



# HOMES JOBS COMMUNITY

## PPP Forgiveness An Overview

National Development Council  
May 28, 2020

www.ndconline.org



### Paycheck Protection Program Borrower Application Form

OMB Control No.: 3245-0407  
Expiration Date: 09/30/2020

<b>Check One:</b> <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other		<b>DBA or Tradename if Applicable</b>	
<b>Business Legal Name</b>			
<b>Business Address</b>		<b>Business TIN (EIN, SSN)</b>	<b>Business Phone</b>
		( ) -	
		<b>Primary Contact</b>	<b>Email Address</b>
Average Monthly Payroll:	\$	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	\$
Purpose of the loan (select more than one):		Number of Employees:	
		<input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain): _____	

#### Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

*If questions (1) or (2) below are answered "Yes," the loan will not be approved.*

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input type="checkbox"/>

*If questions (5) or (6) are answered "Yes," the loan will not be approved.*

Question	Yes	No
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? <b>Initial here to confirm your response to question 5 →</b> _____	<input type="checkbox"/>	<input type="checkbox"/>
6. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? <b>Initial here to confirm your response to question 6 →</b> _____	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	<input type="checkbox"/>	<input type="checkbox"/>

# WHO ARE WE?

...

- Who is the National Development Council?
- Who is the Grow America Fund?

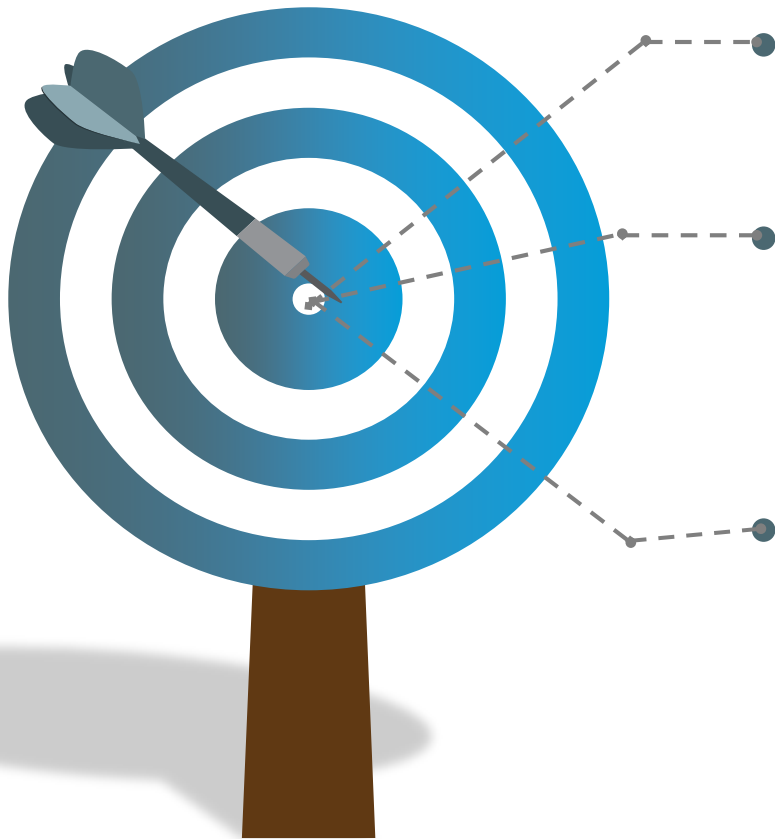
# PRESENTERS

...

- Lisandro Kellis
- Oseremi Adekoye
- Robert Stitt
- Dryck Bennett

# WEBINAR GOALS

...



- To provide an overview of the process

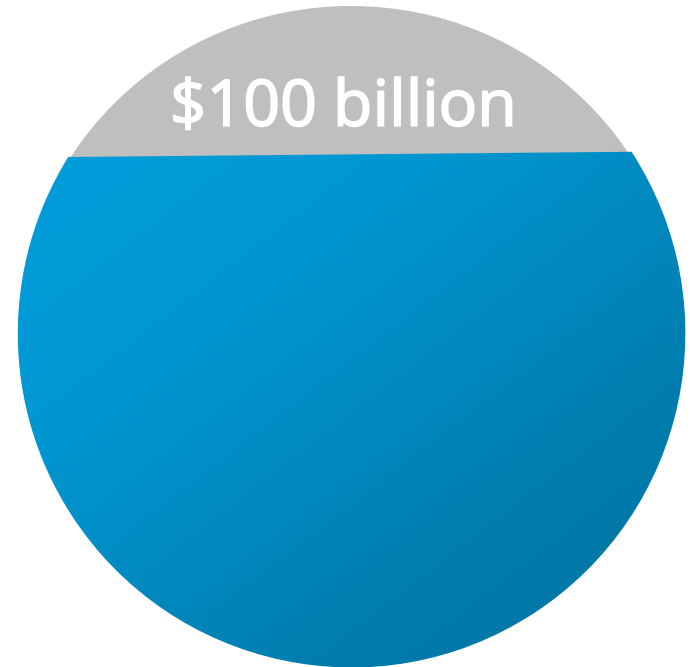
- To provide a list of required documentation for loan forgiveness

- Note, we will not be able to address problems specific to your business. Today's webinar is a high-level overview of the PPP forgiveness process

# WHERE DO WE STAND WITH PPP?

...

