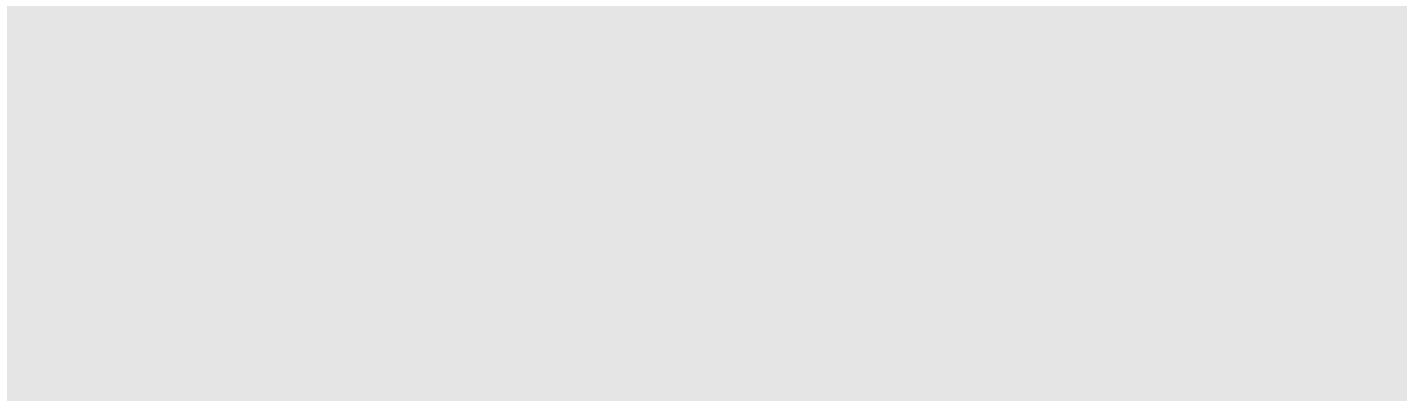



PPP – ONLINE - REOPENING Q&A SESSION



Paycheck Protection Program

- Very fluid situation...
 - Do everything you do as you did in 2019 when you were fully operational
 - The businesses that try to circumvent it will be the ones that have difficulty when they seek the “forgiveness”
 - Step One assumes you have signed-up for the program.
 - It appears that Watertown businesses did not aggressively utilize the program?
 - The following are some of the keys... after approval
- 

STEP 2: LOAN FORGIVEN ESS AMOUNT

- Forgiveness period is an 8-week period that starts on the date of the first disbursement of loan proceeds
- Allowable expenses
 - Amount of gross salary, wages, and tips, up to \$15,385 per individual (\$100,000 annualized);
 - Covered benefits for employees including health care, retirement, and state taxes imposed on employee payroll paid by the employer (not subject to the \$100,000 limitation);
 - Owner compensation replacement, calculated based on the net profit from the 2019 Form 1040 Schedule C, up to a maximum of 8/52 of the 2019 net profit;
 - Rent, utilities, and interest on mortgage and debt obligations relating to agreements dated before February 15, 2020.
- Forgiveness must consist of at least 75% payroll costs (including self-employment income and benefits) and a maximum of 25% non-payroll costs

STEP 3: REDUCTION IN LOAN FORGIVENESS

- Reduction in headcount:
 - Multiply the forgivable portion of the loan by the following ratio. If the ratio is greater than or equal to one, the forgiveness is not limited.
 - Numerator: The average number of full-time equivalent (FTE) employees of the borrower during the eight-week forgiveness period
 - Denominator: The lower of
 - The average number of FTE per month from February 15, 2019 through June 30, 2019; or
 - The average number of FTE per month from January 1, 2020 through February 29, 2020.

STEP 3: REDUCTION IN LOAN FORGIVENESS

- Reduction in wages:
 - Potential reduction to forgiveness if the salary or wages of an employee earning less than \$100,000 is reduced by greater than 25 percent of what the employee was earning in the most recent quarter before the loan was disbursed.
 - This limitation results in a dollar for dollar reduction in the amount of loan forgiveness.
 - To calculate the reduction, compare 75 percent of the amount of wages the employee would have received for the eight-week period based on the pay rate in the most recent quarter before the loan was disbursed to the amount the employee actually received during the eight-week period.

STEP 5: APPLICATION FOR FORGIVENESS

- Decision to be made by lender within 60 days
- Periods covered
 - The covered period (8-week period)
 - February 15, 2019-June 30, 2019
 - January 1, 2020-February 29, 2020
 - February 15, 2019-June 30, 2019 (for a seasonal employer)
 - February 15, 2020 through 30 days after the enactment of the Cares Act
- Documents needed
 - Payroll tax filings reported to the IRS
 - State income, payroll and unemployment insurance filings
 - Cancelled checks, payment receipts, transcripts of accounts, or other documents verifying amounts
 - Certifications from a representative of the eligible recipient
 - **Documentation is true and correct**
 - **Loan was used to retain employees, make interest, rent or utility payments**

**CHECKLIST OF
DOCUMENTS AND
RECOMMENDATIONS
TO PREPARE FOR
THE APPLICATION
FOR FORGIVENESS**

The following list of documents and recommendations may assist your business as you prepare to apply for forgiveness:

- If you have a separate account for payroll, place your PPP funds in the separate account to help trace how those funds are used. (Remember accurately tracing the use of funds will be essential. You must use 75% for payroll costs. You are limited to using 25% of the funds for mortgage interest, rent payments, and/or utilities.)

CHECKLIST OF DOCUMENTS AND RECOMMENDATIONS TO PREPARE FOR THE APPLICATION FOR FORGIVENESS

The following list of documents and recommendations may assist your business as you prepare to apply for forgiveness:

- Maintain records from the 8 weeks following receipt of the PPP funds, documenting payroll during that 8-week period:
 - Copies of the payroll tax reports filed with the IRS (Forms 941, 940, state income and unemployment tax filing reports, professional Payroll Services employee reports showing employment benefits paid, vacation, sick pay, PTO, etc.).
 - You have until June 30, 2020, to restore payroll amounts and employee numbers to the pre-Covid levels. (The number of employees need to equal or exceed the number of employees prior to February 15, 2020. Similarly, each employee's wage must be at least 75% of that paid prior to February 15, 2020). This date may change...
 - Remember you do not count any sick leave or family leave covered by the Families First Coronavirus Response Act (FFCRA).
 - Also don't count payments to independent contractors.
 - Be prepared to present 2019 payroll records for comparable 8-week period in 2019, and payroll records from prior to February 15, 2020.
 - Keep track of payroll records to show that any raises or bonuses are justified and in the ordinary course of business and consistent with past bonuses or raises during the same or similar 8-week time periods.
 - Be prepared to produce retirement benefits and pension benefits paid during the 8-week period. (This includes ESOP payments.) The bank may ask for work papers, schedules and remittances to the retirement plan administrator.
 - Documentation reflecting the health insurance premiums paid by the company under a health plan for the 8-week period. Monthly invoices should suffice.

**CHECKLIST OF
DOCUMENTS AND
RECOMMENDATIONS
TO PREPARE FOR THE
APPLICATION FOR
FORGIVENESS**

The following list of documents and recommendations may assist your business as you prepare to apply for forgiveness :

