



PPP Loan Forgiveness: Game Changer

Presented by Boyum Barenscheer's
Covid-19 Team
June 4, 2020

Disclaimers

The information contained herein should not be construed as legal, accounting, or tax advice. The commentaries provided are the opinions of Boyum Barenscheer PLLP and are for informational purposes only. While the information is deemed reliable, Boyum Barenscheer cannot guarantee its accuracy, completeness, or suitability for any purpose and makes no warranties with regard to the results to be obtained from its use, or whether any expressed course of events will actually occur. The user should contact his or her Boyum Barenscheer or other tax professional prior to taking any action to ensure the user's unique facts and circumstances are considered prior to making any decisions.



Stacy Shaw

CPA, MBA

Business Advisory/Client Accounting Services Partner

Education

- B.A., Accounting – University of MN-Carlson School of Management
- MBA, Accounting – Metropolitan State University

Accreditation

- Certified Public Accountant

Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)
- Association of Women Contractors (AWC)
- Minnesota Chamber of Commerce

Stacy Shaw joined Boyum Baren Scheer directly from college and has continually grown within the firm. As a catalyst in BB's Business Advisory Services and Client Accounting Services areas, she works with clients in all aspects of their businesses. She enjoys the direct client contact as she is involved in consulting and planning. Within the firm, Stacy is an ardent leader in training and mentoring fellow accountants. Her favorite part about working at BB is the people, and this is evident as she is all about sharing her knowledge and experience.

Stacy is currently serving on the finance committee of the Association of Women Contractors, an active member of the MN Society of CPAs, a volunteer at her daughters' school and works on various committees at her church. Stacy lives in Lakeville, Minnesota with her husband, Nathan and daughters, Cora and Ivy. Her leisure time is spent with family and friends drag racing (yes, she does race herself), camping, hiking, biking, and skiing.

sshaw@myboyum.com 952-858-5552



Christopher Wittich

CPA, MBT

Chris Wittich came to Boyum Baren Scheer in 2007 and quickly made his mark in the firm's tax department. He works with individuals, businesses, trusts, estates, and expats providing tax planning and tax compliance services. Chris enjoys challenging research projects and training others in all things tax.

His passion for educating others is evident as he is the firm's top website blogger. He has been a tax season volunteer with Prepare Prosper every year since 2001 when he was in 10th grade.

Chris is a proud AICPA Leadership Academy graduate and MNCPA Tax Conference chair. He has spoken at the AICPA Engage Conference and MNCPA Tax Conferences. In 2019, he began serving on the AICPA's Tax Practice Management Committee and on the AICPA's task force to revise the Statements on Standards for Tax Services.

Chris grew up in Eden Prairie, Minnesota but now lives in Eagan with his wife Brittany and cat Cornelius. In his spare time, Chris is busy playing golf or Ultimate Frisbee. His nickname, Ravenous Tiger, dates back to his days in drumline from high school.

Tax Partner

Education

- Bachelor of Accounting, University of MN – Carlson School of Management
- Masters of Business Taxation, University of MN – Carlson School of Management

Accreditation

- Certified Public Accountant

Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)

cwittich@myboyum.com 952.858.5556



Randy Feld

CPA, ABV

Randy joined Boyum Barenscbeer in 1991. He works with clients on maximizing their business value, valuation, succession, forecasting, business planning and auditing. His passion is working with business owners and management teams to leverage the use of their financial statements to help them gain insights into their business to ultimately become more profitable, reduce income taxes, create more value inside and outside their business and to help plan for the future. Randy's primary focuses are on serving contractors and manufacturers. Randy enjoys assisting with all aspects of his clients' organizations by teaching and helping them to grow. He prides himself in understanding our clients' business and having a deep understanding of their industries. He values the great client relationships he has developed over the years and is a lifelong learner.

Randy and his wife, Karen, live in Eagan. They have two adult children that live in Minnesota.

