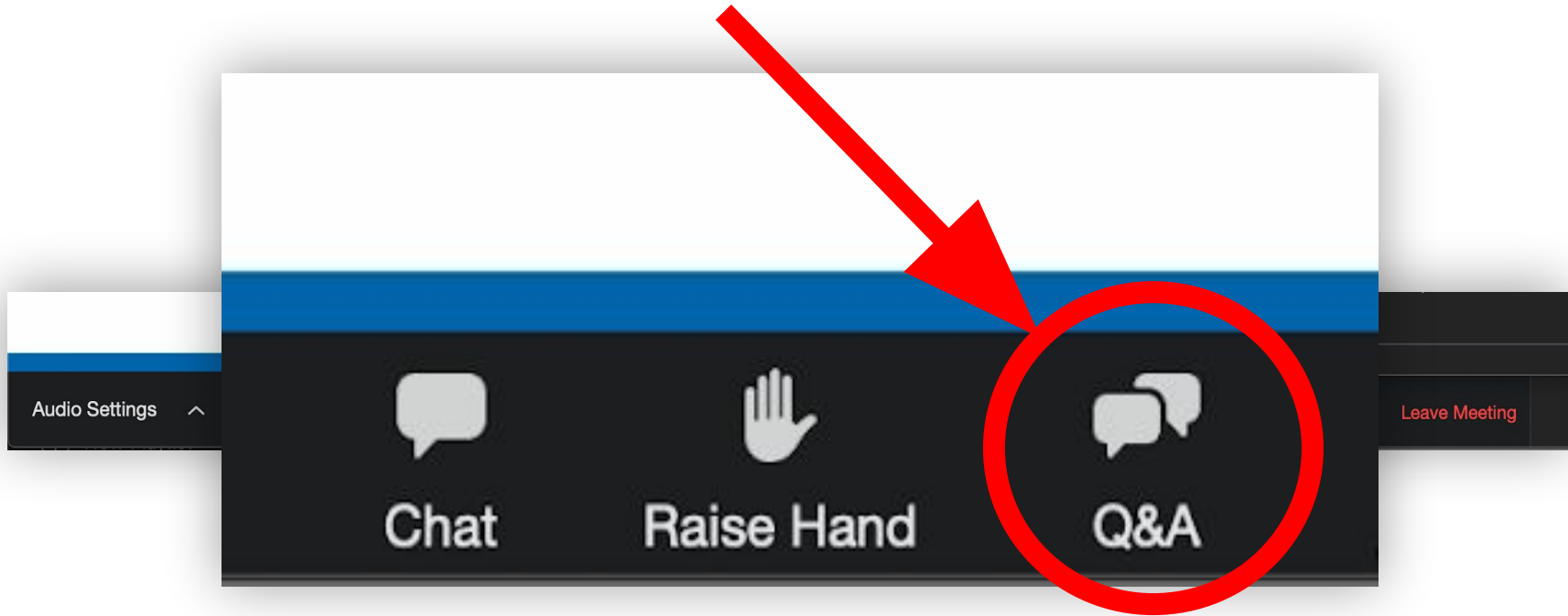


# PPP Forgiveness – How to Get the Application Right as a LLC, C- or S- Corporation

Live Webinar will begin shortly

August 27, 2020

4:30-6:00 PM



# Meet The Presenters



**Eric Saltzman**

**Greg Loosvelt**

**Juliana Ramirez**

# Disclaimer

*The information provided is based upon facts that were available at the time of publication and are subject to change. We make no warranties, express or implied, or representations as to the accuracy, completeness or timeliness of the information provided. We cannot be held liable for any claims or damages that result from reliance on this information.*

*Neither SCORE or SCORE Mentors provide legal or accounting advice. This presentation provides a general overview of the subject matter. You should seek advice from your lawyers, accountants and other advisor regarding the specifics of your business.*

# AGENDA

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- The Flexibility Act
- PPP Loan Forgiveness Application
- PPP Loan Forgiveness Options and Rules
- Q&A

# Paycheck Protection Program Flexibility Act?

On June 5, 2020, the President signed into law the PPP “Flexibility Act.” The law is designed to give small businesses more flexibility and time to make qualifying expenditures for loan forgiveness.

## The Flexibility Act covers:



Lengthens the forgiveness “**covered period**” from an **8-week period (56 days)** to **24-weeks (168 days)**, but no later than December 31, 2020

- ✓ Borrowers who received their PPP loan before June 5, 2020, maintain the option to use the original 8-week period or any period between the 8-week and 24-week covered period



Extends the **PPP loan payment deferral period** from 6 months, to the date on which your eligible forgiveness amount is remitted to the lender. For borrowers who do not apply for forgiveness within **10 months** after the end of the covered period, the deferral period will end at that time as well



Revises the 75/25 **payroll/non-payroll** cost minimum requirement to **60/40**



If loan obtained on or after **June 5, 2020 loan term is 5 years**. Loan term may be extended upon borrower and lender agreement, from 2 years to 5 years, if PPP loan was obtained prior to June 5, 2020.

