Navigating Through Uncertainty



ARE YOU STRUGGLING WITH YOUR PPP LOAN?







PPP Loan Forgiveness Insights



Andrea P. Sardone

Director



Introduction



Rob KlingensmithPartner

Consulting Line Leader Today's Moderator



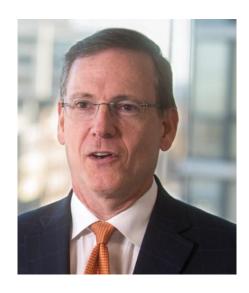
Meet Our Panelists





Kasey M. Pittman CPA, MSA Tax

Senior Manager, Tax



Sean R. O'Connell CPA/PFS, CGMA

Partner, Tax Service Line Co-Leader



Rob Klingensmith *Partner*

Consulting Line Leader

PPP: Where are we now?



Kasey M. Pittman, CPA, MSA Tax

Senior Manager, Tax

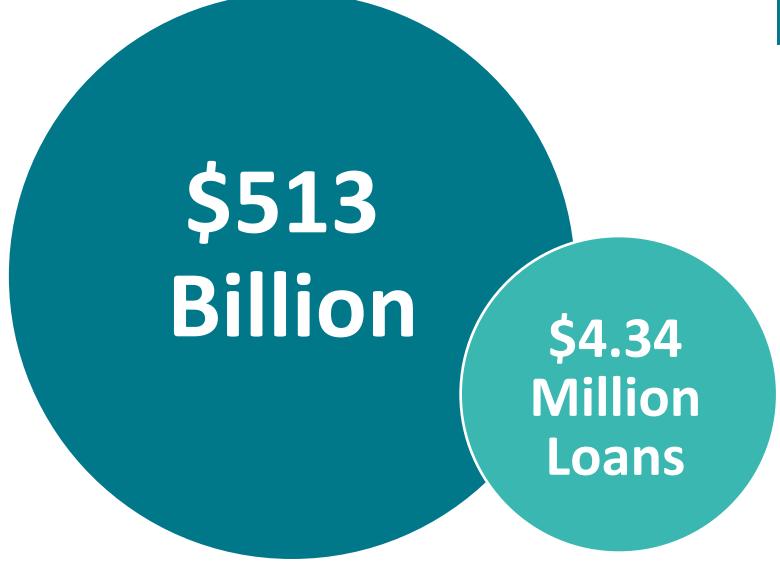


CARES Act - March 27th









PPP Forgiveness Application





Least of these 3:

PPP Application – Forgiveness Amount





Potential Forgiveness Amount A (PPP Loan Amount)



Potential Forgiveness Amount B (*Payroll* /.75)



Potential Forgiveness Amount C (Shown in Next Slide)

How Does Calculation Work?

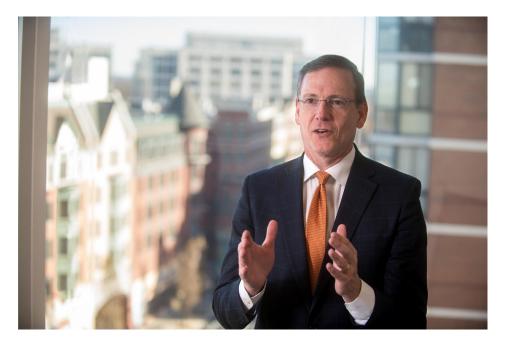


	\$ Qualified Payroll Costs
+	Other Qualifying Costs
-	Salary/Hour Wage Reduction
=	Sub Total
X	FTE Reduction Quotient %
=	Potential Forgiveness Amount (C)

PPP: Four Hurdles to Forgiveness



Sean R. O'Connell, CPA/PFS, CGMA Partner, Tax Line Leader





Each Received \$1,000,000









Clearing the Hurdles of PPP Calculations





Jerry Taylor Taylor Remodeling

- Cut Pay Levels
- Expanded Workforce



Hurdle #1 – Forgiveness Reduction if Any Employee's Pay Cut Exceeds 25%



Jerry's Outcome



PPP Amount Received **Total Eligible Qualifying Costs**

Must Repay

\$80,000

\$1,000,000

\$920,000

Hurdle #1 – Forgiveness Reduction if Any Employee's Pay Cut Exceeds 25%

Peter Wall Landscaper

 Fewer average FTEs during these 8 weeks



Hurdle #2 – Maintained Average FTE's During These 8 Weeks



Peter's Outcome



PPP Amount Received **Total Eligible Qualifying Costs**

\$1,000,000 \$880,000

Must Repay

\$120,000

Hurdle #2 – Maintained Average FTE's During These 8 Weeks

Dr. Sienna Miller City Orthopaedics

 Over \$1MM of qualifying costs during these 8 weeks, but...
 75% were not payroll