Audit Partner

Education

- B.A., Concordia University – St. Paul

Accreditation

- Certified Public Accountant
- Accredited in Business Valuation

Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)
- Construction Industry CPAs/Consultants Assoc (CICPAC)
- Association of General Contractors (AGC)
- Manufacturers Alliance

rfeld@myboyum.com 952.858.5588



Barb Sawdy

CPA, CGMA

Barb Sawdy came to Boyum Baren Scheer over 10 years ago with 15+ years of business, controller, and accounting experience. She has evolved into the firm's leader in complex sales tax, payroll, and accounting software issues. She also plays a vital role in the firm's Business Advisory Services department with training and assisting our accountants as they begin their careers. She likes being part of the widely-varied, experienced BB team working with clients and the diversity of businesses they represent. She said working at BB feels like family.

Barb is a member of the Burnsville Chapter of Women of Today, a non-profit women's organization. She previously held the Board's Treasurer position.

When not quilting or reading, Barb is spending her extra time with family activities. She loves to travel and while she is an experienced traveler, she hopes to someday take a more extensive European vacation.

Barb and her husband, Bob are the parents of two children and live in Burnsville, Minnesota.

Business Advisory Services Partner

Education

- Bachelor of Business Administration, University of WI – Oshkosh

Accreditation

- Certified Public Accountant
- Chartered Global Management Accountant

Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)
- Treasurer, Women of Today – Burnsville Chapter

bsawdy@myboyum.com 952.858.5559

Tiffany Shermak

CPA



Audit Senior Manager

Education

- B.S., Accounting, Arizona State University – Tempe, Arizona

Accreditation

- Certified Public Accountant
- AICPA Intermediate Single Audit Certificate

Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)
- Minnesota Multi Housing Association (MMHA)

Tiffany Shermak joined Boyum Barencheer in 2014. Her background includes public accounting at a Big Four global firm, local firms and accounting and controller roles in industry. It is through her varied background that Tiffany enjoys and is able to meet her clients' needs. Tiffany's primary focus is servicing affordable housing and nonprofit clients, particularly in the regulatory environments, including HUD and Rural Development. As a volunteer, Tiffany serves the Bloomington School District in a variety of roles, one of which is serving on the District's Community Financial Advisory Committee.

She is also a Board member of the Education Foundation of Bloomington, has served as Treasurer for the Bloomington Fastpitch Association and is involved with her church.

When not at the office or volunteering, Tiffany enjoys traveling with her family and spending time at her children's activities. There also might be a time or two that she ventures onto the volleyball court, hits the trails for a run or dives into the pool for some laps to stay active!

Tiffany and her husband Bill live in Bloomington with their three children.

tshermak@myboyum.com 952.698.9506



Larry Davidson

CPA

Audit Senior Manager

Education

- Bachelor of Science/Accounting, Northern Illinois University, DeKalb, IL

Accreditation

- Certified Public Accountant

Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)
- Construction Financial Management Association (CFMA)
- Minnesota Multi Housing Association (MMHA)

Larry Davidson joined Boyum Barenscbeer in January 2017, bringing with him over 20 years of experience in public accounting. Larry's audit experience has a concentration in HUD and other affordable housing projects with clients. He also has several years' experience as a Controller for a large construction company in St. Paul, which provides him unique insight into his HUD, real estate and other construction audit clients.

Outside the office Larry volunteers his time with his children's St. Paul schools and loves traveling and spending time with his family. A native of the Chicagoland area, he plans many trips to Chicago annually to visit with close family and friends.

Larry and his wife Siiri live in St. Paul with their two children.

ldavidson@myboyum.com 952-858-5545



Nick Swedberg

CPA, QuickBooks Advanced ProAdvisor

Business Advisory Services Partner Specializing in Restaurants & Breweries

Education

- Bachelor of Science/Accounting, Minnesota State University, Moorhead

•Accreditation

- Certified Public Accountant
- Certified Advanced QuickBooks ProAdvisor

Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)

In the time since Nick Swedberg joined Boyum Baren Scheer in 2008, he has become a firm leader in our Business Advisory Services area. His tax planning and preparation work along with CFO services for clients led him to this role. Being a sought-after Certified Advanced QuickBooks ProAdvisor brings added value to the services he provides when working with small businesses to streamline their accounting processes. Clients reach out to Nick for his patient assistance and support when needed. A significant portion of Nick’s client service work is in the [restaurant and brewery industries](#).