# Paycheck Protection Program Flexibility Act? Cont'd

On June 5, 2020, the President signed into law the PPP “Flexibility Act.” The law is designed to give small businesses more flexibility and time to make qualifying expenditures for loan forgiveness.

## The Flexibility Act covers:



Allows borrowers to **delay their payroll tax payments** through the end of 2020. The provision requires that the deferred employment tax be paid over the following two years, with half of the amount due by December 31, 2021, and the other half due by December 31, 2022



Provides an **additional exemption from loan forgiveness reduction** based on inability to rehire (in good faith) the same Full-Time Equivalent (FTE) level or inability to return (in good faith) to the same level of business activity before February 2020



Payroll costs capped at \$100,000 of annualized pay per employee (**8 weeks = maximum of \$15,385** per individual or **24 weeks = maximum of \$46,154** per individual)

Owner employees are capped at 8 weeks = maximum of \$15,385 or 24 weeks = maximum of \$20,833

# SBA Loan Forgiveness Applications

On June 16, 2020, the SBA issued updated loan forgiveness applications and instructions.

Print and review the SBA Forms and Instructions. Gain an understanding of what data is needed and consult your legal and tax professional. Check with lender to determine whether they are using their own application.



## Key highlight:

There are two loan forgiveness applications available. Be sure to review both to see which option will be better suited for your business:

The image shows the top portion of the SBA PPP Loan Forgiveness Application Form 508EZ. The form includes fields for Business Legal Name, Business Address, Business TIN, Primary Contact, and E-mail Address. It also has sections for SBA PPP Loan Number, Lender PPP Loan Number, PPP Loan Amount, PPP Loan Disbursement Date, Employees at Time of Loan Application, and EIDL Application Number. There are checkboxes for Payroll Schedule (Weekly, Biweekly, Twice a month, Monthly, Other) and a section for Covered Period. The form is titled 'Paycheck Protection Program PPP Loan Forgiveness Application Form 508EZ' and includes OMB Control No. 3245-0097 and Expiration date: 10/31/2020.

## PPP Loan Forgiveness:

- [Application Form EZ](#)
- [Application](#)

## Things you should know:

- A borrower can apply for loan forgiveness at any time on or before the maturity date of the loan, including prior to the end of the Covered Period
- The loan forgiveness expenses need to be collected prior to completing the loan forgiveness application via Lender online portal
- Borrowers will still need to prepare documentation as part of the loan forgiveness application process
- Borrowers will need to retain information for 6 years



# The EZ Loan Forgiveness Application

Borrowers must meet one of three criteria options to be able to utilize the EZ application.

Option 1	Option 2 (2-part criteria)	Option 3 (2-part criteria)
<p>Borrower is a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries when applying for PPP funds</p>	<p>Borrower did not reduce annual salary or hourly wages of any employee by more than 25% during the Covered Period or the Alternative Payroll Covered Period compared to the period between January 1, 2020, and March 31, 2020</p>	
	<p style="text-align: center;"><b>AND</b></p> <p>Borrower did not reduce the number of employees or the average paid hours (FTE) of employees between January 1, 2020 and the end of the Covered Period</p> <p>Reduction exception includes:</p> <ul style="list-style-type: none"> <li>• Inability hire similarly qualified employees (counts as of February 15, 2020) for unfilled positions on or before December 31, 2020.</li> <li>• If an employee's hours that the Borrower offered to restore was refused by the employee</li> </ul>	<p style="text-align: center;"><b>AND</b></p> <p>Borrower was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020, by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19</p>

# How to calculate Full-Time Equivalency (FTE)?

A FTE is defined as an employee working 40 hours per week.

A simplified method that assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours may be used at the election of the Borrower.

## 💡 Key highlights:

- ✓ Borrowers must use consistent FTE calculation when applying for loan forgiveness
  - ✓ Can use actual FTE calculation ( $37.5 \text{ hrs.} / 40 \text{ hrs.} = 0.9 \text{ FTE}$ ) or simplified method (0.5 FTE)
- ✓ 1099 employees (contractors) cannot be included in your total employee counts – they were able to apply for loan forgiveness separately

## Reminders:

- 25% salary or wage reduction exception for the EZ form is based on each individual employee (not an overall employee average)
- Employee payroll costs are capped at \$100,000 of annualized pay per employee (8 weeks = maximum of \$15,385 per individual or 24 weeks = maximum of \$46,154 per individual)
- Owner employee payroll costs are capped at 8 weeks = maximum of \$15,385 or 24 weeks = maximum of \$20,833

# Exceptions to the FTE Reduction Rules

There are a growing number of exceptions to the headcount reduction rule. For any of the following situations, the applicable FTE statistics should be excluded:

- (i) borrower makes a good-faith, written offer to rehire or restore the reduced hours of an employee during the forgiveness covered period, the offer was rejected and the borrower has documentation of the offer and rejection;
- (ii) the employee was fired for cause;
- (iii) the employee voluntarily resigned;
- (iv) the employee requested and received a reduction of their hours;
- (v) the borrower in good faith can document the inability to rehire individuals who were employees on February 15, 2020 and hire similarly qualified employees for unfilled positions on or before December 31, 2020;
- (vi) the borrower in good faith can document the inability to return to the same level of business activity as before February 15, 2020 due to compliance with requirements established or guidance issued related to COVID-19.

