Navigating COVID-19: Paycheck Protection Program Loan Forgiveness

May 22, 2020
Webinar Goals

• Provide information on the Paycheck Protection Program Loan Forgiveness

• Provide additional resources

• Gather feedback from nonprofits
DISCLAIMER:

✓ Our **BEST** understanding as of this moment in time
✓ Presenting guidance **NOT** legal or financial advice
✓ You should make all decisions after consulting your attorney and CPA.
✓ MNA staff are **NOT** lawyers or CPA’s
Agenda

• Gathering the proper documentation to support your calculation

• Actions to maximize loan forgiveness

• Estimating the loan forgiveness amount

• Updates on guidance provided by the SBA

• Additional Resources and FAQ’s
MNA’s Framework for Responding to COVID-19

• **Response (Immediate and Ongoing)**
  • Providing resources, gathering feedback

• **Relief (Next 3 to 6 months)**
  • Understanding and advocating for nonprofit needs

• **Recovery (Ongoing)**
  • Connecting nonprofits to or providing supports identified during relief phase

• **Reform (6 months and beyond)**
  • Advocating for legislative and regulatory changes

[Logo: Michigan Nonprofit Association]
Presenter: Bob Weins

Bob Weins, JD, CPA
Insights

Leon LaBrecque, JD, CPA, CFP, CFA
Sequoia Financial Group

Jamie Lopiccola, CPA, CGMA
Capocore Professional Advisors
Navigating the Covid-19 Programs

<table>
<thead>
<tr>
<th>Paycheck Protection Program</th>
<th>EIDL/EEIG</th>
<th>Employee Retention Tax Credit</th>
<th>Delay of Employ Tax Pmts</th>
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## Navigating the Covid-19 Programs

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- Managing PPP Loan Forgiveness
- Required Documentation
Navigating the Covid-19 Programs

• Don’t Worry About
  ➢ Certifying “loan economic necessity”
    - $2MM audit threshold
    - No admin enforcement penalties
    - Remember: Large restricted grants or endowments don’t diminish need for admin costs covered by PPP
      (e.g. payroll, rent & utilities)
  
  ➢ Small Cost
    - Focus tracking, documenting and timely paying
      BIG costs (e.g. payroll, rent, health insurance...)

  ➢ Detailed PPP Forgiveness Calculations
    - Rely on your payroll service and accountants
      (PPP expertise is not a valuable long-term competency)
Navigating Covid-19 – Paycheck Protection Program

PPP Goals

- Keep small businesses & nonprofits alive
- Maintain employment

What is the Paycheck Protection Program (PPP)?

- Loans up to 2.5 X your “Monthly Average Payroll”
- Loans to help cover 8-weeks of payroll (“Covered Period”)
- Unique Attribute – Loans are *potentially forgivable*
Navigating Covid-19 – PPP Loan Forgiveness

What costs qualify for forgiveness?

- **Payroll Costs** *(wages, health ins, retirement benefits ...)*
- **Non-Payroll Costs** *
  - Rent / Lease Payments
  - Utilities
  - **Mortgage Interest** *(and secured personal prop loans)*

* Non-payroll costs cannot exceed 25% of the total amount to be forgiven. To quickly estimate this limit, divide your forgivable Payroll Costs by 3. Contracts and utility service agreements must predate February 15, 2020.
Navigating Covid-19 – PPP Loan Forgiveness

When must costs be paid?