Nick enjoys downhill skiing, camping, tennis and improving his status as an amateur handyman. He loves to cook and says he would have been a chef if the hours weren’t so tough – we may still see him on “Chopped” one day! A beer aficionado, Nick is proud of his growing growler collection. Thirty-six and counting. Nick and his wife, Stephanie, live in Burnsville with their twin boys and daughter.

nswedberg@myboyum.com 952.858.5585

Agenda

- Housekeeping Items
- New PPP Flexibility Act of 2020
- PPP Loan Forgiveness Application
- Covered Period
- Payroll and Non-Payroll Costs
- Wage Reduction Limitation
- FTE Reduction Limitation
- 60% Payroll Cost Limitation
- Documentation Required
- Closing Thoughts with Q&A

PPP Flexibility Act of 2020

- Maturity goes from 2 years to 5 years (loans after enactment date, unless agreed with lender)
- Extension of PPP loan period from June 30, 2020 to December 31, 2020
- Covered period ends on the earlier of 24 weeks after date of origination or December 31, 2020
- Allows for election to use 8-week covered period for loans prior to enactment PPP Flexibility Act of 2020
- Six-month deferral on payments changed to date of forgiveness application with your bank
- Payroll tax deferral restrictions removed

PPP Forgiveness Application Overview

- Must Submit Application to your Lender
 - Apply within **10 months** after the covered period ends
- Loan Forgiveness Calculation Form
- PPP Schedule A
 - Schedule A worksheet (Table 1 & Table 2)
- Representations & Certifications Page
- Optional PPP Borrower Demographic Info
- SBA will soon issue more regulations and guidance for borrowers and lenders
- **New simplified Loan Forgiveness Application is very possible**

PPP Application Overview

- Data to include on the application:
 - Business legal name, EIN/SSN, address, phone, primary contact and E-mail address
 - SBA and Lender PPP loan numbers
 - PPP loan amount
 - Employees at time of loan application and at time of forgiveness application
 - PPP loan disbursement date
 - EIDL advance amount
 - EIDL application number
 - Payroll schedule
 - Covered or alternative covered period
 - Check the box if received in excess of \$2 Million



PPP Loan Forgiveness Calculation Form

- <https://home.treasury.gov/system/files/136/3245-0407-SBA-Form-3508-PPP-Forgiveness-Application.pdf>

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): _____

24-Week Covered Period

- Original Rule was 8 weeks
- **New Rule is 24 weeks**
- Alternative Payroll Covered Period for those who pay bi-weekly or more often can be used to align the **24-week** period with your payroll date
- With the new rule being **24 weeks**, the alternative payroll covered period is probably worthless, although it is presumably still permitted

Eligible Payroll Costs

- Based on Interim Ruling, costs included:
 - Compensation to employees (who reside in the United States) as salary, wages, bonuses, commissions or similar compensation (tips or equivalent)
 - Payment for vacation, parental, family, medical or sick leave
 - Allowance for separation or dismissal
 - Payment for employee benefits of group health care costs and retirement
 - Payment of state and local taxes – this is the state unemployment or state disability charged to the employer, not the income taxes withheld by the employee

Eligible Payroll Costs

- Costs paid OR incurred during the **24-week** covered period (CP)
 - Considered paid on the day paychecks are distributed or origination of ACH
 - Considered incurred on the day the employee's pay is earned
- If incurred and not paid by end of CP, eligible if paid on or before the next regular payroll date. Otherwise, must be paid during CP.
- Each employee's eligible compensation may not exceed an annual salary of \$100K
 - **Should be a maximum amount during CP per employee of \$46,153**
- Count payroll costs both paid and incurred only one time
- For owner-employee: CANNOT exceed 2019 compensation or 2019 retirement or health insurance paid for the owner-employee, **should now get 24/52 of the 2019 pay**
- **Self-employed: should get 24/52 of 2019 net profit on schedule C and nothing for retirement or health insurance**
- General partners: 2019 SE earnings multiplied by 0.9235

Ineligible Payroll Costs

- EXCLUDED Payroll Costs
 - Compensation of employees who live outside of the United States
 - Compensation to an individual employees in excess of an annual salary of \$100K, that means the **maximum you can enter is \$46,153 for a single person or 24 weeks worth of a \$100K salary**
 - Qualified sick and family leave wages you received a credit for under the Families First Act
 - No additional forgiveness for retirement or health insurance for self-employed and general partners