# What do Owner Employees need to know about compensation caps?

An Owner Employee is inclusive of: Independent Contractor, Self-Employed Individual, Sole Proprietor, General Partner or Owner Employee of any other entity type.

## Key highlights:



Owner employee compensation for **8-week period** is capped at lesser of 8/52 of 2019 net profits or **\$15,385** per individual in total across all businesses



Owner employee compensation for **24-week period** is lesser of (2.5/12) months' worth of 2019 net profit up to **\$20,833** per individual in total across all businesses

- ✓ Excluding any qualified sick leave amount for which a credit is claimed under the Families First Coronavirus Response Act (Section 7002 or 7004)



If you leverage 2019 net profit or compensation then supply 2019 tax documents along with proof of payment during the covered period

# Expenses included in Payroll & Non-Payroll Costs?

- Payroll costs are defined as: payroll expenses, including health and retirement benefits, and payment of state and local taxes imposed on employee payroll.
- Non-payroll costs are defined as: interest on business mortgage obligations, rent/leases and utilities.

## Highlights of Payroll Cost (minimum of 60%):

Sample payroll expenses:



- ✓ Salary (up to \$100,000 per employee), wages, commissions, tips, bonuses and hazard pay
- ✓ Vacation, parental, family, medical and sick pay

Sample health and retirement benefits:



- ✓ Health, dental and vision insurance
- ✓ Employer paid: 401K matches, profit sharing payments, pension contributions and SEP contributions for W2 Owners

Payment of state and local taxes imposed on employee payroll (excludes employer paid FICA taxes)



- ✓ Do not list any taxes withheld from employee earnings

## Highlights of Non-Payroll Cost clarified by the SBA:



Transportation utility costs are considered gasoline/fuel for business vehicles used for business purposes



Interest payment on business mortgage obligation on real or personal property:

- ✓ Real property is referring to the real estate, rent and leases
- ✓ Personal property is referring to business equipment only

# Determine the best Covered Period for my PPP loan?

A borrower should choose a covered period that will allow all eligible payroll and non-payroll expenses to be paid out prior to applying for loan forgiveness.

## Key highlights:

- ✓ The covered period chosen needs to align with payroll and non-payroll expense disbursement, payment and documentation
- ✓ Cannot pay for expenses prior to receiving PPP funds deposited into account

**Things you should know:**

A borrower can apply for loan forgiveness

- When PPP funds have been exhausted
- At any time on or before the maturity date of the loan, including prior to the end of the Covered Period



PPP funds deposited into account



PPP funds have been exhausted



8-week covered period on application



PPP funds deposited into account



PPP funds have been exhausted



24-week covered period on application

# Covered Period & Alternative Payroll Covered Period?

The covered period is 8 weeks (56 days) OR 24 weeks (168 days), but no later than December 31, 2020, from date of loan disbursement. Borrowers with loans prior to June 5 can still elect to use the 8-week covered period

Alternative payroll covered period begins 8 weeks (56 days) OR 24 weeks (168 days), from the first day of the first payroll cycle in the Covered Period.

### Covered Period:



### Alternative Payroll Covered Period:

(only applies to bi-weekly and weekly payroll cycles)










Note: this alternative period is only applicable for payroll expenses



# Documentation needed for forgiveness application?

Gather and scan PDF copies of the documentation listed below. Ensure PDF documents are not password protected before uploading to the online application.

**Note:** Expenses included in the loan forgiveness application require supporting documentation.

	Payroll Expenses	Non Payroll Expenses
	Bank account statements or third-party payroll service provider reports documenting <b>cash compensation paid to employees</b>	 <p><b>Business mortgage interest payments:</b></p> <ul style="list-style-type: none"> <li>• Amortization schedule and cancelled checks OR</li> <li>• Bank statements from February 2020 and each month of the Covered Period, plus one additional month</li> </ul>
	Tax forms or equivalent third-party payroll service provider reports for: <b>payroll tax filings and state quarterly wage reporting and unemployment insurance tax filings</b>	 <p><b>Business rent and lease payments:</b></p> <ul style="list-style-type: none"> <li>• Copy of current lease and receipts OR</li> <li>• Cancelled checks or bank statements from February 2020 and each month of the Covered Period, plus one additional month</li> </ul>
	Payment receipts, cancelled checks, or account statements documenting <b>employee health insurance and retirement plan contributions</b>	 <p><b>Business utility payments:</b></p> <ul style="list-style-type: none"> <li>• Copy of invoices from February 2020 and those paid during each month of the Covered Period, plus one additional month AND</li> <li>• Receipts, cancelled checks, or account statements</li> </ul>
	<p><b>FTE Documentation:</b> Any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule; documentation showing average number of FTE employees</p>	