**General Rule**

Costs must be *incurred and paid* within the 8-weeks from the date your loan is disbursed. ("Covered Period")
Navigating Covid-19 – PPP Loan Forgiveness

Costs must be *incurred and paid* within the 8-week Covered Period

Alternative Payroll Covered Period (APCP):

- Postpone 8-week Covered Period to the first day of pay period after funds were disbursed
- Allows us to match PPP start date with our payroll cycle

Example:
- Funds disbursed on May 6\(^{th}\)
- Bi-weekly pay period started on May 2\(^{nd}\)
- Can postpone start of 8-week period to May 16\(^{th}\)
- APCP would end on July 10\(^{th}\)
Navigating Covid-19 – PPP Loan Forgiveness

Costs must be *incurred and paid* within the 8-week Covered Period

Alternative Payroll Covered Period (APCP):

- Applies only to payroll costs
- Employer must use bi-weekly or shorter payroll periods
Navigating Covid-19 – PPP Loan Forgiveness

“Final” Payroll:

- Payroll costs incurred but not paid during the CP or APCP can be paid on or before the next regular payroll date after the end of the CP.

- Eliminates need to run a special payroll at the end of your CP or APCP.

Example:

- Covered Period ends on June 24.

- Bi-weekly pay period runs from June 22 to July 5th.

- June 22 – June 24 payroll can be paid on July 5th
Navigating Covid-19 – PPP Loan Forgiveness

Non-Payroll Costs must be:

- Incurred and paid during the Covered Period; or
- *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.

Example:
Covered Period runs from May 1 – June 25.
- Electric for June 15 – July 14^{th} is paid when due on July 24^{th}:
  \textit{Prorate for June 15 - 25}

Random Observation:
- Rent for May is pre-paid in April:
  \textit{Does not qualify. Ask landlord to refund the rent and re-pay in May}
Navigating Covid-19 – PPP Loan Forgiveness

Administrative Simplifications Summary

<table>
<thead>
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<th>Administrative Simplification</th>
<th>Safe Harbors</th>
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<tr>
<td>Alternative Payroll Covered Period (APCP)</td>
<td></td>
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<td></td>
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<td></td>
</tr>
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<td>• Incurred during the Covered Period and paid by next billing date</td>
<td></td>
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Navigating Covid-19 – Reductions in Loan Forgiveness

Congressional Intent

- No Layoffs
- No Pay Cuts

... No Reduction in Loan Forgiveness
Navigating Covid-19 – Reductions in Loan Forgiveness

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Navigating Covid-19 – Reductions in Loan Forgiveness

Definitions:

- **FTE (full time equivalent):**
  Hours worked in pay period / (8 X no. of days in pay period)

  *Example*

<table>
<thead>
<tr>
<th>Bi-Weekly Pay Period</th>
<th>Employee A</th>
<th>Employee B</th>
<th>Employee C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hrs worked</td>
<td>80</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Full-time Hrs</td>
<td>80</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>FTE</td>
<td>1</td>
<td>.75</td>
<td>.5</td>
</tr>
</tbody>
</table>

- **FTE “Simplified Method”:**
  40 hours per week = 1.0 FTE
  Less than 40 hours per week = 0.5 FTE

  *Planning Tip: Use if you have lots of low hour part-time staff*

- **“Reference Period”:**

  Historical time period to which we compare our Covered Period FTE count
  Seasonal: Above or any consecutive 12-week period between May 1 – Sep 15, 2019
Navigating Covid-19 – Reductions in Loan Forgiveness

**LAYOFFS:** Reduce PPP Loan forgiveness

**FTE Reduction Quotient Concept**

- “Reference Period” → 10 Full Time Employees (FTE’s)

- 8-Week “Covered Period” → 6 FTE’s (4 layoffs)

- FTE Reduction Quotient = 60% (6 / 10 = 60%)
  (Covered Period FTE / Reference Period FTE)

60% of my PPP loan will be forgiven
Navigating Covid-19 – Reductions in Loan Forgiveness

**LAYOFFS:** Reduce PPP loan forgiveness

**SAFE HARBOR - Ignore layoffs if:**

- Layoffs occurred between Feb 15\(^{th}\) and April 26\(^{th}\); \textit{and}
- Employee FTE level restored by June 30\(^{th}\) to same FTE levels for the pay period that includes Feb 15\(^{th}\)
Navigating Covid-19 – Reductions in Loan Forgiveness