Payroll Costs

PPP Schedule A used to calculate total payroll costs (Lines 1 – 5 uses Tables 1 & 2 to calculate costs)

Table 1 – Employees who made less than \$100k annualized for all pay periods in 2019

- Employee's name (do not include owners, independent contractors, self-employed individuals or partners)
- Employee's last four digits of SSN or ITIN
- Cash compensation
- FTE count for that person – value between .1 and 1.0
- Salary/Hourly Wage reduction - this is very complex but it should rarely apply and employers can avoid it by paying the same rate as they did in Q1, one goal of every employer should be to not have this limitation apply, it's within the employer's control to pay enough to avoid this
- There are reduction exceptions and safe harbor

Payroll Costs

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.

Schedule A

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 / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3

Sch A Worksheet Table 1

Payroll Costs

PPP Schedule A

Table 2 – employees who made more than \$100k annualized for any one pay period in 2019

- Employee's name (do not include owners, independent contractors, self-employed individuals or partners)
- Employee's last four digits of SSN or ITIN
- Cash compensation
- FTE count for that person – value between .1 and 1.0
- Note that the wage reduction does not apply at all on Table 2
- There are reduction exceptions and safe harbor

Payroll Costs

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:

Schedule A

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

Sch A Worksheet Table 2

Attach additional tables if additional rows are needed.

Payroll Costs

PPP Schedule A Lines 6 – 9

- Line 6 – Employer contributions for group health insurance, excluding any pre-tax or after-tax contributions by employees
- Line 7 – Employer contributions to retirement plans, excluding any pre-tax or after-tax contributions by employees
- Line 8 – Employer paid state and local taxes (state unemployment insurance, not fees)
 - Do NOT include any taxes withheld from employees
- Line 9 – Enter amounts paid to owners (owner-employee, self-employed, general partners).
 - Capped at presumably \$46,153 or the 24-week equivalent of their applicable compensation in 2019, whichever is lower.
 - If more than one, include a separate table.

Payroll Costs - FTE

FTE definition:

1. Full time is deemed to be 40 hours per week
2. Take hours and divide by 40 to get the FTE, rounded to the nearest 10th
 - a) 8 hours per week would be .2 FTE
 - b) 60 hours per week would be just 1.0 FTE
3. Simplified method is permitted which allows 1.0 FTE for all individuals 40+ hours per week and .5 FTE for everyone not full time
 - a) 8 hours per week would be .5 FTE
 - b) 60 hours per week would be just 1.0 FTE
 - c) 32 hours per week also .5 FTE
4. Consistent method of hours to the nearest tenth or the simplified method must be used across all the measurement periods
5. Safe harbor is still in place – **reaching 100%, not maintaining 100%**

Non-Payroll Costs

Original rule – non payroll costs cannot exceed 25% of the loan spent

New rule – payroll costs must exceed 60% to get any forgiveness, we believe this can result in a cliff effect where 59% of the money spent on payroll cost = \$0 forgiveness

Line 2 – Mortgage interest payment during CP if obligation was incurred before February 15, 2020

Line 3 – Business rent or lease payments for real or personal property during the CP if a lease agreement was in place before February 15, 2020

Line 4 – Business utility payments for electricity, gas, water, transportation, telephone or internet access during the CP if service began before February 15, 2020

Note – you are not required to report payments you do not want included in the forgiveness amount. This is key to make sure you stay within the 60%/40% rule. With 24 weeks to count payroll costs, it should be easy to exceed the 60% payroll requirement.

Wage Reduction Limitation

Line 5 of application and Line 3 on Schedule A Worksheet Table 1

- Determine if loan forgiveness must be reduced if a reduction in employee salary and wages occurs
- Compare employees pay from January 1, 2020 – March 31, 2020 and during the CP
- **If the wages are restored to full by December 31, that employee can be removed from the limitation calculation.**
- The worksheet must be completed to determine if you need to reduce the loan forgiveness amount only for employees who had a reduction of more than 25%.
- Be SURE to avoid this.
- Note: If an employee made more than \$1,923 in any one single week of 2019, that employee is not considered for this limitation.
 - Employee paid \$1k per week and then receives a \$1k bonus at year end \$53k of total compensation for the employee, but since one week exceeded \$1,923, they are not considered for this limitation, meaning they could in theory have their 2020 salary reduced during the covered period.

FTE Reduction Limitation

On the application – disclosing employees at the time of the loan application and at time of forgiveness application. Presumably use the new FTE calculation for this disclosure.

Line 7 on Application and lines 11-13 on PPP Schedule A Worksheet.

FTE Reduction Safe Harbor and Exceptions:

A. Safe Harbor exemption from reduction in FTE

Both conditions must be met:

1. Reduced FTE count from February 15, 2020 to April 26, 2020
2. **Restore FTE by no later than December 31, 2020**

B. FTE Reduction Exceptions (must be during **24-week** CP or APCP)

1. Written offer to rehire employee was rejected by employee
2. Fired for cause, voluntarily resigned, or voluntarily requested & got hours reduction
3. **Unable to return to same level of business activity due to CDC guidelines**

60% Payroll Cost Limitation

Line 10 of the Loan Forgiveness Application

- You will have done the adjustments for FTE and salary/wage reduction first.
- From the amount of the loan proceeds you used on payroll and other costs (even if it is not the full amount):
 - **Make sure 60% or more is spent on payroll costs**
 - **Appears a cliff effect is in play where 59% spent on payroll = 0% forgiveness**
 - **Congress or SBA is likely to fix this, so it returns to the pro rata definition we had**
- Only up to 40% is spent on non-payroll costs
 - If more is spent on non-payroll costs, be sure to NOT submit them
 - With 24 weeks to spend the money on payroll it'll be far easier to just track and use the money only on payroll and spend zero on the nonpayroll costs to avoid this limitation entirely

Documentation Required to Submit

- PPP Loan Forgiveness Calculation Form
- PPP Schedule A
- Payroll
 - 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 periods that overlap with the CP.
 - Payroll tax filings reported (or will be reported) to the IRS, typically Form 941 and
 - State quarterly business and individual employee payroll wage reporting and unemployment insurance tax filings reported (or will be reported) to the state.
 - Payment receipts, cancelled checks, or account statements showing employer contributions to employer health insurance and retirement plans included in the forgiveness amount.

Documentation Required to Submit

- FTE documentation (election period of the Borrower):
 - Average number of FTE employees on payroll per month between February 15, 2019 and June 20, 2019 or
 - Average number of FTE employees on payroll per month between January 1, 2020 and February 29, 2020 or
 - For seasonal employers, the average number of FTE employees on payroll per month employed between February 15, 2019 and June 20, 2019, January 1, 2020 and February 29, 2020 or any consecutive 12-week period between May 1, 2019 and September 15, 2019.
- The selected time period must be the same period used for 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 wage reporting and unemployment tax filings reported (or that will be reported) to the state.

Documentation Required to Submit

- Non-payroll costs
 - Documentation verifying existence of obligation/services prior to February 15, 2020
 - Business mortgage interest payments
 - Copy of lender amortization schedule and receipts of cancelled checks verifying eligible payments made during CP or a lender account statement from February 2020 and the months of the CP through one month after the CP verifying the amounts of interest paid.
 - Business rent or lease payments
 - Copy of current lease agreement and receipts of canceled checks verifying the payments during the CP
 - Business utility payments
 - Copy of invoices from February 2020 and those paid during the CP and receipts, cancelled checks, or account statements verifying the eligible payments.

Documentation Not Required to be Submitted but to be Maintained

- PPP Schedule Worksheet A or its equivalent along with documentation supporting:
 - The listing of each individual employee in Table 1, including the "salary/wage reduction" calculation, if necessary
 - The listing of each individual employee in Table 2, specifically supporting they received more than an annualized \$100K in 2019
 - Any employee job offers and refusals, firings for cause, voluntary resignations, and written requests from employees on reductions in their work schedule
 - The FTE Reduction Safe Harbor
- All other records relating to the PPP loan application, certifications, eligibility, loan forgiveness and compliance with the PPP requirements.
- Retain ALL documentation for SIX years after the date the loan is forgiven or repaid.
- Permit authorized SBA representatives and representatives of the Office of the Inspector General to access these files on request.

