

PPP Loan Program
Forgiveness Webinar II
Case Studies in Forgiveness
May 8, 2020

Presented by:
Huntingdon Valley Bank
www.myhvb.com

Hugh Connelly, EVP & CLO Huntingdon Valley Bank

I. Welcome to the PPP Forgiveness Webinar II

II. Case Studies in Forgiveness

- Popi's Restaurant – Gina Rucci, CEO
- Anderson Kill Law Firm - Paul Schwartz, CFO
- Self-Employed Businesses – Derek Warden EVP & CCO

III. Today's Panelists

- Christopher Meccariello, COO – IFS
- Greg Thompson, Director - nCino
- Derek Warden, EVP & CCO Huntingdon Valley Bank

Gina Rucci, CEO, Popi's Italian Restaurant

Popi's Italian Restaurant:

- Mix of full-time and part-time employees.
- Combination of wages and tips.
- Unemployment may be more lucrative than wages for some.
- Unable to fully-open, do you pay people to stay home while others work?



Excel Forgiveness Calculator

Available for download at:

www.myhvb.com

Paul Schwartz, CFO Anderson Kill law firm

Multi-state Law Firm:

- Diversified law firm operating in several states.
- Larger employer, is PPP an option?
- Forgiveness starts with eligibility.



Derek Warden, EVP & CCO Huntington Valley Bank

Loan Forgiveness can be up to the full principal amount of the loan plus accrued interest if the loan funds are spent on the following:

- Owner compensation replacement, calculated based on 2019 limited to eight weeks' worth (8/52) of 2019 net profit,
- Covered benefits for employees (but not owners), including health care expenses, retirement contributions and state taxes imposed on employee payroll paid by the employer (such as unemployment insurance premiums),
- Payments of interest on mortgage obligations incurred before February 15, 2020,
- Rent payments on lease agreements in force before February 15, 2020 and
- Utility payments under the service agreements dated before February 15, 2020

Derek Warden, EVP & CCO Huntingdon Valley Bank

This is the simplest case because you've already provided the documentation you need when you applied. It is your Schedule C. Your line 31 divided by 12 and multiplied that by 2.5. If your Schedule C line 31 reached the maximum \$100,000 limit you were therefore capped at \$20,833.

That would result in a forgivable loan amount of \$15,384 which is eight weeks' compensation at \$100,000. We are assuming that amount is automatically forgiven (when you apply for forgiveness), since the SBA has not yet asked for any additional information. However, we recommend transferring the owner compensation portion from your business account to your personal account. Create an audit trail.

In addition to the owner compensation, the Interim Rule says you must submit evidence of business rent, business mortgage interest payments and business utility payments during the covered period if you have these expenses. The problem is sole proprietors must have claimed these expenses on their 2019 tax return. Make sure to check the expenses that you're trying to claim with what you already submitted.

Forgiveness Calculators

Borrower Name: Billy B Ranger, OD SELF EMPLOYED VERSION
 SBA Loan Number: 12345678-00
 Loan Amount: \$20,833
 Loan Disbursement Date: 04/22/20
 Beginning of Covered Period: 04/22/20
 End of Covered Period: 06/17/20 Inputs



STEP 1 - Track Eligible Expenses During Covered Period										
Loan Proceed Expenditures During Covered Period										
Period Starting	04/22/20	04/29/20	05/06/20	05/13/20	05/20/20	05/27/20	06/03/20	06/10/20		
Period Ending	04/29/20	05/06/20	05/13/20	05/20/20	05/27/20	06/03/20	06/10/20	06/17/20		
	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Totals	Percentage
Self Emp Income	\$ 2,083.25	\$ 2,083.25	\$ 2,083.25	\$ 2,083.25	\$ 2,083.25	\$ 2,083.25	\$ 2,083.25	\$ 2,083.25	\$ 16,666.00	100.00%
Eligible Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Eligible Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Eligible Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Eligible Debt Int.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Totals	\$ 2,083.25	\$ 2,083.25	\$ 2,083.25	\$ 2,083.25	\$ 2,083.25	\$ 2,083.25	\$ 2,083.25	\$ 2,083.25	\$ 16,666.00	100.00%

Input weekly Avg from 2019 Sched C
 Exclude if not deducted from 2019 Sched C
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STEP 2 - Track Number of Full Time Employees (FTEs) with Annualized Salaries less than \$100,000 During Covered Period			
	Month 1 (Weeks 1-4)	Month 2 (Weeks 5-8)	Average
Average FTEs*	1	1	1
*Enter 1 for each month if Self Employed with No Employees			

STEP 3 - Determine FTE Headcount and Wage Reductions	STEP 4 - Determine FTE Headcount and Wage Reduction Exemptions																																							
<p>Reduction Based on Headcount:</p> <p>Identify FTEs for Comparative Period (Choose only one option): *</p> <p>02/15/2019 - 08/30/2019 0.0</p> <p>01/01/2020 - 02/29/2020 1.0</p> <p>02/15/2019 - 08/30/2019 (Seasonal) 0.0</p> <p>Average Comparative Period FTEs 1.0</p> <p style="font-size: x-small;">* Enter 1 for any period above if Self Employed with No Employees</p> <p>Avg FTE During Covered Period (Calculated in Step 2) 1</p> <p>Staffing Reduction 0.0</p> <p>Staffing Reduction Factor 100%</p> <p>Reduction Based on Wages:</p> <p style="font-size: x-small;">Input cumulative wage reductions greater than 25% for any FTE with a salary less than \$100,000 during the Covered Period as compared to most recent full quarter during which the FTE was employed prior to covered period.</p> <p>** Enter \$0.00 if Self Employed with No Employees \$ -</p>	<p>1) Did FTE employee headcount decrease when comparing the total FTE headcount at 2/15/2020 to the total FTE headcount at 4/28/2020? If yes, was this reduction eliminated prior to 8/30/2020? (Leave blank if FTE headcount did not decrease.)</p> <p>2) Did salaries and wages of one (1) or more FTEs decrease when comparing the dollar amount at 2/15/2020 to the dollar amount at 4/28/2020. If yes, was this reduction eliminated prior to 8/30/2020? (Leave blank if wages did not decrease.)</p> <p style="text-align: right;">Exemptions are Applicable to Eliminate Reductions OR Reductions did not Occur TRUE</p> <p style="text-align: center;">FORGIVENESS CALCULATION</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: right;">Amount</th> <th style="text-align: right;">%</th> </tr> </thead> <tbody> <tr> <td>Self Employment Income</td> <td style="text-align: right;">\$ 16,666</td> <td style="text-align: right;">100.00%</td> </tr> <tr> <td>Eligible Payroll Costs</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">0.00%</td> </tr> <tr> <td>Eligible Non- Payroll Costs</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">0.00%</td> </tr> <tr> <td>Max Forgiveness Amt (Not to Exceed Loan Amt)</td> <td style="text-align: right;">\$ 16,666</td> <td style="text-align: right;">100.00%</td> </tr> <tr> <td>Headcount Reduction Factor</td> <td style="text-align: right;">100%</td> <td></td> </tr> <tr> <td>Forgiveness After Headcount Reduction</td> <td style="text-align: right;">\$ 16,666</td> <td></td> </tr> <tr> <td>Less Wage Reductions</td> <td style="text-align: right;">\$ -</td> <td></td> </tr> <tr> <td>Less EIDL Advance/ Grant</td> <td style="text-align: right;">\$ -</td> <td></td> </tr> <tr> <td>Forgiveness After All Reductions</td> <td style="text-align: right;">\$ 16,666</td> <td></td> </tr> <tr> <td>Forgiveness Amount</td> <td style="text-align: right;">\$ 16,666</td> <td></td> </tr> <tr> <td>Borrower's Remaining Obligation</td> <td style="text-align: right;">\$ 4,167</td> <td style="font-size: x-small;">to be repaid over remaining Loan term</td> </tr> <tr> <td>Total Original Loan Amount</td> <td style="text-align: right;">\$ 20,833</td> <td></td> </tr> </tbody> </table>		Amount	%	Self Employment Income	\$ 16,666	100.00%	Eligible Payroll Costs	\$ -	0.00%	Eligible Non- Payroll Costs	\$ -	0.00%	Max Forgiveness Amt (Not to Exceed Loan Amt)	\$ 16,666	100.00%	Headcount Reduction Factor	100%		Forgiveness After Headcount Reduction	\$ 16,666		Less Wage Reductions	\$ -		Less EIDL Advance/ Grant	\$ -		Forgiveness After All Reductions	\$ 16,666		Forgiveness Amount	\$ 16,666		Borrower's Remaining Obligation	\$ 4,167	to be repaid over remaining Loan term	Total Original Loan Amount	\$ 20,833	
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Loan Forgiveness Calculators:

- Employer Version
- Self-Employed Version
- Available for download from www.myhvb.com PPP Page

Greg Thompson, Director - nCino
Christopher Meccariello, COO – IFS

- **Best Practices.**
- **What's required for forgiveness?**
- **When can I request forgiveness?**
- **What happens if loan is not 100% forgiven?**
- **Audits by SBA?**
- **Is PPP debt forgiveness taxable?**

Questions?

Thank You

Next Event - June 5, 2020 2 PM
The Half-way Mark