FORM 3508EZ  
START WITH THE BASICS



Paycheck Protection Program  
PPP Loan Forgiveness Application Form 3508EZ

OMB Control No. 3245-0407  
Expiration date: 10/31/2020

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
BARMOR ENTERPRISES, INC.		Barrera's Restaurant & Bakery	
Business Address		Business TIN (EIN, SSN)	Business Phone
644 S. C Street		[REDACTED]	(805) 486 - 3717
Oxnard, CA 93036		Primary Contact	E-mail Address
		Carmen Morales	info@jrbookkeepingservices.com

SBA PPP Loan Number: 4403747410

Lender PPP Loan Number: n/a

PPP Loan Amount: 31,936

PPP Loan Disbursement Date: 05/11/2020

REFER TO OFFICIAL SBA PROMISSORY NOTE  
REQUEST WITH YOUR BANK OR LENDER IN CASE YOU DON'T HAVE IT



U.S. Small Business Administration

NOTE

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SBA Loan #	4403747410
SBA Loan Name	Barmor Enterprises Inc
Date	5/11/2020
Loan Amount	\$ 31936.00
Interest Rate	1.0%
Borrower	Barmor Enterprises Inc
Operating Company	Barmor Enterprises Inc
Lender	Customers Bank

# IF YOU APPLIED FOR AN EIDL LOAN AND RECEIVED AN ADVANCE YOU SHOULD HAVE THIS INFORMATION



OMB Control #3245-0406  
Expiration Date:  
09/30/2020

## Disaster Loan Assistance

Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters

COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION

### Application Submitted

Your application number is

 **3311712711**

You will not receive an email confirmation of your application submission. You will be notified through the email address you submitted ([pabloguzman020@gmail.com](mailto:pabloguzman020@gmail.com)) when we are processing your application. Please write down your application number or print this page for your records.

SBAD TREAS 310 PREAUTHORIZED ACH CREDIT SBAD TREAS 310 **\$6,000**

## COVERED PERIOD & ALTERNATIVE COVERED PERIOD?

### 8 WEEKS OR 24 WEEKS

Employees at Time of Loan Application: 6

Employees at Time of Forgiveness Application: 6

EIDL Advance Amount: N/A

EIDL Application Number: N/A

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

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

Covered Period: 05/11/2020 to 07/05/2020 OR 10/25/2020

Alternative Payroll Covered Period, if applicable: 05/18/2020 to 07/12/2020 OR 11/1/2020

## COVERED PERIOD & ALTERNATIVE COVERED PERIOD?

### Run Payroll: Biweekly

Pay from

Chase Checkings\*\*\*\*\*2639 ▼

Balance -\$2,156.91

Pay period

08/10/2020 to 08/23/2020 ▼

06/29/2020 to 07/12/2020

06/15/2020 to 06/28/2020

06/01/2020 to 06/14/2020

05/18/2020 to 05/31/2020

05/04/2020 to 05/17/2020

04/20/2020 to 05/03/2020



**New Average Monthly Qualified Payroll Cost**

View this new report if you're applying for a loan.

[View report](#)

## TOTAL PAYROLL COSTS

### Forgiveness Amount Calculation:

#### Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10):	27,192
Line 2. Business Mortgage Interest Payments:	0
Line 3. Business Rent or Lease Payments:	1,600
Line 4. Business Utility Payments:	450

**CARES SBA-PPP: Loan Forgiveness Payroll Cost**  
**From: 05/11/20 To: 07/05/20**  
**Covered Period: 8 Weeks**

This report provides the total payroll cost for all pay dates during your selected covered period length. The SBA payroll cost must be at least 80% of the forgiveness amount. Employees are listed alphabetically in two separate groups: first are employees who did not earn more than \$100,000 on an annualized basis\* in any single pay period in 2019 and employees who were not employed in 2019; and second are employees who earned, in at least one pay period in 2019, gross pay in excess of \$100,000 on an annualized basis\*. For your Loan Forgiveness Application, these two groups of employees will need to be listed separately.

Name	Gross Pay	FFCRA Excluded Earnings*	Gross Pay in Excess of \$100K Equivalent*	SBA Gross Pay	Employer Taxes State and Local	Employer Health Benefit Cost*	Employer Retirement Plan Cost*	SBA Payroll Cost
<b>Employees that are under \$100K in 2019</b>								
Estus, Robert F	\$11,750.00	\$0.00	\$0.00	\$11,750.00	\$57.00	\$0.00	\$0.00	\$11,807.00
Silveira, William E	\$16,666.64	\$0.00	\$1,281.64	\$15,385.00	\$0.00	\$0.00	\$0.00	\$15,385.00
<b>Total</b>	<b>\$28,416.64</b>	<b>\$0.00</b>	<b>\$1,281.64</b>	<b>\$27,135.00</b>	<b>\$57.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$27,192.00</b>
<b>Employees that are over \$100K in 2019</b>								
<b>Total</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Grand Total</b>	<b>\$28,416.64</b>	<b>\$0.00</b>	<b>\$1,281.64</b>	<b>\$27,135.00</b>	<b>\$57.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$27,192.00</b>

