PPP & PEFSEE Funding: Preparing for loan forgiveness & grant compliance

July 2020

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Presenters

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Director, Client Engagement and Technical Assistance
Reinvestment Fund

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Senior Director, Early Childhood Education
Reinvestment Fund

Teri Bell
Program Manager, Early Childhood Education
Reinvestment Fund

Forgiveness rules as we know them as of 07/09/2020
https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses
AGENDA

- Understanding the uses for grants/loans received
- PPP Forgiveness Basics
  - Application Types
  - Payroll vs Non-Payroll
  - Covered Periods
- Key features that affect PPP Forgiveness
  - Full-Time Equivalency (FTEs)
  - Salary Reductions
  - Exceptions/Safe Harbors
- Compensation Calculations (Owner vs Employee)
- PPP 3508 EZ Application Examples
- PPP 3508 Long Form Application Example
- Record Keeping
- PEFSEE Grant Reporting
Uses for grants/loans received

Flexible vs. Inflexible dollars

Reporting for PPP vs. PEFSEE for similar qualifying expenses and timeframes
Paycheck Protection Program (PPP) Forgiveness Application
Forgiveness Basics

• Two Types of Applications
  • 3508 EZ
    *Self-Employed w/no employees, No FTE Reduction, No Salary/Hourly Reduction*
  • 3508 (Long Form)
    *Had either FTE Reduction, Salary/Hourly Reductions*

• Payroll Costs (Must be at least 60% of Loan)
  • Salary, wages, tips; vacation, parental, family, medical or sick leave; medical benefits, retirement matching, state unemployment taxes (SUTA or SUI)
  • **Restrictions**: Salary in excess of 100k, FICA taxes, employees outside U.S.

• Non-Payroll Costs (40% of loan amount)
  • Mortgage Interest (not principal)—Note signed before February 15, 2020
  • Rent—Lease agreement in effect before February 15, 2020
  • Utilities—In service before February 15, 2020
    *Electricity, water, gas, sewage, telephone (cell), internet, transportation*

• Covered Periods
  • 8 weeks/56 days (before June 5) or 24 weeks/168 days
  • Alternative Period
    • Biweekly or more frequent
    • First day of their pay period following PPP disbursement date
8 weeks or 24 weeks considerations

8 Weeks
Advantages
1. Faster Forgiveness—If all the PPP money is spent in 8 weeks on Payroll and Non-Payroll costs—Be done with it.
2. May be easier to keep employees for 8 weeks vs 24 weeks
3. You know the current rules and guidelines
4. Not in the way of new debt

Disadvantages
1. Uncertainty of PPP rules and guidelines
2. Need more time to spend PPP money

24 Weeks
Advantages
1. More time to spend on payroll. 
   *2.5 Months versus 6 months*
2. More time to plan.

Disadvantages
1. May be harder to keep employees for 24 weeks vs 8 weeks
2. COVID Pandemic
3. Uncertainty of PPP rules and guidelines
Key Term—Full Time Equivalency (FTE)

- Compare **Reference Periods** with FTE at time of Forgiveness
  - February 15, 2019 to June 30, 2019
  - January 1, 2020 to February 29, 2020
  - **Seasonal Employees**—Any 12 weeks between May 1, 2019 and September 15, 2019

- Calculate FTEs = average hours/40 hours (**not to exceed 1.0**)
  - Employee A, averaged 40 hours/40 = 1.0 FTE
  - Employee B, averaged 45 hours/40 = 1.0 FTE
  - Employee C, averaged 35 hours/40 = .9 FTE
  - Employee D, averaged 20 hours/40 = .5 FTE
  - Employee E, averaged 15 hours/40 = .4 FTE (rounded to nearest tenth)
  OR
  - All 40 Hour Employees equal 1.0 FTEs and all Employees less than 40 hours equal .5 FTEs
  - **FTE not Head Count**

- Calculate FTE Ratio = **Covered** Period/Reference Period
  - Example
    - Reference Period 4.0 FTE (choose the lessor of the 3)
    - Coverage Period 3.8 FTE (8 or 24 weeks)
  - FTE Ratio=Coverage Period/Reference Period
    - 3.8/4.0 = 95% (Payroll Cost will be reduced by 5%)

**GOAL IS TO KEEP SAME AMOUNT OF FTEs!**
FTE “Safe Harbor” Provisions

A safe harbor under applicable law and regulations 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 Borrowers reduced its FTE employee levels in the period beginning February 15, 2020, and ending June 30, 2020; and
2. The Borrower then restored its FTE employee levels by not later than December 31, 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 December 31, 2020 your loan can be forgiven because you have met the safe harbor requirement.

Business Activity Safe Harbor

1. An inability to return to the same level of business activity that the business was operating at before February 15, 2020, due to compliance with requirements established or guidance issued 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 during March 1, 2020 and December 31, 2020, relating to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.
FTE Reductions - Exceptions

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) Refuse to come back to work
   c) voluntarily resigned, or
   d) voluntarily requested and received a reduction of their hours.

In these cases, DOCUMENT everything!

You must keep the documentation for six years.
What if hours or wages are reduced?

Are you paying people at least 75% of previous salary or hourly wages?

Do you have the same FTE?

If yes, fine.

Can you restore to February 15, 2020 levels by December 31, 2020?

– Safe harbor applies here also.

If not, Calculate penalty and subtract from forgivable loan balance.
Key Term—Salary/Hourly Wage Reduction

Loan forgiveness can be reduced if wages are reduced by more than 25%.

- **Step 1**
  - Determine the average annual salary or hourly wage for each employee in the covered period (or alternate)

- **Step 2**
  - Determine the average annual salary or hourly wage for each employee Jan 1, 2020 – March 31, 2020 (1st Quarter)

- **Step 3**
  - Step 1/Step 2 = Ratio

- **Step 4**
  - Determine if Ratio is greater than or less than 75%
    - If greater, no reduction
    - If Less, reduction is needed

- **Step 5**
  - If the ratio is less than 75%, calculate the reduction amount
    - Multiple Step 2 * 75% = Total X
    - Total X – Step 1 = Total Y
    - (Total Y * 24 or 8)/52 = Reduction Amount
Let’s assume Chris was paid a salary $18,000 during the 24 week covered period. Chris was paid $15,000 from January 1, 2020 – March 31, 2020.

- **Step 1** Determine the average annual salary for covered period
  - $18,000/24*52 = $39,000
- **Step 2** Determine the average annual salary for 1st Quarter
  - $15,000*4 = $60,000
- **Step 3** Divide Step 1/Step 2
  - $39,000/$60,000 = 65%
- **Step 4** Is it more than or less than 75%?
  - Yes, Less than 75%
- **Step 5** Calculate reduction amount
  - $60,000 * 75% = $45,000
  - $45,000 - $39,000 = $6,000
  - $6,000/52 * 24 = $2,769 is my reduction to payroll cost
How is Compensation Calculated for an Owner/Employee?

**8 Weeks (56-Days)**
- Payroll Compensation for Owner/Employee are capped at $15,384 or 15.38% (which is calculated as 8/52 * $100,000).

**Lessor** of:
- Owner’s Pay over the covered 8 weeks or,
- 8 weeks of their 2019’s compensation

**24 weeks (168-Days)**
- Payroll Compensation for owner/employee are capped at $20,833 or 20.83% (which is calculated as 2.5/12 * $100,000). Multiplied by the

**Lessor** of:
- Owner’s Pay over the covered 24 weeks or,
- 2.5 months of their 2019’s compensation

*Owner/Employees or Self Employed individuals cannot include their own medical insurance in payroll costs.*
How is Compensation Calculated for Employees?

8 Weeks (56-Days)
- Payroll Compensation for employees are capped at $15,384 or 15.38% which is calculated as $100,000 of their 2020 annualized payroll (i.e. W-2 or Line 31)

24 weeks (168-Days)
- Payroll Compensation for employees are capped at $46,154 or 46.15% which is calculated as $100,000 of their 2020 annualized payroll

Note: PPP Loans were for 2.5 Months of payroll, while with forgiveness you now have up to 6 months of payroll.
Example—Desmond’s Day Care (DDC), 8 Weeks, EZ

- Let’s assume DDC got a PPP loan for $25,000
- No EIDL Advance Grant (Economic Injury Disaster Loan Advance not Loan)
- Desmond’s Day Care had 5 FTEs using the reference period of 02/15/2019 – 06/30/2019 (FTE from lowest period)
- Desmond’s Day Care had 5 FTEs at time of Forgiveness Application
- Payroll costs for 8 weeks = $23,000
- Mortgage Interest and Utilities = $2,000
- No Reduction in Salaries
Example—Desmond’s Day Care (DDC), 8 Weeks, EZ

Paycheck Protection Program  
PPP Loan Forgiveness Application Form 3508EZ  

<table>
<thead>
<tr>
<th>Business Legal Name (“Borrower”)</th>
<th>DBA or Tradename, if applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desmond’s Day Care</td>
<td>Desmond’s Day Care</td>
</tr>
<tr>
<td>Business Address</td>
<td>Business TIN (EIN, SSN)</td>
</tr>
<tr>
<td>123 Main Street</td>
<td>12-3456789</td>
</tr>
<tr>
<td></td>
<td>Business Phone</td>
</tr>
<tr>
<td></td>
<td>(215) 555 – 1212</td>
</tr>
<tr>
<td>Philadelphia, PA 19103</td>
<td>E-mail Address</td>
</tr>
<tr>
<td></td>
<td>Desmond Hudson</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:DH@DDD.com">DH@DDD.com</a></td>
</tr>
</tbody>
</table>

SBA PPP Loan Number: 4545687  
Lender PPP Loan Number: 6010041414  
PPP Loan Amount: $25,000  
PPP Loan Disbursement Date: 05/14/2020  
Employees at Time of Loan Application: 5  
Employees at Time of Forgiveness Application: 5  
EIDL Advance Amount: 0.00  
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:  

Alternative Payroll Covered Period, if applicable: 05/15/2020 to 06/10/2020  

If Borrower (together with affiliates, if applicable) received PPP loans in excess of $2 million, check here: □
### Example—Desmond’s Day Care (DDC), 8 Weeks, EZ

**Forgiveness Amount Calculation:**

1. **Payroll and Nonpayroll Costs**
   - Line 1. Payroll Costs: \[ \] 23,000
   - Line 2. Business Mortgage Interest Payments: \[ \] 1,000
   - Line 3. Business Rent or Lease Payments: \[ \] 
   - Line 4. Business Utility Payments: \[ \] 1,000

2. **Potential Forgiveness Amounts**
   - Line 5. Add the amounts on lines 1, 2, 3, and 4: \[ \] 25,000
   - Line 6. PPP Loan Amount: \[ \] 25,000
   - Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): \[ \] 41,666

3. ** Forgiveness Amount**
   - Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7): \[ \] 25,000
Example—Desmond’s Day Care (DDC), 24 Weeks, EZ

- Let’s assume DDC got a PPP loan for $75,000
- No EIDL Advance Grant
  *(Economic Injury Disaster Loan Advance not Loan)*
- Desmond’s Day Care had 5 FTEs using the reference period of 02/15/2019 – 06/30/2019 (FTE from lowest period)
- Desmond’s Day Care had 5 FTEs at time of Forgiveness Application
- Payroll costs for 24 weeks = $69,000
- Mortgage Interest and Utilities = $7,000
- No Reduction in Salaries
Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508EZ

Business Legal Name ("Borrower")
Desmond’s Day Care

DBA or Tradename, if applicable
Desmond’s Day Care

Business Address
123 Main Street

Business TIN (EIN, SSN)
12-3456789

Business Phone
(215) 555-1212

Primary Contact
Desmond Hudson

E-mail Address
DH@DDD.com

Philadelphia, PA 19103

SBA PPP Loan Number: 4545687

Lender PPP Loan Number: 6010041414

PPP Loan Amount: $75,000

PPP Loan Disbursement Date: 05/14/2020

Employees at Time of Loan Application: 5

Employees at Time of Forgiveness Application: 5

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: 05/15/2020 to 10/30/2020

If Borrower (together with affiliates, if applicable) received PPP loans in excess of $2 million, check here: □
### Example—Desmond’s Day Care (DDC), 24 Weeks, EZ

**Forgiveness Amount Calculation:**

**Payroll and Nonpayroll Costs**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Payroll Costs:</td>
<td>$69,000</td>
</tr>
<tr>
<td>2</td>
<td>Business Mortgage Interest Payments:</td>
<td>$3,000</td>
</tr>
<tr>
<td>3</td>
<td>Business Rent or Lease Payments:</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Business Utility Payments:</td>
<td>$4,000</td>
</tr>
</tbody>
</table>

**Potential Forgiveness Amounts**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Add the amounts on lines 1, 2, 3, and 4:</td>
<td>$76,000</td>
</tr>
<tr>
<td>6</td>
<td>PPP Loan Amount:</td>
<td>$75,000</td>
</tr>
<tr>
<td>7</td>
<td>Payroll Cost 60% Requirement (divide Line 1 by 0.60):</td>
<td>$115,000</td>
</tr>
</tbody>
</table>

** Forgiveness Amount**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):</td>
<td>$75,000</td>
</tr>
</tbody>
</table>
Let’s assume DDC got a PPP loan for $75,000

$5,000 EIDL Advance Grant
(Economic Injury Disaster Loan Advance not Loan)

Desmond’s Day Care had 5 FTEs using the reference period of 01/01/2020– 02/29/2020 (FTE from lowest period)

Desmond’s Day Care had 5 FTEs at time of Forgiveness Application

Payroll costs for 24 weeks = $69,000
Mortgage Interest and Utilities = $7,000
No Reduction in Salaries
Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508EZ

<table>
<thead>
<tr>
<th>Business Legal Name (“Borrower”)</th>
<th>DBA or Tradename, if applicable</th>
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</tr>
<tr>
<td>123 Main Street</td>
<td>12-3456789</td>
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<tr>
<td></td>
<td>Primary Contact</td>
</tr>
<tr>
<td></td>
<td>Desmond Hudson</td>
</tr>
<tr>
<td></td>
<td>E-mail Address</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:DH@DDD.com">DH@DDD.com</a></td>
</tr>
</tbody>
</table>

Philadelphia, PA 19103

SBA PPP Loan Number: 4545687
PPP Loan Amount: $75,000
Employees at Time of Loan Application: 5
EIDL Advance Amount: $5,000

Lender PPP Loan Number: 6010041414
PPP Loan Disbursement Date: 05/14/2020
Employees at Time of Forgiveness Application: 5
EIDL Application Number: 2315441—This should be on the wire received

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: 05/15/2020 to 10/30/2020

If Borrower (together with affiliates, if applicable) received PPP loans in excess of $2 million, check here: □
Example—Desmond’s Day Care (DDC), 24 Weeks, EZ, w/EIDL Advance

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs
Line 1. Payroll Costs: $69,000

Line 2. Business Mortgage Interest Payments: $3,000

Line 3. Business Rent or Lease Payments:

Line 4. Business Utility Payments: $4,000

Potential Forgiveness Amounts
Line 5. Add the amounts on lines 1, 2, 3, and 4: $76,000

Line 6. PPP Loan Amount: $75,000

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): $115,000

Forgiveness Amount
Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7): $75,000

Line 8: Enter the smallest of lines 5, 6, or 7. Note: If applicable, SBA will deduct EIDL Advance Amounts from the forgiveness amount remitted to the Lender.
Example—Desmond’s Day Care (DDC), 24 Weeks, Long Form with Reduced FTE’s w/EIDL Advance

- Let’s assume DDC got a PPP loan for $95,000
- $5,000 EIDL Advance Grant (*Economic Injury Disaster Loan Advance not Loan*)
- Desmond’s Day Care had 6 FTEs using the reference period of 01/01/2020–02/29/2020 (FTE from lowest period)
- Desmond’s Day Care had 5 FTEs at time of Forgiveness Application
- Payroll costs for 24 weeks = $98,883
- Mortgage Interest and Utilities = $7,000
- FTE ratio = 5/6 = .83 or .80 (rounded to nearest tenth)
- No Reduction in Salaries
Paycheck Protection Program
Loan Forgiveness Application Revised June 16, 2020

PPP Loan Forgiveness Calculation Form

<table>
<thead>
<tr>
<th>Business Legal Name (“Borrower”)</th>
<th>DBA or Tradename, if applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desmond’s Day Care</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Business Address</strong></td>
<td><strong>Business TIN (EIN, SSN)</strong></td>
</tr>
<tr>
<td>123 Broad Street</td>
<td>12-3456789</td>
</tr>
<tr>
<td>Philadelphia, PA 19103</td>
<td>Primary Contact</td>
</tr>
<tr>
<td></td>
<td>Desmond Hudson</td>
</tr>
</tbody>
</table>

**SBA PPP Loan Number:** 123456

**PPP Loan Amount:** $95,000

**Employees at Time of Loan Application:** 6

**EIDL Advance Amount:** $5,000

**Lender PPP Loan Number:** 1010002151

**PPP Loan Disbursement Date:** 05/15/2020

**Employees at Time of Forgiveness Application:** 5

**EIDL Application Number:** 32151

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

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

**Covered Period:** 05/15/2020 to 10/30/2020

**Alternative Payroll Covered Period, if applicable:**

If Borrower (together with affiliates, if applicable) received PPP loans in excess of $2 million, check here: □
Example—Desmond’s Day Care (DDC), 24 Weeks, Long Form with Reduced FTE’s w/EIDL Advance

Forgiveness Amount Calculation:

**Payroll and Nonpayroll Costs**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Payroll Costs <em>(enter the amount from PPP Schedule A, line 10)</em></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Business Mortgage Interest Payments</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Business Rent or Lease Payments</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Business Utility Payments</td>
<td></td>
</tr>
</tbody>
</table>

**Adjustments for Full-Time Equivalency (FTE) and Salary/ hourly Wage Reductions**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Total Salary/hourly Wage Reduction <em>(enter the amount from PPP Schedule A, line 13)</em></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>FTE Reduction Quotient <em>(enter the number from PPP Schedule A, line 13)</em></td>
<td></td>
</tr>
</tbody>
</table>

**Potential Forgiveness Amounts**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Modified Total <em>(multiply line 6 by line 7)</em></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>PPP Loan Amount</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Payroll Cost 60% Requirement <em>(divide line 1 by 0.60)</em></td>
<td></td>
</tr>
</tbody>
</table>

**Forgiveness Amount**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Forgiveness Amount <em>(enter the smallest of lines 8, 9, and 10)</em></td>
<td></td>
</tr>
</tbody>
</table>
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 each 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 or incurred by Borrower for employer contributions for employee health insurance: ________________

Line 7. Total amount paid or incurred by Borrower for employer contributions to employee retirement plans: ________________

Line 8. Total amount paid or incurred 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): ________________
# Table 1

<table>
<thead>
<tr>
<th>Employee's Name</th>
<th>Employee Identifier</th>
<th>Cash Compensation</th>
<th>Average FTE</th>
<th>Salary / Hourly Wage Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mary Doe</td>
<td>3211</td>
<td>$25,000</td>
<td>1</td>
<td>none</td>
</tr>
<tr>
<td>James Doe</td>
<td>1414</td>
<td>$19,000</td>
<td>1</td>
<td>none</td>
</tr>
<tr>
<td>John Doe</td>
<td>4114</td>
<td>$10,000</td>
<td>1</td>
<td>none</td>
</tr>
<tr>
<td>Michelle Doe</td>
<td>1515</td>
<td>$4,000</td>
<td>.5</td>
<td>none</td>
</tr>
<tr>
<td>Jill Doe</td>
<td>1212</td>
<td>$4,000</td>
<td>.5</td>
<td>none</td>
</tr>
<tr>
<td>Felicia Doe</td>
<td>4511</td>
<td>$3,500</td>
<td>.5</td>
<td>none</td>
</tr>
<tr>
<td>Jill Doe</td>
<td>7447</td>
<td>$3,500</td>
<td>.5</td>
<td>none</td>
</tr>
</tbody>
</table>

**FTE Reduction Exceptions:**

<table>
<thead>
<tr>
<th>Totals:</th>
<th>Box 1</th>
<th>Box 2</th>
<th>Box 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$69,000</td>
<td>5.0</td>
<td>none</td>
</tr>
</tbody>
</table>

# Table 2

<table>
<thead>
<tr>
<th>Employee's Name</th>
<th>Employee Identifier</th>
<th>Cash Compensation</th>
<th>Average FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>No employees made more than $100,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Totals:</th>
<th>Box 4</th>
<th>Box 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### PPP Schedule A Worksheet, Table 1 Totals

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1</td>
<td>$69,000</td>
</tr>
<tr>
<td>2</td>
<td>Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1</td>
<td>5.0</td>
</tr>
<tr>
<td>3</td>
<td>Enter Salary/Hourly Wage Reduction (Box 3)</td>
<td>None</td>
</tr>
</tbody>
</table>

**Note:** 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

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2</td>
<td>None</td>
</tr>
<tr>
<td>5</td>
<td>Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2</td>
<td>None</td>
</tr>
</tbody>
</table>

### Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Total amount paid or incurred by Borrower for employer contributions for employee health insurance</td>
<td>$5,000</td>
</tr>
<tr>
<td>7</td>
<td>Total amount paid or incurred by Borrower for employer contributions to employee retirement plans</td>
<td>$3,000</td>
</tr>
<tr>
<td>8</td>
<td>Total amount paid or incurred by Borrower for employer state and local taxes assessed on employee compensation</td>
<td>$500</td>
</tr>
</tbody>
</table>

### Compensation to Owners

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Total amount paid to owner-employees/self-employed individual/general partners:</td>
<td>$20,833</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Payroll Costs (add lines 1, 4, 6, 7, 8, and 9)</td>
<td>$98,883</td>
</tr>
</tbody>
</table>
Q. Are there any Safe Harbor or Exception where average FTEs during borrower’s reference period needs to be reduced?
### Example—Desmond’s Day Care (DDC), 24 Weeks, EZ, w/EIDL Advance

<table>
<thead>
<tr>
<th><strong>Payroll and Nonpayroll Costs</strong></th>
<th><strong>Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions</strong></th>
<th><strong>Potential Forgiveness Amounts</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10):</td>
<td></td>
<td>Line 8. Modified Total (multiply line 6 by line 7):</td>
</tr>
<tr>
<td></td>
<td>98,893</td>
<td>84,707</td>
</tr>
<tr>
<td>Line 2. Business Mortgage Interest Payments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,000</td>
<td>Line 9. PPP Loan Amount:</td>
</tr>
<tr>
<td>Line 3. