copy of invoices from February 2020 and those paid during the covered period, and receipts and cancelled checks or account statements verifying eligible payments were made.





PPP Loan Forgiveness Application

- Other documents that **must be retained by the borrower** —
 - PPP Schedule A Worksheet “or its equivalent”
 - Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 1, including the “Salary/Hourly Wage Reduction” calculation, if necessary
 - 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
 - Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule
 - Documentation supporting the PPP Schedule A Worksheet “FTE Reduction Safe Harbor”



PPP Loan Forgiveness Application

- **All of the following documents must be retained by the borrower for six years after the date the loan is forgiven or repaid in full:**
 - Documentation submitted with PPP loan application
 - Documentation supporting certification of necessity of loan request and eligibility for a PPP loan
 - Documentation supporting loan forgiveness application
 - Documentation demonstrating borrower's material compliance with PPP requirements
- **“[The borrower must] permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request”**





Final Thoughts....

**“To err is human- to
forgive, divine”**

- Alexander Pope

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U.S. Risk, LLC



Questions?

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