Closing Thoughts

Quick review of the rule changes:

1. 24-week covered period
2. Payroll costs are now required to exceed 60% of the costs to count towards loan forgiveness
3. New PPP Loans not forgiven have 5-year maturity, no payments until you submit the forgiveness application, can negotiate with bank on term
4. FTE restoration by December 31st
5. FTE not reduced for employees who decline the position, fired for cause, resigned voluntarily, or reduced hours voluntarily or you are unable to fill the positions or business activity is limited due to CDC guidelines

Closing Thoughts

PPP Loan Balance

- What do I do with the amount I do not use or do not get forgiven?
 - It becomes a loan, or you can pay it back with no prepayment penalty
 - 1% interest
 - Amortized over 2 - 5 years
 - Payments deferred until you submit the loan forgiveness application or 10 months after covered period whichever is earlier
 - Realistically, with 24-weeks to use the funds, up to 40% being allowed for nonpayroll costs and a tax deduction likely for all the costs that go towards the forgiveness, every business has a huge incentive and now a great opportunity to spend 100% of the money and have 100% forgiven

Closing Thoughts

PPP, EIDL Advance and EIDL Loan

- Many wonder, what do I do now? I got one, two or all three:
 - EIDL Advance is stated in the application: if applicable, SBA will reduce the loan forgiveness amount
 - If you got the PPP and EIDL Loan, you need to use them for different purposes during the 24-week period
 - If you did not already apply for the EIDL, it is currently only being offered to U.S. agricultural businesses
 - Track these in separate bank accounts. To ease burden at end, we suggest tracking weekly and doing reimbursements as you go along for PPP loans
 - If you did apply and still have not heard:
 - 800-659-2955 or disastercustomerservice@sba.gov

Closing Thoughts

Lots of guidance still needed on questions like these:

1. Confirming all the limits now $24/52 * \$100k = \$46,153$?
2. When can you submit the loan forgiveness application?
3. Can the relatives of owners have increased payroll?
4. Does the health insurance and retirement contributions for the owner qualify?
5. Clarity for Sch C business - does the owner need to take a distribution of cash to be paid the payroll costs?
(conflicting guidance on this)
6. Clarity for Sch C business in terms of health insurance and retirement plan contributions.
7. What if Sch C applied with their 2018 Sch C, issue with the consistency certification?

Closing Thoughts

- Companies can still apply for a PPP loan through June 30th or until the funds run out
- Congress is still working on new bills
- HEROES Act went through the House, it'll be torn up in the Senate, unknown which parts of the 1,800 pages will stick around, but probably not much. They were talking about the next big bill passing in July/August timeframe.
- Congress looking to give business a tax deduction for the costs incurred and then forgiven, this is expected to pass later in the year, it should be ok to plan on getting that tax deduction

We Are Here To Help

PPP Loan Forgiveness and Consulting Services

- Forgiveness application - you complete the application and submit the documents; we provide advice and recommendations to help you obtain maximum PPP loan forgiveness.
- Application preparation and document submission services - we help complete the application and documentation to submit; we provide recommendations and strategy; and we provide an assessment of documents borrowers must maintain but not submit.
- Consulting services for loans over \$1 million - expanded services related to eligibility, documents submitted, FTE calculations and SBA audit verification.

Q&A with the COVID-19 Boyum Team

This presentation has been recorded and will be posted on our website within 24 hours under our covid-19 tab.

Stacy Shaw, CPA, MBA

sshaw@myboyum.com

952-858-5552

Chris Wittich, CPA, MBT

cwittich@myboyum.com

952-858-5556

@RavenousTiger

Randy Feld, CPA, ABV

rfeld@myboyum.com

952-858-5588

Nick Swedberg, CPA

nswedberg@myboyum.com

952-858-5585

Barb Sawdy, CPA, CGMA

bsawdy@myboyum.com

952-858-5559

Tiffany Shermak, CPA

tshermak@myboyum.com

952-698-9506

Larry Davidson, CPA

ldavidson@myboyum.com

952-858-5545