- As of today, roughly \$100 billion remains to be lent in Round II.
- Although Congress has discussed easing the process for forgiveness, nothing has become law yet.



# WHAT DO WE KNOW ABOUT FORGIVENESS?

...

- We have an application!
- Yes, it's an eleven-page application. But it is an application!
- The application form can be found on the [SBA website](#)

# WHAT DO WE NEED TO KNOW ABOUT THE APPLICATION?

## *More Basic Rules of Guidance*

- You must apply for forgiveness
- It is called the PAYCHECK Protection Program – labor costs are the guide
- The “Covered Period” is the 56 days AFTER the RECEIPT of funds. Or, the borrower is allowed an “Alternative Payroll Covered Period”

# WHAT DO WE KNOW?

...

## *More Basic Rules of Guidance*

- Forgiveness is based on:
  - The number of retained, full-time employees
  - Sum of documented payroll costs for each retained employee
  - Mortgage interest payments, rent payments, and utilities paid or incurred over the loan forgiveness period
- Forgiveness can be reduced if headcount declines, or if annual salaries or hourly wages decrease from amounts reported prior to February 15, 2020
  - *We will cover exceptions and how to calculate forgiveness amounts*
- At least 75% of the forgiven amount must be used payroll costs
- Any portion of the loan that is not forgiven, will have to be repaid over the course of eighteen months at 1% interest rate



# WHAT IS AN ELIGIBLE EXPENSE FOR FORGIVENESS?



## Payroll (75% or over) and Non-Payroll Expenses (up to 25%)

### PAYROLL EXPENSES

- Salaries
- Commissions
- Payment of cash tips (up to an annual rate of pay of \$100,000)
- Employee group health care benefits, including insurance premiums
- Retirement contributions
- Employee Benefits including costs for vacation, parental, family, medical or sick leave
- Income or net earnings from self-employment (Schedule-C for Sole Proprietors)

### NON-PAYROLL EXPENSES

- Interest payments on mortgage obligations, incurred before 2/15/2020
- Rent, under lease agreements in force before 2/15/2020
- Utilities, for which service began before 2/15/2020
- Interest on other debt obligations, previously incurred
- Refinancing an SBA EIDL loan made between January 31, 2020 and April 3, 2020.

# TIMING OF THE EXPENSES

...

## Payroll vs. Non-payroll

**Borrowers can choose the start date of their eight-week loan forgiveness period for payroll expenses:**

1. Covered Period: begins the same date as the PPP Loan Disbursement Date for a 56 day period or
2. Alternative Payroll Covered Period: begins the first day of the business' first pay period following the PPP Loan Disbursement Date for a 56 day period

**Non-payroll costs cannot exceed 25% of the loan amount and can include specific expenses:**

1. Paid during the 8-week Covered Period or
2. Incurred during the 8-week Covered Period and paid on or before the next regular billing date, (even if the billing date is after the Covered Period).

# PAYROLL AND EMPLOYEE LEVELS

...

## Three Steps

1. Allocate your PPP loan expenses
  - 75% must be payroll
2. Calculate your annual and hourly wages/employees
  - Compensation must NOT decrease by more than 25% for any employee earning less than \$100k annually
3. Calculate your number of full-time employees
  - With some exceptions, full-time employees must maintain a full-time schedule.

# OVERVIEW OF THE APPLICATION

...

The application has four sections:

1. The PPP Loan Forgiveness Calculation Form
  - Must submit to lender
2. PPP Schedule A
  - Must submit to lender
3. The PPP Schedule A Worksheet
  - To assist with completing the PPP Schedule A
4. The PPP Borrower Demographic Information Form
  - Optional

# The Four Sections

...

## A visual glance at each of the four sections:

### 1. PPP Loan Forgiveness Calculation Form

### 2. PPP Schedule A

### 3. PPP Schedule A Worksheet

### 4. PPP Borrower Demographic Information Form (Optional)

# OVERVIEW OF FORGIVENESS CALCULATION



## We Recommend This Order

Use the PPP Schedule A Worksheet to determine the reductions

1

**Paycheck Protection Program**  
Loan Forgiveness Application  
PPP Schedule A Worksheet

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

**Table 1:** List employees who:  
• Were employed by the Borrower at any point during the Current 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 any pay period 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 Exemption:				
Table 1		Table 2	Table 3	

**Table 2:** List employees who:  
• Were employed by the Borrower at any point during the Current 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
Table 2			

Attach additional tables if additional ones are needed.