Hurdle #3 – 75% of Total Qualified Costs Were Payroll



Sienna's Outcome



PPP Amount Received **Total Eligible Qualifying Costs**

Must Repay

\$100,000

\$1,000,000

\$900,000

Hurdle #3 – 75% of Total Qualified Costs Were Payroll

Mark Lego Lego Home Builders

- Kept all employees
- Relatively low overhead during these 8 weeks



Hurdle #4 – Potential Forgiveness is Equal to or Greater Than PPP Amount



Mark's Outcome



\$1,000,000 PPP Amount Received \$920,000 **Total Eligible Qualifying Costs**

Must Repay

\$80,000

Hurdle #4 – Potential Forgiveness is Equal to or Greater Than PPP Amount

Kelly Sanders Midwest Bookkeeping

- Kept all employees
- Relatively low overhead during these 8 weeks



Expansion



Kelly's Outcome



PPP Amount Received **Total Eligible Qualifying Costs** \$1,000,000 \$1,100,000

Must Repay

\$0

Expansion

Same Loan Amount; 5 Different Outcomes

Must Repay \$80,000

Must Repay \$120,000



Must Repay \$100,000



Must Repay \$80,000



Must Repay

Documentation



PPP Loan Forgiveness Application Released: What Documents Businesses Should Maintain



As a large portion of PPP loans have been disbursed and more funds on their way to businesses in need, SBA and Treasury have now turned their attention to the forgiveness portion of the PPP program. SBA and Treasury released the official PPP loan forgiveness application for borrowers to submit at the end of their 8 week covered period.

One of the key takeaways from the application is what documents borrowers must maintain in order to qualify for forgiveness. The application requires businesses to gather the following documents:

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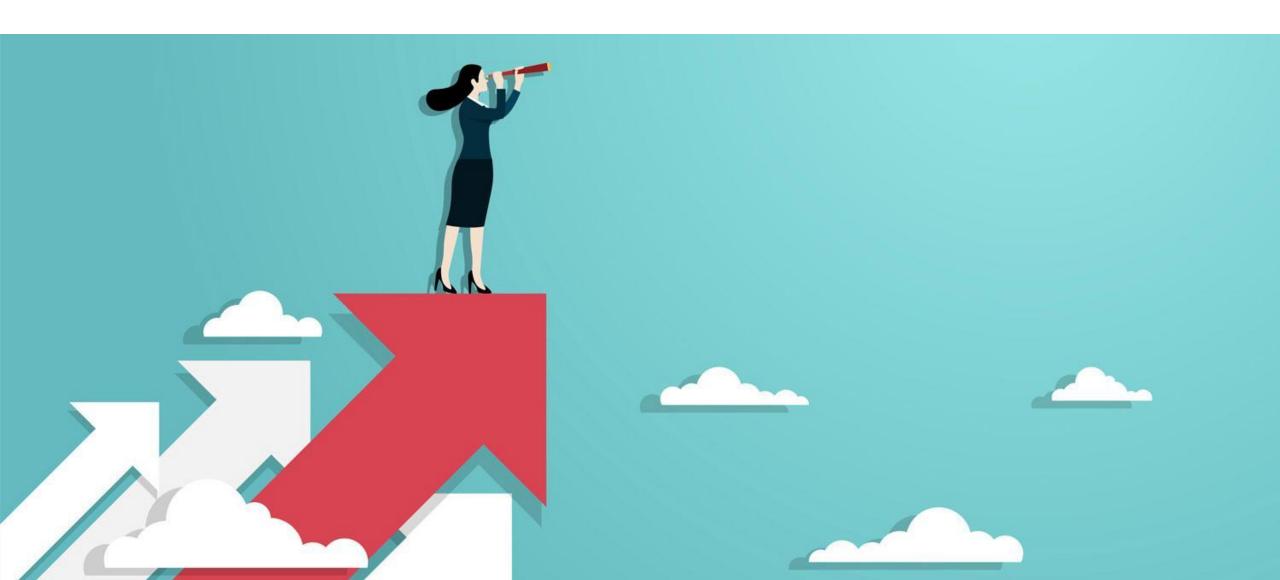
Kasey M. Pittman, CPA, MSA Tax

Senior Manager, Tax



Takeaways





What are we watching?