## THIRD PARTY PAYROLL COMPANIES LIKE ADP, PAYCHEX, GUSTO, ETC. HAVE PPP REPORTS AVAILABLE

### CARES SBA-PPP: Loan Forgiveness Employee Wage Comparison From: 05/11/20 To: 07/05/20 Covered Period: 8 Weeks

The Wage Comparison Report lists gross wages paid for each employee for the selected covered period and the lookback period and shows average annual salary (for employees on salary for any portion of either period) or average hourly rate (for hourly employees) for each period. The Wage Comparison Report can be used to show if there has been a reduction of wages for any employee of more than 25% between the selected covered period and the lookback period. Note that if you processed unpaid hours for any hourly employee, such as for unpaid leave, during one of the listed periods, you may need to manually adjust the employee's calculated hourly rate.

Name	SSN	Hire Date	Term Date*	Lookback Period Gross Pay	Lookback Period Average Annual Salary*	Lookback Period Total Hours	Lookback Period Average Hourly Wage*	Covered Period Gross Pay	Covered Period Average Annual Salary*	Covered Period Total Hours	Covered Period Average Hourly Wage*	Wage Comparison *	Potential Forgiveness Reduction Amount*	Over \$100K in 2019*
Estus, Robert F	xxx-xx-1041	01/01/19		\$14,000.00	\$58,000.00			\$11,750.00	\$78,375.00			1.38	\$0.00	
Silveira, William E	xxx-xx-0104	01/01/19		\$24,999.98	\$99,999.84			\$15,385.00	\$100,000.00			1.00	\$0.00	
<b>Total</b>													<b>\$0.00</b>	



## THIRD PARTY PAYROLL COMPANIES LIKE ADP, PAYCHEX, GUSTO, ETC. HAVE PPP REPORTS AVAILABLE

### CARES SBA-PPP: Loan Forgiveness FTEE Comparison

The Comparison Report provides Full Time Equivalent Employee (FTEE) values for the FTEE calculation options and can be used to show if there has been a reduction of FTEEs between the selected Covered Period and the Lookback Period you choose.

Cover Period = 05/11/20 to 07/05/20

Lookback Period 1 = 02/15/19 to 06/30/19

Lookback Period 2 = 01/01/20 to 02/29/20

Name	SSN	Hire / Rehire Date	Term Date*	Covered Period Hours*	Covered Period FTEE Opt 1*	Covered Period FTEE Opt 2*	Lookback Period 1 Hours*	Lookback Period 1 FTEE Opt 1*	Lookback Period 1 FTEE Opt 2*	Lookback Period 2 Hours*	Lookback Period 2 FTEE Opt 1*	Lookback Period 2 FTEE Opt 2*
<b>Employees that are under \$100K in 2019</b>												
Estus, Robert F	xxx-xx-1041	01/01/19			1.00	1.00		1.00	1.00		1.00	1.00
Silveira, William E	xxx-xx-0104	01/01/19			1.00	1.00		1.00	1.00		1.00	1.00
<b>Total</b>					<b>2.0</b>	<b>2.0</b>		<b>2.0</b>	<b>2.0</b>		<b>2.0</b>	<b>2.0</b>
<b>Employees that are over \$100K in 2019</b>												
<b>Total</b>					<b>0.0</b>	<b>0.0</b>		<b>0.0</b>	<b>0.0</b>		<b>0.0</b>	<b>0.0</b>
<b>Grand Total</b>					<b>2.0</b>	<b>2.0</b>		<b>2.0</b>	<b>2.0</b>		<b>2.0</b>	<b>2.0</b>

## LOAN FORGIVENESS FTEE CALCULATION

Cover Period = 05/11/20 to 07/05/20  
 Lookback Period 1 = 02/15/19 to 06/30/19  
 Lookback Period 2 = 01/01/20 to 02/29/20

Name	SSN	Hire / Rehire Date	Term Date*	Covered Period Hours*	Covered Period FTEE Opt 1*	Covered Period FTEE Opt 2*
<b>Employees that are under \$100K in 2019</b>						
Aly, Omar M	xxx-xx-3931	12/15/16		250.34	0.78	0.50
Daniels, Shawuatombi a C	xxx-xx-4744	06/22/15		260.92	0.82	0.50
Drew, Jazmine	xxx-xx-0118	09/10/17		171.00	0.53	0.50
Real, Claudia C	xxx-xx-7354	01/25/17		157.00	0.49	0.50
Thomas, Stanique	xxx-xx-2283	05/01/16		237.92	0.74	0.50
Hasan, Emma	xxx-xx-0789	06/22/15			1.00	1.00
Sattiewhite, Regina	xxx-xx-1700	08/01/15			1.00	1.00
<b>Total</b>					<b>5.4</b>	<b>4.5</b>
<b>Employees that are over \$100K in 2019</b>						
<b>Total</b>					<b>0.0</b>	<b>0.0</b>
<b>Grand Total</b>					<b>5.4</b>	<b>4.5</b>

FTE formula used in this example

Total hours 250.34 / 8 weeks / 40 hours = .78

# PPP SCHEDULE A WORKSHEET

## 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
Estus, Robert	1041	11,750	1	0
Silveria, William	0104	15,385	1	0
<b>FTE Reduction Exceptions:</b>				
<b>Totals:</b>		<b>Box 1</b> 27,135	<b>Box 2</b> 2	<b>Box 3</b> 0

**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>

Attach additional tables if additional rows are needed.