**FTE Reduction Safe Harbor:**

- Enter the borrower's total average FTE between February 15, 2020 and April 30, 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.
- 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.
- If the ratio 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.
- Enter the borrower's total FTE as of June 30, 2020.
- If the ratio for step 4 is greater than or equal to step 2, enter 1.0 in 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.

PPP Schedule A

2

**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 (line 1) from PPP Schedule A Worksheet, Table 1: \_\_\_\_\_

Line 2: Enter Average FTE (line 2) from PPP Schedule A Worksheet, Table 1: \_\_\_\_\_

Line 3: Enter Salary/Hourly Wage Reduction (line 3) from PPP Schedule A Worksheet, Table 1:  
If the average annual salary or hourly wage for each employee is listed on the PPP Schedule A Worksheet, Table 1 during the Current Period or the Alternative Payroll Covered Period as at least 75% of each employee's average annual salary or hourly wage between January 1, 2020 and March 31, 2020, check box C and enter 0 on line 3.

**PPP Schedule A Worksheet, Table 2 Totals**

Line 4: Enter Cash Compensation (line 4) from PPP Schedule A Worksheet, Table 2: \_\_\_\_\_

Line 5: Enter Average FTE (line 5) from PPP Schedule A Worksheet, Table 2: \_\_\_\_\_

**New Cash Compensation Payroll Costs During the Current Period in the Alternative Payroll Covered Period**

Line 6: Total amount paid by Borrower for employee contributions to 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: \_\_\_\_\_

**Contribution to Overtime**

Line 9: Total amount paid to overtime employees (all employed individuals/general partners):  
This amount may not be included on PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, check a separate table that lists the names of each person 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 indicated the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check box C, 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: \_\_\_\_\_

3

**Paycheck Protection Program**  
Loan Forgiveness Application  
PPP Loan Forgiveness Calculation Form

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

**Borrower (Legal Name/Partnership):** \_\_\_\_\_ **SOLE or PARTNERSHIP, if applicable:** \_\_\_\_\_

**Business (SIC, DUNS, EIN):** \_\_\_\_\_ **Business Phone:** \_\_\_\_\_

**Primary Contact:** \_\_\_\_\_ **E-mail Address:** \_\_\_\_\_

SBA PPP Loan Number: \_\_\_\_\_ Lender PPP Loan Number: \_\_\_\_\_

PPP Loan Amount: \_\_\_\_\_ PPP Loan Disburse Interest Date: \_\_\_\_\_

Employees of Time of Forgiveness Application: \_\_\_\_\_

FTEs Advance Amount: \_\_\_\_\_ FTEs 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:**

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 Employees (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): \_\_\_\_\_

**Final 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): \_\_\_\_\_

Loan Calculator form

# WHAT ARE SOME BASICS?

...

- Know how to calculate your payroll
- Be familiar with wage reduction in the worksheet
- Learn the FTE Reduction Calculation/Quotient
- Understand what is an FTE (rounding calculation)
- Know the “Safe Harbor” provisions

# SAMPLE LOAN FORGIVENESS APPLICATION

## Page 3



**Paycheck Protection Program  
Loan Forgiveness Application**

OMB Control Number 3245-0407  
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  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): \_\_\_\_\_



# IS FORGIVENESS COMPLICATED?

...

## *Basic Forgiveness Calculation – 11 lines*

- **Line 1:** Enter total eligible payroll costs incurred or paid during Covered Period (Schedule A)
- **Line 2:** Enter amount of business mortgage interest payments during the covered period on real and personal property incurred before February 15, 2020
- **Line 3:** Enter amount of business rent or lease payments for real or personal property pursuant to lease agreement in force before February 15, 2020
- **Line 4:** Enter amount of business utility payments during the covered period for business utility services that began before February 15, 2020

# BASIC OF FORGIVENESS – 11 LINES

...

*Continued*

- **Line 5** - Enter the number from PPP Schedule A, line 3.
  - This amount reflects the loan forgiveness reduction required for salary/hourly wage reductions in excess of 25% for certain employees as described in PPP Schedule A.

# LINE 5

...

Only Needed if You REDUCE Wages

Although not likely necessary, it is two steps:

1. Calculate Eligible Payroll Costs
  
2. Determine if any reductions apply
  - A. Due to changes in payroll
  - B. Due to changes in staffing level

# PPP SCHEDULE A WORKSHEET



## There are 3 Parts of the PPP Schedule A Worksheet:

**1a** Start with completing Table 1 for employees paid <\$100K

**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
<b>FTE Reduction Exceptions:</b>				
<b>Totals:</b>		<b>Box 1</b>	<b>Box 2</b>	<b>Box 3</b>

**1b** Then complete Table 2 for employees paid >\$100K in 2019

**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
<b>Totals:</b>		<b>Box 4</b>	<b>Box 5</b>

**1c** Finally, complete steps 1-5 of the FTE Reduction Safe Harbor

**FTE Reduction Safe Harbor:**

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

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.