Rob Klingensmith Partner

Consulting Line Leader



Forgiveness Calculator



Month	Total Monthly Payroll	Wages, Commissions, Salary
March - 2020	10,000.00	10,000.00
February - 2020	10,000.00	10,000.00
January - 2020	10,000.00	10,000.00

Calculate the total amount of salary reduction for the employees that earn an annualized salary of less than \$100,000 during the most recent quarter for which an employee was employed before the 8-week period that is in excess of 25%

Employee Name	Salary during the most recent full quarter	Salary during 8- week period	\$ Reduction	% Reduction	Amount of Loan Forgiveness Reduction
Employee 1	20833.325	20833.325	0	0	0
Employee 2	20833.325	20833.325	0	0	C

The Max Loan Forgiveness Amount will be reduced by the average number of FTE Employees per month employed during the 8-week period after loan origination divided by the borrower's choice of two options:

- A) The average number of full time equivalent employees per month employed from February 15, 2019 through June 30, 2019
- B) The average number of full time equivalent employees per month employed from January 1, 2020 through February 29, 2020

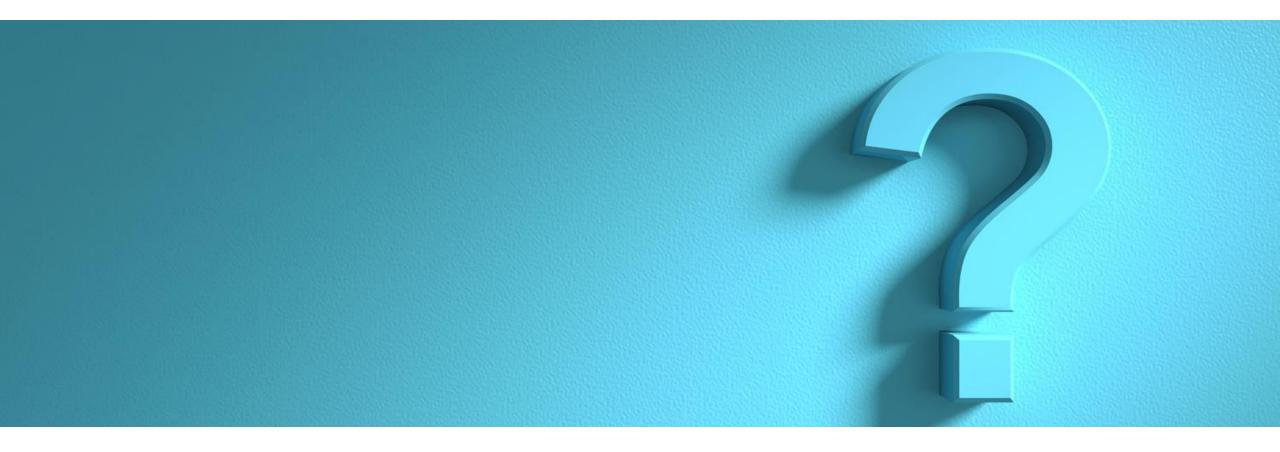
*Note: Seasonal Business are required to utilize option A

		D!	0
FTE Reduction Impact on Forgiveness		b! b!	0
Average # of FTE Employeed for each pay period during the 8 week "Covered Period"	2.00	0! 0!	0
A) Average # of FTE employed for each pay epriod during the period of 2/15/19 - 6/30/19 or B) Average # of FTE employed for each pay epriod during the period of 1/1/20 - 2/29/20	2 2	p! p! eduction	0
Best choice for Denominator Seasonal? No	2		
Loan Forgiveness Impact Based on FTE Reduction	\$0.00		

0! 0!

Questions





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Derek Hess Associate Wealth Advisor

Visit our COVID-19 Resource Center

www.pbmares.com/covid-19-resource-center

March 27, 2020



Coronavirus (COVID-19) Resource Center Home / Coronavirus (COVID-19) Resource Center Helping You to Navigate Information CORONAVIRUS (COVID-Given the rapidly changing news ranging from the federal, state and local government agencies, we have created 19) RESOURCE LINKS this resource center to make it easy to find the information most relevant to your family and business. The information is from a variety of sources including insights from our trusted team of tax and business professionals. We understand this is a difficult time and we're here to help navigate these uncertain times. PBMARES COVID-19 Please visit this section often for regular updates on news and information. INSIGHTS PBMares COVID-19 Insights **PBMARES COVID-19** NEWS **WORKING WITH US FEDERAL & STATE** UPDATES CARES Act Webinar - Insights How the CARES Act Helps How the CARES Act Directly for Your Business Non-Profits Helps Individuals RESOURCES FOR March 28, 2020 March 27, 2020 March 30, 2020 BUSINESSES SUBSCRIBE TO OUR **NEWSLETTER** Business Benefits Available. Forgivable Small Business Plan Options for COVID-19 Loans - How the \$2 Trillion Impacted Businesses Courtesy of the CARES Act Stimulus Bill Can Help You March 26, 2020 **GET IN TOUCH:** March 27, 2020

First Name*

Last Name*