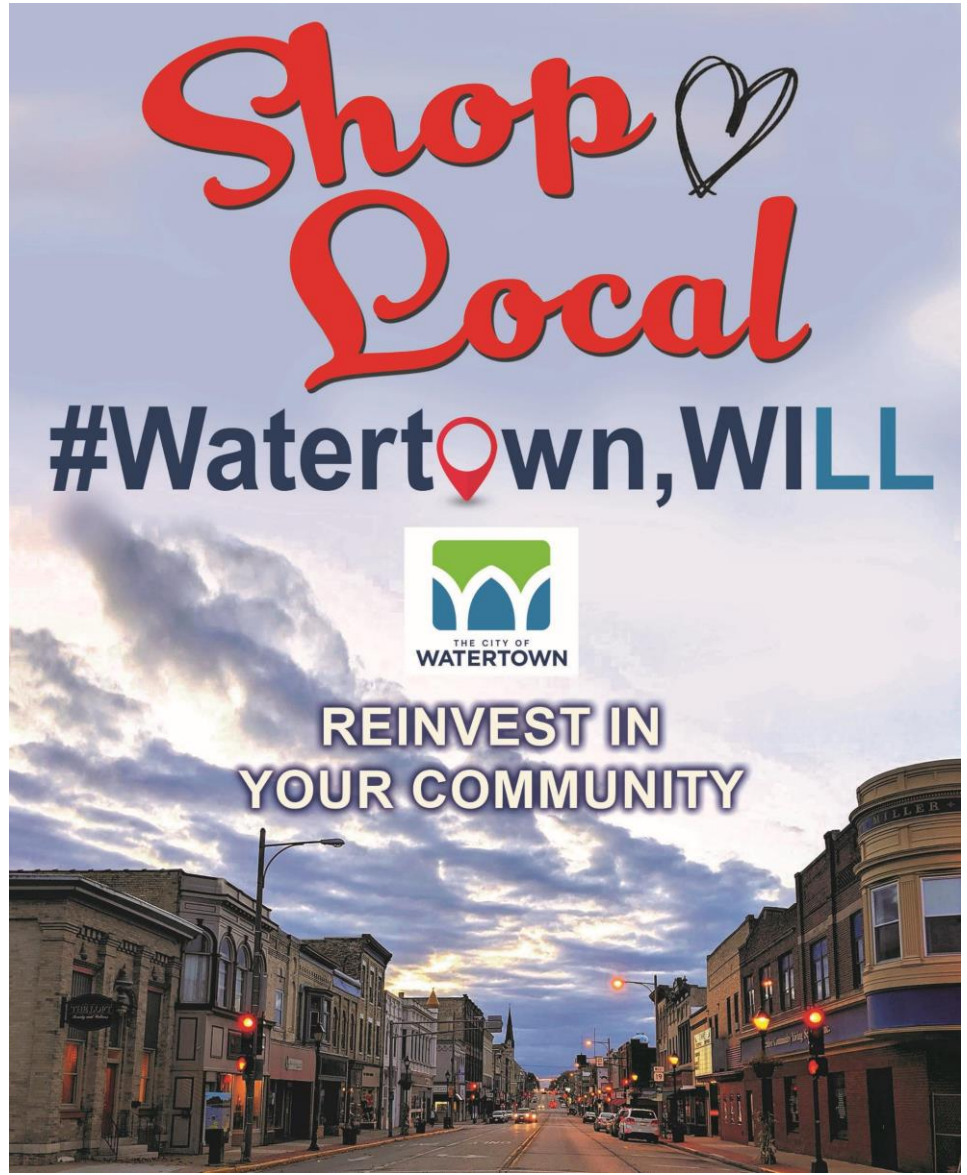
- For any mortgage interest that is being claimed, be prepared to produce the mortgage and note, bank statements reflecting the interest amounts and/or calculations, and proof of payment. Remember you have to prove that the mortgage existed prior to February 15, 2020.
- For any leases (including equipment leases) – rental or lease agreements; monthly statements to reflect amounts paid; and proof of payment. Remember you need to establish the debt existed prior to February 15, 2020.
- For utilities paid during the 8-week time period, provide proof of payment and the amount of the debt. Billing statements and cancelled checks should suffice.

Online Presence

- Lack of web sites in general – sense is that most of our local businesses relied heavily on social media
- Virtual Tours/Facebook Live
- Focus on web sites should be things like:
 - Products/Services Available
 - Menus
 - Jobs
 - “Call to Action”
 - Online Orders
 - eCommerce Sales (consider Chic Boutique)
- Online Sales/Auctions/Fundraising Events
- Consider Customer Loyalty Programs
 - Gift Card Sales
- Mailers? – Old school perhaps; but we are all aging in place, so we are home

Getting Back to Business

- Training your employees
 - Cleaning activities/protocols
 - Instruction/Quick Reference Guide -- Handout
- Social Distancing Rules
 - Inside and Outside your business
- Curbside Services
- Note WEDC Guidelines by Business (Industry Specific) here: <https://wedc.org/reopen-guidelines/?fbclid=IwAR0haEds4lPefU-FMXLgUxEJavBgSoezv5lS2YbSucm1JtLDoOnFEAQsg7g>
- Stay in touch with the Chamber, Main Street Program, City, etc. to stay up-to-date with the changing requirements
- #Watertown,WILL



Shop  Local

#Watertown, WILL



REINVEST IN
YOUR COMMUNITY



Questions?