# PPP SCHEDULE A



## Page 6



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: \_\_\_\_\_

# HOW TO COMPLETE THE SCHEDULE A WORKSHEET

## *Definitions*

- **Cash Compensation:** Enter the prorated sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period or the Alternative Payroll Covered Period.
  - No employee can earn more than \$15,385 due to the \$100k cap.
- **Non-Cash Compensation:** Total amount paid for health insurance, contributions to retirement plans and employer state and local taxes assessed on employee compensation.

# WHAT IS A FULL TIME EQUIVALENT (FTE)?

...

- **Average FTE:** A full-time employee averaged working 40 hours a week or more. The maximum for each employee is capped at 1.0.
- The borrower can choose to use a simplified method, which assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work less than 40 hours.

# HOW TO COMPLETE THE SCHEDULE A WORKSHEET

## *FTE “Safe Harbor” Provisions*

- A safe harbor under applicable law and regulation exempts certain borrowers from the loan forgiveness reduction based on FTE employee levels. Specifically, the Borrower is exempt from the reduction in loan forgiveness based on FTE employees described above if both of the following conditions are met:
  1. The Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and
  2. The Borrower then restored its FTE employee levels by not later than June 30, 2020 to its FTE employee levels in the Borrower’s pay period that included February 15, 2020

*In essence, if your employment levels return to pre-February 15, 2020 levels by June 30<sup>th</sup>, 2020, you are forgiven and have met the safe harbor requirement.*



# OTHER NOTABLE FTE EXCEPTIONS

...

## *Reduction in Employees Through No Fault of the Borrower*

Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness:

1. Any positions for which the Borrower made a good-faith, written offer to rehire an employee which was rejected by the employee; and
2. Any employees who:
  - a. were fired for cause
  - b. voluntarily resigned, or
  - c. voluntarily requested and received a reduction of their hours.

In these cases, **DOCUMENT, DOCUMENT, DOCUMENT**

# WHAT IS THE SALARY/HOURLY WAGE REDUCTION COLUMN? (LINE 5)

...

## *You May Not Get Full Forgiveness*

- Complete the Salary/Hour Wage Reduction column only for employees whose salaries or hourly wages were reduced by more than 25% during the “Covered Period.”
- The SBA is allowing you to reduce an individual’s wages to 75% during the Covered Period and still get a full forgiveness.
- If you did not reduce pay, you still need to complete this column to indicate that.

# CALCULATING THE SALARY HOURLY WAGE REDUCTION

...

## *Three Easy Steps*

1. Determine if pay was reduced by more than 25%
2. Determine if the Salary/Hourly Wage Reduction Safe Harbor is met
3. Determine the Salary/Hourly Wage Reduction

# But How?

...

## PPP Schedule A Worksheet

Start with inputting employees during the Covered Period or Alternative Payroll Covered Period into the PPP Schedule A Worksheet Table 1

**PPP Schedule A 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 / Hourly Wage Reduction
<b>FTE Reduction Exceptions:</b>				
<b>Totals:</b>		<b>Box 1</b>	<b>Box 2</b>	<b>Box 3</b>

- Input only employees with 2019 earnings under \$100K
- Employer ID = last 4 digits of employees SSN
- Cash Compensation = sum of gross salary, wages, tips, commissions, leave
- Average FTE = average # of hours per week divided by 40, capped at 1.0. Round to the nearest 0.1.
- Follow the **3 steps** on the next pages to determine Salary/Hourly Wage Reduction

# PPP SCHEDULE A WORKSHEET



## Salary/Hourly Wage Reduction – Step 1

Salary / Hourly Wage Reduction
<b>Box 3</b>

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

- a. Enter average annual salary or hourly wage during Covered Period or Alternative Payroll Covered Period: \_\_\_\_\_.
- b. Enter average annual salary or hourly wage between January 1, 2020 and March 31, 2020: \_\_\_\_\_.
- c. Divide the value entered in 1.a. by 1.b: \_\_\_\_\_.
- d. If 1.c. is 0.75 or more, enter zero in the column above box 3 for that employee; otherwise proceed to Step 2

### Example table that can be used to complete step 1:

Step 1	1a. Average Salary or wage during Covered Period	1b. Average annually salary or wage between January 1, 2020 through March 31, 2020	1c. Divide 1a by 1b	1d. If 1c is 75% or more, enter zero, otherwise proceed to step 2
	1a. Average Salary/Wage during Covered Period	1b. Average annually salary or wage between January 1, 2020 through March 31, 2020	1c. Divide 1a by 1b	1d. If 1c is 75% or more, enter zero, otherwise proceed to step 2
	\$ 75,000	\$ 90,000	83%	0
	\$ 48,000	\$ 80,000	60%	Proceed to Step 2
	\$ 72,000	\$ 98,000	73%	Proceed to Step 2

# PPP SCHEDULE A WORKSHEET



## Salary/Hourly Wage Reduction – Step II

Salary / Hourly Wage Reduction
<b>Box 3</b>

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

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

**Example table that can be used to complete step 2:**

Step 2:	2a Input annual salary or Wage as of February 15, 2020	2b Input average annual salary or hourly wage between February 15, 2020 and April 26, 2020	If 2b is equal or greater than 2a, skip to step 3, otherwise proceed to step 2. Result	2c. Input annual salary or hourly wages as of June 30th, 2020	If 2c is equal to or greater than 2a, the Safe Harbor has been met - enter zero in the column above box 3 for that employee, otherwise Proceed to Step 3
	Salary/Wage as of Feb 15, 2020	Salary/Wage Feb 15, 2020 -April 26, 2020	2. Result	2c. Avg Annual Salary wags as of June 30, 2020	2c. Result
	\$ 90,000	\$ 90,000	Step 3		Step 3
	\$ 98,000	\$ 90,000	Step 2c		Step 2c

# PPP SCHEDULE A WORKSHEET



## Salary/Hourly Wage Reduction – Step III

Salary / Hourly Wage Reduction
Box 3

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

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

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

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

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

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

### Example table that can be used to complete step 3:

Step 3:	Multiply by the amount entered in 1.b. by .75	Subtract the amount entered in 1a from 3a	Select if the employee is paid hourly wages or annually	If Salary, skip to 3e	Input the average number of hours worked per week between January 1, 2020 - March 31, 2020	3e. Multiply 3b by 8 and divide by 52	If employee is salary, enter this into column above box 3	
Step 3:	3a. Multiply 1b by .75	3b Subtract the amount entered in 1a from 3a	Is the employee hourly or salary?	3c. Average # of hours worked per week between January 1, 2020-March 31, 2020	3d. Multiply 3b by 3c and then by 8	3d Result if hourly	3e Multiply 3b by 8 and divide by 52	3e result if hourly
	\$ 67,500.00	\$ 22,500.00	Salary	Proceed to 3e			\$ 3,462	

# FTE REDUCTIONS



**FTE Reduction Exceptions:** Indicate the FTE of (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. In all of these cases, include these FTEs on this line only if the position was not filled by a new employee. Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness.

**PPP Schedule A 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 / Hourly Wage Reduction
<b>FTE Reduction Exceptions:</b>				
<b>Totals:</b>		<b>Box 1</b>	<b>Box 2</b>	<b>Box 3</b>



# TABLE 1 SUMMARY



Once you have completed the table, enter the sum of each amount in Box 1, Box 2, and Box 3

## PPP Schedule A 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 / Hourly Wage Reduction
<b>FTE Reduction Exceptions:</b>				
<b>Totals:</b>		<b>Box 1</b>	<b>Box 2</b>	<b>Box 3</b>

# TABLE 2



Complete Table 2 using the same method as Table 1, but note you do not need to complete the Salary/Hourly Wage Reduction Column

**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

Once you have completed the table, enter the sum of each amount in Box 4 and Box 5

# BACK TO OUR 11 LINES

...

*We Just Finished Line 5 – The Most Important Step*

- **Line 6:** Add amounts of steps 1-4 and then subtract Line 5.
- **Line 7:** FTE Reduction Quotient: calculated by dividing the average FTE during Borrower's Chosen Period by the Total Average FTE – it will be 1.0 or lower.

# ALMOST DONE

...

## *Lines 8-11*

- **Line 8:** Modified Total (multiply line 6 by line 7)
- **Line 9:** PPP Loan Amount
- **Line 10:** Payroll Costs 75% Requirement (divide line 1 by .75)
- **Line 11:** FORGIVENESS AMOUNT (the smallest of lines 8, 9, and 10)

# HOW DO I DOCUMENT?



## *Must Be Submitted With Application*

**Payroll:** Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consists 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 forgiveness amount (PPP Schedule A, lines (6) and (7)).

# HOW DO I DOCUMENT?

...

*Must Be Submitted With Application*

**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; or
- 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 12-week period between May 1, 2019 and September 15, 2019

# HOW DO I DOCUMENT?

...

## *Must Be Submitted With Application*

**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 one month after 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 lessor account statements from February 2020 and from the Covered Period through one month after 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,

# DOCUMENTATION BORROWERS ARE REQUIRED TO MAINTAIN



*Does Not Need to be Submitted But Maintained (Six Years)*

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

- PPP Schedule A Worksheet or its equivalent and the following:
- 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.”



# WHAT ABOUT OWNER'S COMPENSATION?

...

## *We Still Need Guidance*

The application will still need to be completed but we are waiting for SBA guidance regarding what is required to validate payroll.

However, these costs are definitely not eligible:

1. Health Insurance
2. Retirement Benefits

# INFORMATION FOR ALL 20% OWNERS AND DIRECTORS - DEMOGRAPHICS



Paycheck Protection Program  
Loan Forgiveness Application

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

## PPP Borrower Demographic Information Form (Optional)

### Instructions

1. **Purpose.** Veteran/gender/race/ethnicity data is collected for program reporting purposes only.
2. **Description.** This form requests information about each of the Borrower's Principals. Add additional sheets if necessary.
3. **Definition of Principal.** The term "Principal" means:
  - For a self-employed individual, independent contractor, or a sole proprietor, the self-employed individual, independent contractor, or sole proprietor.
  - For a partnership, all general partners and all limited partners owning 20% or more of the equity of the Borrower, or any partner that is involved in the management of the Borrower's business.
  - For a corporation, all owners of 20% or more of the Borrower, and each officer and director.
  - For a limited liability company, all members owning 20% or more of the Borrower, and each officer and director.
  - Any individual hired by the Borrower to manage the day-to-day operations of the Borrower ("key employee").
  - Any trustor (if the Borrower is owned by a trust).
  - For a nonprofit organization, the officers and directors of the Borrower.
4. **Principal Name.** Insert the full name of the Principal.
5. **Position.** Identify the Principal's position; for example, self-employed individual; independent contractor; sole proprietor; general partner; owner; officer; director; member; or key employee.

Principal Name		Position
Veteran	1=Non-Veteran; 2=Veteran; 3=Service-Disabled Veteran; 4=Spouse of Veteran; X=Not Disclosed	
Gender	M=Male; F=Female; X=Not Disclosed	
Race (more than 1 may be selected)	1=American Indian or Alaska Native; 2=Asian; 3=Black or African-American; 4=Native Hawaiian or Pacific Islander; 5=White; X=Not Disclosed	
Ethnicity	H=Hispanic or Latino; N=Not Hispanic or Latino; X=Not Disclosed	

Disclosure is voluntary and will have no bearing on the loan forgiveness decision

# ROSE'S FLOWERS – EXAMPLE OF FULL FORGIVENESS APPLICATION



For the last ten years, Rose Rantanen operates Rose's Flowers in Cleveland, Ohio. The recent situation impacted her business as it was shut down.

- With a monthly payroll of \$8,000, Rose applied for and received a PPP Loan of \$20,000
- Rose received funding for her PPP Loan on May 22, 2020. She utilized the “Covered Period” and spent those monies on payroll through July 16, 2020
- Rose has four employees at application
- During the covered period, Rose had four employees including herself
- Rose did not receive an EIDL Loan
- During the covered period, Rose paid \$18,000 in wages, \$1,000 for health insurance, \$500 in employee retirement plans and \$500 for employer state and local taxes during the covered period (\$20,000 in payroll total)
- Rose paid \$3,000 in rent and \$1,000 for utilities
- Rose did NOT reduce the wages of any employees

What is Rose's forgiven amount? How much does she owe?

# ROSE'S FLOWERS – FULL FORGIVENESS

## Application – Top Half View



Paycheck Protection Program  
Loan Forgiveness Application

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

### PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")	DBA or Tradename, if applicable	
Rose's Flowers	N/A	
Business Address	Business TIN (EIN, SSN)	Business Phone
1111 Superior Avenue	12-3456789	(216) 409-4499
Cleveland, OH 44111	Primary Contact	E-mail Address
		Rose@flowers.com

SBA PPP Loan Number: 123 456 78 -00 Lender PPP Loan Number: 999999

PPP Loan Amount: \$20,000 PPP Loan Disbursement Date: 5/20/2020

Employees at Time of Loan Application: 4

Employees at Time of Forgiveness Application: 4

EIDL Advance Amount: \$0 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 \_\_\_\_\_

Covered Period: 5/22/2020 to 7/16/2020

Alternative Payroll Covered Period, if applicable: N/A to \_\_\_\_\_

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

# ROSE'S FLOWERS – FULL FORGIVENESS



## Application – Bottom Half View

### **Forgiveness Amount Calculation:**

#### Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10):	\$20,000
Line 2. Business Mortgage Interest Payments:	
Line 3. Business Rent or Lease Payments:	\$3,000
Line 4. Business Utility Payments:	\$1,000

#### 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:	\$24,000
Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13):	1.0

#### Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7):	\$24,000
Line 9. PPP Loan Amount:	\$20,000
Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75):	\$26,667

#### Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10):	\$20,000
---	----------