## PPP SCHEDULE A

### FTE Reduction Safe Harbor 2:

- 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: 2.
- 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: 2.
- Step 3. If the entry for step 2 is greater than step 1, proceed to step 4. Otherwise, FTE Reduction Safe Harbor 2 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 the earlier of December 31, 2020, and the date this application is submitted:         .
- 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 2 has been satisfied. Otherwise, FTE Reduction Safe Harbor 2 does not apply and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.

Note: 2/15/2020 - 4/26/2020 is 10 weeks

The formula to calculate FTE per employee for those 10 weeks would be:

To divide Total hours by 10 by 40

**For example:**  $250 \text{ hrs} / 10 = 25 / 40 = .62$  (which would be .50 for FTE purposes)

# PPP SCHEDULE A

## PPP Schedule A

### PPP Schedule A Worksheet, Table 1 Totals

Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:	27135
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:	2
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:	0
Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:	0
<u>Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period</u>	
Line 6. Total amount paid or incurred by Borrower for employer contributions for employee health insurance:	0
Line 7. Total amount paid or incurred by Borrower for employer contributions to employee retirement plans:	0
Line 8. Total amount paid or incurred by Borrower for employer state and local taxes assessed on employee compensation:	57

### 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):	27,192
--	--------

## ADJUSTMENTS FOR FTE EQUIVALENCY AND SALARY/HOURLY WAGE REDUCTIONS

### 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):	0
Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5:	29,242
Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13):	1

## POTENTIAL FORGIVENESS

### Potential Forgiveness Amounts

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

29,242

Line 9. PPP Loan Amount:

31,936

Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60):

45,320

### Forgiveness Amount

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

29,242

## FOR C-CORP OWNER-EMPLOYEE

BARMOR ENTERPRISES, INC.

### PROFIT AND LOSS

January - December 2019

	TOTAL
* Income	
Food Sales	371,412.67
Non Taxable Food Sales	190.22
<b>Total Income</b>	<b>\$371,602.89</b>
* Cost of Goods Sold	
Food Purchases	118,599.21
Restaurant Supplies	12,406.77
<b>Total Cost of Goods Sold</b>	<b>\$131,005.98</b>
GROSS PROFIT	\$240,596.91
* Expenses	
Automobile	85.88
Bank Service Charges	477.00
Equipment Rental	1,998.24
* Insurance Expense	7,573.41
Merchant Account Fees	4,676.14
* Professional Fees	19,004.80
Rent Expense	16,901.00
Repairs and Maintenance	7,328.00
* Salaries and Wages	
Employee Wages	119,379.19
Officer's Salary	32,844.24
<b>Total Salaries and Wages</b>	<b>152,223.43</b>
* Taxes and Licenses	15,360.16
Unapplied Cash Bill Payment Expense	112.11
* Utilities	14,365.45
<b>Total Expenses</b>	<b>\$240,105.62</b>
NET OPERATING INCOME	\$491.29
* Other Income	
Earned Interest	3.40
<b>Total Other Income</b>	<b>\$3.40</b>
NET OTHER INCOME	\$3.40
<b>NET INCOME</b>	<b>\$494.69</b>

2.5/12 of his or her 2019 employee cash compensation (“Officer’s Salary”)

**In this example:**

$$\$32,844.24 \div 12 = \$2,737.02 \times 2.5 = \$6,842.55$$

For a 24-week Covered Period, this amount is capped at \$20,833 (the 2.5-month equivalent of \$100,000 per year) for each individual or the 2.5-month equivalent of their applicable compensation in 2019, whichever is lower. For an 8- week Covered Period, this amount is capped at 8/52 of 2019 compensation (up to \$15,385).



# FOR GENERAL PARTNERS

Schedule K-1 (Form 1065) 2019  
 Department of the Treasury Internal Revenue Service  
 OMB No. 1545-0123

Final K-1  Amended K-1

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4a	Guaranteed payments for services		
4b	Guaranteed payments for capital		
4c	Total guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
6c	Dividend equivalents	17	Alternative minimum tax (AMT) items
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	18	Tax-exempt income and nondeductible expenses
9b	Collectibles (28%) gain (loss)	C*	26.
9c	Unrecaptured section 1231 gain		
10	Net section 1231 gain (loss)		
11	Other income (loss)	19	Distributions
12	Section 179 deduction	20	Other information
13	Other deductions	Z*	STMT

14 Self-employment earnings (loss)  
 A 27,301.

21  More than one activity for at-risk purposes\*  
 22  More than one activity for passive activity purposes\*  
 \*See attached statement for additional information.

Partner's Share of Net Unrecognized Section 704(c) Gain or (Loss)  
 Beginning ..... \$ .....  
 Ending ..... \$ .....

2.5/12 of their 2019 net earnings from self-employment that is subject to self-employment tax, which is computed from 2019 IRS Form 1065 Schedule K-1 box 14a

In this example:

$$\$27,301 \div 12 = \$2,275.08 \times 2.5 = \$5,687.70$$

However, if your K1 income was more than 100k for 2019 then the cap is \$15,385 for an 8-week covered period or \$20,833 for a 24-week covered period

# CREATE CUSTOM REPORTS TO BE ABLE TO COMPARE 8 WEEKS VS 24 WEEKS

## Reports

Standard

**Custom reports**

Management reports

NAME	CREATED	DATE RANGE
24 weeks (168 days) PPP P&L	Juliana Ramirez	05/11/2020-11/01/2020
8 Week (56 days) PPP - P&L	Juliana Ramirez	05/11/2020-07/05/2020

# PROFIT & LOSS BY CLASS - ISOLATE PPP AND EIDL ELIGIBLE EXPENSES ALL IN ONE REPORT

## BARMOR ENTERPRISES, INC.

PROFIT AND LOSS  
January - December 2020

	EIDL	PPP	NOT SPECIFIED	TOTAL
↳ Income	\$0.00	\$0.00	\$121,304.41	\$121,304.41
↳ Cost of Goods Sold	\$0.00	\$0.00	\$24,007.60	\$24,007.60
GROSS PROFIT	\$0.00	\$0.00	\$97,296.81	\$97,296.81
- Expenses				
Advertising			1,918.56	\$1,918.56
Auto and Truck Expenses			3,760.41	\$3,760.41
Bank Service Charges			66.00	\$66.00
Computer/Software Expenses			611.91	\$611.91
Dues and Subscriptions			671.70	\$671.70
Equipment Lease			3,042.45	\$3,042.45
Equipment Purchase Payment			44.01	\$44.01
Insurance Expense			552.48	\$552.48
Legal and Professional Fees			4,192.50	\$4,192.50
Meals and Entertainment			966.00	\$966.00
Merchant Fees			212.04	\$212.04
Office Expense			1,175.27	\$1,175.27
Payroll Expenses		25,142.08	2,133.39	\$27,275.47
Rent Expense	9,000.00	4,500.00	22,500.00	\$36,000.00
Repairs and Maintenance			10,880.02	\$10,880.02
Security			331.95	\$331.95
Shipping Expense			36.88	\$36.88
Small Tools and Equipment			789.19	\$789.19
State Income Taxes			826.00	\$826.00
Telephone & Internet Expense	534.93	226.02	2,202.58	\$2,963.53
Travel			570.40	\$570.40
Utilities	1,348.64	744.43	1,262.37	\$3,355.44
<b>Total Expenses</b>	<b>\$10,883.57</b>	<b>\$30,612.53</b>	<b>\$58,746.11</b>	<b>\$100,242.21</b>
NET OPERATING INCOME	\$ -10,883.57	\$ -30,612.53	\$38,550.70	\$ -2,945.40
- Other Income				
EIDL Advance		5,000.00		\$5,000.00
<b>Total Other Income</b>	<b>\$0.00</b>	<b>\$5,000.00</b>	<b>\$0.00</b>	<b>\$5,000.00</b>
NET OTHER INCOME	\$0.00	\$5,000.00	\$0.00	\$5,000.00
NET INCOME	\$ -10,883.57	\$ -25,612.53	\$38,550.70	\$2,054.60

## SAMPLE DOCUMENTS TO KEEP IN YOUR RECORDS FOR 6 YEARS

### COVID-19 FOLDER

#### > PPP DOCS

- > UTILITIES (MONTHLY BILLS AND CHECKS)
- > RENT (LEASE AGREEMENT, MONTHLY BILLS AND CHECKS)
- > MORTGAGE INTEREST (MORTGAGE STATEMENT)
- > PAYROLL

#### > EIDL DOCS

- > UTILITIES (MONTHLY BILLS AND CHECKS)
- > RENT (LEASE AGREEMENT, MONTHLY BILLS AND CHECKS)
- > MORTGAGE INTEREST (MORTGAGE STATEMENT)
- > SUPPLIER INVOICES (COGS)
- > OTHER OPERATIONAL EXPENSES

# SAMPLE IMAGES OF DOCUMENTATION

**LANDLORD**  
C/O ESSES REALTY MGMT INC  
18012 SKY PARK CIR STE 100  
IRVINE CA 92614

**TENANT**  
123 Alexander Street  
Oxnard, CA 93030

DATE	SUITE NUMBER
3/25/2020	2010

Location: \_\_\_\_\_

MAKE CHECKS PAYABLE TO: **LANDLORD**

Date	Code	Description	Charges	Pmts & Credits	Amount Due
4/1/2020	RNT	Base Rent	1,653.75	0.00	1,653.75

Current	30	60	90	120	BALANCE DUE
1,653.75	0.00	0.00	0.00	0.00	1,653.75

IF YOU HAVE A QUESTION ABOUT THIS STATEMENT, PLEASE CALL (805) 289-9909  
PAYMENTS RECEIVED AFTER THE 20TH MAY NOT BE REFLECTED ON STATEMENT.