LAYOFFS: Reduce PPP loan forgiveness

SAFE HARBOR - Ignore layoffs if:

- Layoffs occurred between Feb 15th and April 26th; and
- Employee FTE level restored by June 30th to same FTE levels for period that includes Feb 15th

OR

- From Jan 1st to end of 8-week Covered Period don’t reduce:
  - Number of employees; OR
  - Average paid hour
Navigating Covid-19 – SAFE HARBOR EXAMPLE #1

- Layoffs occur between Feb 15<sup>th</sup> and April 26<sup>th</sup>; AND
- Rehire or replace by June 30<sup>th</sup> to Feb 15<sup>th</sup> FTE level

<table>
<thead>
<tr>
<th></th>
<th>Organization A</th>
<th>Organization B</th>
<th>Organization C</th>
<th>Organization D</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. FTE for Reference Period</td>
<td>10</td>
<td>10</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>(2/15/2019 – 6/30/2019)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. FTE for Period including</td>
<td>8</td>
<td>8</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Feb 15, 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. FTE Reduction (Layoffs):</td>
<td>5</td>
<td>8</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Feb 15&lt;sup&gt;th&lt;/sup&gt; thru</td>
<td></td>
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<tr>
<td>April 26, 2020</td>
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<tr>
<td>4. FTE Covered Period or</td>
<td>5</td>
<td>6</td>
<td>1</td>
<td>.5</td>
</tr>
<tr>
<td>Alternative Covered Period</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>(5/1/2020 – 6/25/2020)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. FTE at June 30, 2020</td>
<td>8</td>
<td>8</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

FTE Reduction Quotient:
- i. Line 4 / Line 1; or
- ii. 1 if safe harbor

*Would Multiple Forgiveness Amount by this line to determine potential forgiveness*

<table>
<thead>
<tr>
<th></th>
<th>1.0</th>
<th>.60</th>
<th>0.50</th>
<th>1.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible for Safe Harbor</td>
<td></td>
<td>Not eligible for Safe Harbor (no reduction in Feb 15 -Apr 26, line 3)</td>
<td>Not eligible for Safe Harbor (did not restore by June 30&lt;sup&gt;th&lt;/sup&gt;, line 5)</td>
<td>Eligible for Safe Harbor</td>
</tr>
</tbody>
</table>

Would Multiple Forgiveness Amount by this line to determine potential forgiveness
Navigating Covid-19 – SAFE HARBOR EXAMPLE #2

From Jan 1\textsuperscript{st} thru end of Covered Period (no APCP) don’t reduce:

Number of employees; OR

<table>
<thead>
<tr>
<th>Jan 1, 2020 thru end of Covered Period</th>
<th># Emee’s</th>
<th>Ave Pd Hours</th>
<th>FTE</th>
<th>Ave Pd Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. FTE January</td>
<td>8</td>
<td>1200 hrs/month</td>
<td>8</td>
<td>1200 hrs/month</td>
</tr>
<tr>
<td>2. FTE February</td>
<td>8</td>
<td>900 hrs/month</td>
<td>6.5</td>
<td>1200 hrs/month</td>
</tr>
<tr>
<td>3. FTE March</td>
<td>8</td>
<td>900 hrs/month</td>
<td>6.5</td>
<td>1200 hrs/month</td>
</tr>
<tr>
<td>4. FTE April</td>
<td>8</td>
<td>900 hrs/month</td>
<td>6.5</td>
<td>1200 hrs/month</td>
</tr>
<tr>
<td>5. FTE May (end of Covered Period)</td>
<td>8</td>
<td>800 hrs/month</td>
<td>6.5</td>
<td>1200 hrs/month</td>
</tr>
</tbody>
</table>

Eligible for Safe Harbor
(No reduction in monthly FTEs)

Eligible for Safe Harbor
(No reduction in average paid hours)
Navigating Covid-19 – Reductions in Loan Forgiveness

HR Issues: No FTE Reduction if employee:

- Rejects rehire (good-faith written offer & documented rejection)
- Voluntarily resigns
- Terminated for cause
- Requested hours reduction

AND

*Position is not filled by a new employee*
## FTE Safe Harbor Summary

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<td>Rehire/Restore Safe Harbor</td>
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<td>• Layoffs/Reductions 2-15 thru 4-26</td>
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<td>• Restored by June 30th to Feb 15th level</td>
</tr>
<tr>
<td>Non-Payroll Costs</td>
<td><strong>Employee Count / Paid Hours</strong></td>
</tr>
<tr>
<td>• Incurred and paid during the Covered Period</td>
<td>• No reductions between Jan 1 and end of Covered Period</td>
</tr>
<tr>
<td>• Incurred during the Covered Period and paid by next billing date</td>
<td><strong>HR Safe Harbor</strong></td>
</tr>
<tr>
<td></td>
<td>• Employee Rejects-Rehire, Quits, Terminated for Cause, Reduces Hours AND no replacement hired</td>
</tr>
</tbody>
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Navigating Covid-19 – PPP Loan Forgiveness

FTE Reduction Questions?
Navigating Covid-19 – Reductions in Loan Forgiveness

Congressional Intent

- No Layoffs
- No Pay Cuts

... No Reduction in Loan Forgiveness
Navigating Covid-19 – Reductions in Loan Forgiveness

PAY CUTS: > 25% Reduce Loan Forgiveness

➢ Doesn’t apply to:

- Employees who make > $100,000
- Owner-Employees (NA to nonprofits)
- SAFE HARBOR Pay Reductions
Navigating Covid-19 – Wage Reduction and Safe Harbor

Ignore pay cuts if:

- Pay cut is less than 25% of Jan – March average annual salary or hourly rate

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<tbody>
<tr>
<td>Employee A</td>
<td>$18</td>
<td>$20</td>
<td>10%</td>
<td>$100,000</td>
<td>$30,000</td>
<td></td>
<td>$75,000</td>
<td>($55,000)</td>
<td>NA</td>
<td>($8,462)</td>
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<tr>
<td>Employee B</td>
<td>$20,000</td>
<td>$100,000</td>
<td>80%</td>
<td>$100,000</td>
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<td>Employee C</td>
<td>$10</td>
<td>$20</td>
<td>50%</td>
<td>$20</td>
<td>$10</td>
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<td>$15</td>
<td>($5)</td>
<td>40</td>
<td>($1,600)</td>
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<tr>
<td>Employee D</td>
<td>$31,200</td>
<td>$52,000</td>
<td>40%</td>
<td>$52,000</td>
<td>$31,200</td>
<td></td>
<td>$39,000</td>
<td>($7,800)</td>
<td>NA</td>
<td>($1,200)</td>
<td>X</td>
<td>($1,200)</td>
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<tr>
<td>Employee E</td>
<td>$31,200</td>
<td>$52,000</td>
<td>40%</td>
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* Exclude as employee's annualized income in one or more 2019 pay periods exceeded $100,000

** Salary = Excess Pay Cut [3B] / 52 weeks in year x 8 weeks CP or APCP
Hourly = Excess Pay Cut [3B] x 8 weeks in CP or APCP
Navigating Covid-19 – Wage Reduction and Safe Harbor

Ignore pay cuts if:

- Pay cut is less than 25% of Jan – March average annual salary or hourly rate
- Owner- Employees or any employee with 2019 annualized wages > $100,000
  (any 2019 pay period annualized pay exceeds $100,000)

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** Salary = Excess Pay Cut [3B] / 52 weeks in year x 8 weeks CP or APCP
Hourly = Excess Pay Cut [3B] x 8 weeks in CP or APCP
Navigating Covid-19 – Wage Reduction and Safe Harbor

Ignore pay cuts if:

- Pay cut is less than 25% of Jan – March average annual salary or hourly rate
- Employee’s annualized wages > $100,000 (for any 2019 pay period or any Owner-Employee)

SAFE HARBOR Pay Reduction

Pay cut: (i) occurred between Feb 15th and April 26th; and;
(ii) employee comp restored to Feb 15, 2020 level by June 30th

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<td>($1,200)</td>
</tr>
<tr>
<td>Employee E</td>
<td>$31,200</td>
<td>$52,000</td>
<td>40%</td>
<td>$52,000</td>
<td>$31,200</td>
<td>$52,000</td>
<td>$39,000</td>
<td>(7,800)</td>
<td>NA</td>
<td>(1,200)</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>($2,800)</td>
</tr>
</tbody>
</table>

* Exclude as employee’s annualized income in one or more 2019 pay periods exceeded $100,000

** Salary = Excess Pay Cut [3B] / 52 weeks in year x 8 weeks CP or APCP

Hourly = Excess Pay Cut [3B] x 8 weeks in CP or APCP
# Navigating Covid-19 – PPP Loan Forgiveness

## Wage Reduction Safe Harbor Summary

<table>
<thead>
<tr>
<th>Administrative Simplification</th>
<th>Safe Harbors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternative Payroll Covered Period (APCP)</td>
<td></td>
</tr>
<tr>
<td>• Allows postponing 8-week Covered Period to match with payroll cycle</td>
<td></td>
</tr>
<tr>
<td>“Final” payroll exception</td>
<td></td>
</tr>
<tr>
<td>• Allows last payroll to be paid on regular payroll date</td>
<td></td>
</tr>
<tr>
<td>Non-Payroll Costs</td>
<td></td>
</tr>
<tr>
<td>• Incurred and paid during the Covered Period</td>
<td></td>
</tr>
<tr>
<td>• Incurred during the Covered Period and paid by next billing date</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wage Reduction Safe Harbors</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTE Reduction Safe Harbors</td>
</tr>
<tr>
<td>Rehire/Restore Safe Harbor</td>
</tr>
<tr>
<td>• Layoffs/Reductions 2-15 thru 4-26</td>
</tr>
<tr>
<td>• Restored by June 30th to Feb 15th level</td>
</tr>
<tr>
<td>Employee Count / Paid Hours</td>
</tr>
<tr>
<td>• No reductions between Jan 1 and end of Covered Period</td>
</tr>
<tr>
<td>HR Safe Harbor</td>
</tr>
<tr>
<td>• Employee Rejects-Rehire, Quits, Terminated for Cause, Reduces Hours AND no replacement hired</td>
</tr>
</tbody>
</table>

- **Wage Reduction Safe Harbors**
  - <= 25% pay cut
  - Highly compensated ($100K) / Owners
  - Cut (2/15 – 4/26) & Restore (6/30)
Navigating Covid-19 – PPP Loan Forgiveness

Wage Reduction Questions?
Navigating the Covid-19 Programs

<table>
<thead>
<tr>
<th>Paycheck Protection Program</th>
<th>EIDL/EEIG</th>
<th>Employee Retention Tax Credit</th>
<th>Delay of Employ Tax Pmts</th>
<th>Small Bus Debt Relief</th>
<th>MI Small Business Relief</th>
<th>Emergency Paid Sick Leave</th>
<th>Expanded FMLA</th>
<th>Expanded Unemployment Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elective</td>
<td>Elective</td>
<td>Elective</td>
<td>Elective</td>
<td>Automatic</td>
<td>Closed</td>
<td>Mandatory</td>
<td>Mandatory</td>
<td>Mandatory*</td>
</tr>
</tbody>
</table>

- Managing PPP Loan Forgiveness
- Required Documentation
## Navigating Covid-19 – SUBMITTED Documentation

<table>
<thead>
<tr>
<th>Payroll</th>
<th>FTE</th>
<th>Non-Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank account statement for CP or APCP (if elected)</td>
<td>Reference Period FTE (Select one of following)</td>
<td>Documents verifying loan, lease or service (i) started prior to Feb 15; and, (ii) includes the Covered Period</td>
</tr>
<tr>
<td>Payroll service reports for applicable CP or APCP</td>
<td>• Ave FTE/month from 2/15/19 – 6/30/19</td>
<td>Mortgage/Secured Loans and Leases Copies of:</td>
</tr>
<tr>
<td>Payroll tax filings (941’s and 1028’s) for applicable CP or APCP</td>
<td>• Ave FTE/month from 1/1/20 – 2/29/20</td>
<td>• LOANS: Lender amort schedule</td>
</tr>
<tr>
<td>Payment verifications (e.g. cancelled checks, payroll service reports)</td>
<td>• SEASONAL: Either of above or any consecutive 12-weeks between 5/1/19 – 9/15/19 SELECT PERIOD WITH LOWEST FTE VALUE</td>
<td>• LEASE: Lease agreement</td>
</tr>
<tr>
<td>Account statements documenting employer contributions to health and retirement plans included in “Payroll” calculations</td>
<td>Include 941’s and 1028’s for selected Reference Period</td>
<td>• Receipts, cancelled checks or account statements verifying payments (statements for Feb through month following the end of Covered Period)</td>
</tr>
</tbody>
</table>

### FTE

- **Reference Period FTE**
  - Select one of following:
    - Ave FTE/month from 2/15/19 – 6/30/19
    - Ave FTE/month from 1/1/20 – 2/29/20
    - SEASONAL: Either of above or any consecutive 12-weeks between 5/1/19 – 9/15/19

### Non-Payroll

- **Documents verifying loan, lease or service**
  - (i) started prior to Feb 15; and, (ii) includes the Covered Period

### Mortgage/Secured Loans and Leases

- Copies of:
  - LOANS: Lender amort schedule
  - LEASE: Lease agreement
  - Receipts, cancelled checks or account statements verifying payments (statements for Feb through month following the end of Covered Period)

### Utilities

- Copies of invoices from Feb through those included in the Forgiveness calculation (lines 2 - 4 of PPP Forgiveness Application)
- Receipts, cancelled checks or account statements verifying payment
Navigating Covid-19 – RETAINED Documentation

Retained Documentation

PPP Schedule A worksheet

Documentation supporting the listing of each employee in PPP Schedule A worksheet
  • Table 1: Salary/Hourly reduction calculations
  • Table 2: Employee received during any single 2019 pay period compensation at an annualized rate > $100,000

Employee job refusals, firing for cause, voluntary resignations and written request for reduced work schedule

Documentation supporting “FTE Reduction Safe Harbor” (if applicable)

Copy of PPP loan application (including all attachments)

Documentation demonstrating compliance with PPP requirements

Documents must be retained for 6-years from the later of date loan is forgiven or repaid in full
## Practical Considerations

- You must submit application for forgiveness to your bank
- Bank has 60 days to render a decision
- Do NOT rely on your bank to catch errors or mistakes

Documents must be retained for 6-years from the later of date loan is forgiven or repaid in full
# Navigating Covid-19 – Loan Forgiveness Documentation

## Link to PPP Loan Forgiveness Application


## Paycheck Protection Program

### Loan Forgiveness Application

**PPP Loan Forgiveness Calculation Form**

**PPP Schedule A**

- **Payroll:** Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consisting of each of the following:
  - Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
  - Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period:
    - 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.
  - Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiven amount (PPP Schedule A, line 5 and 7(b)).

- **FTE:** Documentation showing (at the election of the Borrower):
  - The average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019.
  - The average number of FTE employees on payroll per month employed by the Borrower between January 1, 2020 and February 29, 2020;
  - In the case of a seasonal employer, the average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive twelve-week period between May 1, 2019 and September 15, 2019.

The selected time period must be the same time period selected for purposes of completing PPP Schedule A, line 11. Documents may include payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941) and state quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state. Documents submitted may cover periods longer than the specific time period.

**Nonpayroll:** Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.

- Business mortgage interest payments: Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period, or lender account statements from February 2020 and the months of the Covered Period through the end of the Covered Period verifying interest amounts and eligible payments.
- Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; or lender account statements from February 2020 and through the end of the Covered Period verifying eligible payments.
- Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.

### Documents that Each Borrower Must Maintain but is Not Required to Submit

- Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 1, including the “Salary/Eligible 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.”

All records relating to the Borrower’s PPP loan, including documentation submitted with its PPP loan application, documentation supporting the Borrower’s certifications as to the necessity of the loan request and its eligibility for a PPP loan, documentation necessary to support the Borrower’s loan forgiveness application, and documentation demonstrating the Borrower’s material compliance with PPP requirements. The Borrower must retain all such documentation in its files for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request.

SBA Form 5309 (05/20)
Navigating Covid-19 – PPP Loan Forgiveness Calculator

PPP Loan Forgiveness Calculator

- Being developed with members of MICPA and Michigan Bar
- Contains a budget and actual PPP Loan cost tracker
- Will be technical
- Rely upon your payroll company and professional advisors

(PPP expertise is not a valuable long-term competency 😊)
Navigating Covid-19 – PPP Loan Forgiveness

Thank you for your attention
(eterity has now officially ended)

Questions?
Navigating Covid-19 – PPP Loan Forgiveness Calculator

Payroll Cost [A]

<table>
<thead>
<tr>
<th>Payee</th>
<th>Date Paid</th>
<th>Check / Reference #</th>
<th>Non-Owner Gross Wages</th>
<th>FFCRA Sick and Family Leave</th>
<th>Insurance Reimbursement</th>
<th>Gross Health Insurance &amp; Workers Comp</th>
<th>Employer Retirement Benefit</th>
<th>State Unemployment Taxes</th>
<th>Covered Rent</th>
<th>Covered Utilities</th>
<th>Interest on Mortgage and Equipment Loans</th>
<th>PPP Funds Running Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll - Week 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll - Week 2</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll - Week 3</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Payroll - Week 4</td>
<td>5/27/2020</td>
<td>Payroll Register</td>
<td>12,000</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Payroll - Week 5</td>
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</tr>
<tr>
<td>Payroll - Week 6</td>
<td>6/10/2020</td>
<td>Payroll Register</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll - Week 7</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Payroll - Week 8</td>
<td>6/24/2020</td>
<td>Payroll Register</td>
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<tr>
<td>Landlord, Inc.</td>
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<td>1245</td>
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<td>Gas</td>
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<td></td>
<td></td>
<td></td>
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<td>16,280</td>
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<tr>
<td>ATT - phone and internet</td>
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<td>15,680</td>
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<td>City of Chaos - Water</td>
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<td>1297</td>
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<td>15,480</td>
</tr>
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<td>Gas</td>
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<td></td>
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<td></td>
<td>4,760</td>
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<tr>
<td>ATT - phone and internet</td>
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<td>1349</td>
<td></td>
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<td>600</td>
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<td>4,160</td>
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<tr>
<td>City of Chaos - Water</td>
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<td></td>
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<td>200</td>
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<td></td>
<td></td>
<td></td>
<td>3,960</td>
</tr>
</tbody>
</table>

| Total                      | 48,000    | 0                    | (1,360)                 | 6,800                     | 0                         | 0                                      | 16,000                     | 1,600                  | 0                         |                          | 3,960                     |
MNA Resources specific to COVID-19 Response

- **MNAonline.org**- Special COVID-19 section
- Sign-up for e-newsletters
- Contact MNA staff
- Calendar with events
- Future tele-town halls and webinars
Connect on Social Media

@MNAonline

Join LinkedIn group: Leading Nonprofits Through COVID-19
Thank You!

Send additional feedback to spinder@mnaonline.org.