# ROSE'S FLOWERS – FULL FORGIVENESS

## Application – Complete View



Paycheck Protection Program  
Loan Forgiveness Application

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

### PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")	DBA or Tradename, if applicable	
Rose's Flowers	N/A	
Business Address	Business TIN (EIN, SSN)	Business Phone
1111 Superior Avenue	12-3456789	216 409-4499
Cleveland, OH 44111	Primary Contact	E-mail Address
		Rose@flowers.com

SBA PPP Loan Number: 123 456 78 -00 Lender PPP Loan Number: 999999  
 PPP Loan Amount: \$20,000 PPP Loan Disbursement Date: 5/20/2020  
 Employees at Time of Loan Application: 4  
 Employees at Time of Forgiveness Application: 4  
 EIDL Advance Amount: \$0 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 \_\_\_\_\_

Covered Period: 5/22/2020 to 7/16/2020

Alternative Payroll Covered Period, if applicable: N/A 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): \$20,000  
 Line 2. Business Mortgage Interest Payments: \_\_\_\_\_  
 Line 3. Business Rent or Lease Payments: \$3,000  
 Line 4. Business Utility Payments: \$1,000

##### 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: \$24,000  
 Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): 1.0

##### Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): \$24,000  
 Line 9. PPP Loan Amount: \$20,000  
 Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): \$26,667

##### Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): \$20,000

# PPP Schedule A Worksheet

...

## Wage Breakdown

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Annalise Smith	1111	\$ 4,250	40	0%
Shelby Silver	2222	\$ 4,250	40	0%
Dan Manly	3333	\$ 4,250	40	0%
Rose Rantanen	4444	\$ 5,250	40	0%
FTE Reduction Exceptions				
Totals:		\$ 18,000	40	

### IMPORTANT NOTE FOR SLIDE 47

As discussed during the recording, slide 47 did contain a typographical error on the “PPP Schedule A Worksheet”. Due to the importance of this calculation, GAF is offering the proper figures for “average FTE” below (4 instead of 40). To compute “Average FTE, the borrower simply takes the average hours worked divided by 40. In this instance for Rose’s Flowers, it was simply 40/40 for each employee adding up to 4. (If an individual employee worked 25 hours, rather than 1 the figure would be  $25/40 = .63$  rounded to .7)

This figure becomes the entry on PPP Schedule A line 2. Line 2 plus Line 5 equal Line 12 on the Worksheet. This is very important as it reflects the FTE Quotient on the Loan Forgiveness Application on Line 7 which is multiplied to the Eligible Use of Proceeds. The smallest line of 8, 9 or 10 becomes the Forgiveness Amount.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Hourly Wage Reduction
Annalise Smith	1111	\$ 4,250	1	0%
Shelby Silver	2222	\$ 4,250	1	0%
Dan Manly	3333	\$ 4,250	1	0%
Rose Rantanen	4444	\$ 5,250	1	0%
FTE Reduction Exceptions				
Totals:		\$ 18,000	4	



# ROSE'S FLOWERS – FULL FORGIVENESS



## SCHEDULE A – Lines 1-6



### Paycheck Protection Program Loan Forgiveness Application

OMB Control Number 3245-04  
Expiration Date: 10/31/20

#### PPP Schedule A

##### PPP Schedule A Worksheet, Table 1 Totals

Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1: 18,000

Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1: 4

Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1: \$0  
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: \$0

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 0

Line 6. Total amount paid by Borrower for employer contributions for employee health insurance: \$1000

# ROSE'S FLOWERS – FULL FORGIVENESS

•••

## SCHEDULE A – Lines 7-13

Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans: \$500

Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation: \$500

### Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners: 0  
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): \$20,000

### 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

Line 12. Total Average FTE (add lines 2 and 5): 4

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

# ROSE'S FLOWERS – FULL FORGIVENESS



## SCHEDULE A – Complete View



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:	\$15,000
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:	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 <input type="checkbox"/> and enter 0 on line 3.	0

#### PPP Schedule A Worksheet, Table 2 Totals

Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:	\$3,000
Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:	1
<u>Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period</u>	
Line 6. Total amount paid by Borrower for employer contributions for employee health insurance:	\$1,000
Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans:	\$500
Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation:	\$500

#### 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.	0
--	---

#### Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):	\$20,000
--	----------

#### 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
Line 12. Total Average FTE (add lines 2 and 5):	4
Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:	1.0

# ROSE'S FLOWERS – PARTIAL FORGIVENESS APPLICATION



For the last ten years, Rose Rantanen operates Rose's Flowers in Cleveland, Ohio. The recent situation impacted her business as it was shut down.