---

**TENANT**  
123 Alexander Street  
Oxnard, CA 93030

Date: 3/25/2020  
Building ID: 434  
Lease ID: 018518  
Amount Due: 1,653.75  
Amount Paid: \$ \_\_\_\_\_

**LANDLORD**  
C/O ESSES REALTY MGMT INC  
18012 SKY PARK CIR STE 100  
IRVINE CA 92614

**PAYMENT COUPON**  
RETURN WITH CHECK

018518

**TENANT**  
123 ALEXANDER ST.  
OXNARD, CA 93033

APR 06 2020

PACIFIC WESTERN BANK  
10-26201123

11581

04/01/2020

PAY TO THE ORDER OF **LANDLORD** \$ \*\*1,653.75

One thousand six hundred fifty-three and 75/100\*\*\*\*\*

**LANDLORD**  
c/o Essex Realty Management, Inc.  
18012 Sky Circle, Suite 100  
Irvine, CA 92614


MEMO STE. 2010 Rent

AUTHORIZED SIGNATURE

⑆01156⑆ ⑆122236200⑆ ⑆001011756⑆

FOR DEPOSIT ONLY  
**LANDLORD**  
REGIONS BANK  
C#1503500  
4/7/2020  
0000953375460E

# SAMPLE IMAGES OF DOCUMENTATION



SoCalGas  
Semptra Energy

ACCOUNT NUMBER 0 71 6  
SERVICE FOR  
OXNARD CA 93030-7017

DATE MAILED: May 7, 2020  
24 Hour Service  
1-800-427-2000 English  
1-800-427-6029 Español

Page 1 of 2  
socialgas.com

---

### Account Summary

Amount of Last Bill \$1,076.26  
Payment Received 04/28/20 THANK YOU -1,076.26  
Current Charges + 393.84  
**Total Amount Due \$393.84**

7% Late Payment Charge Due if Paid After JUN 01, 2020

### Current Charges

Rate: GN-10 - Non-Residential  
Meter Number: 15543060 (Next scheduled read date Jun 4 2020) Cycle: 5

Billing Period	Days	Month	Reading	Previous Reading	Difference	Factor	Total Therms
04/06/20 - 05/05/20	29	15543060	0119	9732	387	1.000	1.043

#### GAS CHARGES

Customer Charge	Amount
Customer Charge 29 Days x \$49315	14.30
Gas Transportation (Details below) 404 Therms	
Tier 1	
Therms used 250	154
Rate/Therm \$ 78333	\$ 42707
Charge \$195.83	+ \$65.77
=	261.60
Gas Commodity 404 Therms x \$21229	85.78
<b>Total Gas Charges</b>	<b>\$361.66</b>

#### TAXES & FEES ON GAS CHARGES

State Regulatory Fee	Amount
State Regulatory Fee 404 Therms x \$ 00247	1.00
Public Purpose Surcharge 404 Therms x \$ 07718	31.13
<b>Total Taxes and Fees on Gas Charges</b>	<b>\$32.16</b>
<b>Total Current Charges</b>	<b>\$393.84</b>


### DATE DUE

May 28, 2020

### AMOUNT DUE


\$393.84

### Gas Usage History (Total Therms used)



May 19	Apr 20	May 20
TotG Therms used 805	\$19	404
Daily average Therms 29.8	16.7	13.8
Days in billing cycle 29	31	29

---



SoCalGas  
Semptra Energy

ACCOUNT NUMBER 034 1 6  
PAY ONLINE  
socialgas.com

DATE DUE May 28, 2020  
AMOUNT DUE \$393.84

Please enter amount enclosed  
\$

Write account number on check and make payable to SoCalGas.

OXNARD CA 93030-7017

SoCalGas  
PO BOX C  
MONTEREY PARK CA 91756-5111

80 03- 00039384 69 0341139871 0006824263

4/28/2020

Pay Bill: Success | Business My Account | SoCalGas



## Success

Your payment of **\$1,076.26** was accepted and will be processed on **04/28/2020**. Your confirmation number is **1190719**. You may Print This Page for your records and you will receive an email confirmation.

For payments scheduled for today: The Current Balance amount will not be updated immediately; however, Payments scheduled for today are **effective immediately**. There is no need to call to confirm this payment was received.

## Payments by Account

Account	Account Payment	Bank Account	Confirmation Number	Edit or Cancel Payment
(0 716)	\$1,076.26 on 04/28/2020	CHASE BANK(S) (****36)	1190719	Payments cannot be edited or canceled on the payment date.

### Other Account Options

- [Manage Payment Reminders](#)
- [See all Scheduled Payments](#)

[My Account Home](#)

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https://business.socialgas.com/portals/aces/create-payment-flow/createPaymentSuccess?\_afsf\_cbl-state#2EdJedmg\_55A\_sflrLogr686126485475937 1/1

# Q & A

<https://santabarbara.score.org/find-mentor>

# THANK YOU!


## Business Resources / Workshops and Webinars / Free Mentoring

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