- With a monthly payroll of \$8,000, Rose applied for and received a PPP Loan of \$20,000
- Rose received funding for her PPP Loan on May 25, 2020. She utilized the “Covered Period” and spent those monies on payroll through 7/16/2020
- Rose has EIGHT employees at application
- During the covered period, Rose had four employees including herself
- Rose did not receive an EIDL Loan
- During the covered period, Rose paid \$18,000 in wages, \$1,000 for health insurance, \$500 in employee retirement plans and \$500 for employer state and local taxes during the covered period (\$20,000 in payroll total)
- Rose paid \$3,000 in rent and \$1,000 for utilities
- Rose did NOT reduce the wages of any employees

*What is Rose's forgiven amount? How much does she owe?*

# ROSE'S FLOWERS – PARTIAL FORGIVENESS



## Application – Top Half View



**Paycheck Protection Program  
Loan Forgiveness Application**

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

**PPP Loan Forgiveness Calculation Form**

Business Legal Name ("Borrower")	DBA or Tradename, if applicable	
Rose's Flowers	N/A	
Business Address	Business TIN (EIN, SSN)	Business Phone
1111 Superior Avenue	12-3456789	(216) 409-4499
Cleveland, OH 44111	Primary Contact	E-mail Address
		Rose@flowers.com

SBA PPP Loan Number: 123 456 78 -00 Lender PPP Loan Number: 999999

PPP Loan Amount: \$20,000 PPP Loan Disbursement Date: 5/20/2020

Employees at Time of Loan Application: 8

Employees at Time of Forgiveness Application: 4

EIDL Advance Amount: \$0 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 \_\_\_\_\_

Covered Period: 5/22/2020 to 7/16/2020

Alternative Payroll Covered Period, if applicable: N/A to \_\_\_\_\_

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

# ROSE'S FLOWERS – PARTIAL FORGIVENESS

•••

## Application – Bottom Half View

### **Forgiveness Amount Calculation:**

#### Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): \$20,000

Line 2. Business Mortgage Interest Payments:

Line 3. Business Rent or Lease Payments: \$3,000

Line 4. Business Utility Payments: \$1,000

#### 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: \$24,000

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): .5

#### Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): \$12,000

Line 9. PPP Loan Amount: \$20,000

Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): \$26,667

#### Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): \$12,000

# ROSE'S FLOWERS – PARTIAL FORGIVENESS



## Application – Complete View



Paycheck Protection Program  
Loan Forgiveness Application

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

### PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")	DBA or Tradename, if applicable	
Rose's Flowers	N/A	
Business Address	Business TIN (EIN, SSN)	Business Phone
1111 Superior Avenue	12-3456789	216 409-4499
Cleveland, OH 44111	Primary Contact	E-mail Address
		Rose@flowers.com

SBA PPP Loan Number: 123 456 78 -00 Lender PPP Loan Number: 999999

PPP Loan Amount: \$20,000 PPP Loan Disbursement Date: 5/20/2020

Employees at Time of Loan Application: 8

Employees at Time of Forgiveness Application: 4

EIDL Advance Amount: \$0 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 \_\_\_\_\_

Covered Period: 5/22/2020 to 7/16/2020

Alternative Payroll Covered Period, if applicable: N/A 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): \$20,000

Line 2. Business Mortgage Interest Payments: \_\_\_\_\_

Line 3. Business Rent or Lease Payments: \$3,000

Line 4. Business Utility Payments: \$1,000

##### 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: \$24,000

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): .5

##### Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): \$12,000

Line 9. PPP Loan Amount: \$20,000

Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): \$26,667

##### Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): \$12,000

# ROSE'S FLOWERS – PARTIAL FORGIVENESS



## Schedule A – Lines 1-6



### 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: 18,000

Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1: 4

Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1: \$0  
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: \$0

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 0

Line 6. Total amount paid by Borrower for employer contributions for employee health insurance: \$1000



# ROSE'S FLOWERS – PARTIAL FORGIVENESS

•••

## Schedule A – Lines 7-13

Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans: \$500

Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation: \$500

### Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners: 0  
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): \$20,000

### 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: 8


Line 12. Total Average FTE (add lines 2 and 5): 4

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met: 0.5

# ROSE'S FLOWERS – PARTIAL FORGIVENESS



## Schedule A – Complete View

	<b>Paycheck Protection Program Loan Forgiveness Application</b>	OMB Control Number 3245-0407 Expiration Date: 10/31/2020
<u>PPP Schedule A</u>		
<u>PPP Schedule A Worksheet, Table 1 Totals</u>		
Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:		18,000
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:		4
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.		\$0
<u>PPP Schedule A Worksheet, Table 2 Totals</u>		
Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:		\$0
Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:		
<u>Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period</u>		
		0
Line 6. Total amount paid by Borrower for employer contributions for employee health insurance:		\$1000
Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans:		\$500
Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation:		\$500
<u>Compensation to Owners</u>		
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.		\$0
<u>Total Payroll Costs</u>		
Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):		\$20,000
<u>Full-Time Equivalency (FTE) Reduction Calculation</u>		
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 <input type="checkbox"/> , skip lines 11 and 12 and enter 1.0 on line 13.		
Line 11. Average FTE during the Borrower's chosen reference period:		8
Line 12. Total Average FTE (add lines 2 and 5):		4
Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:		.5

# Q&A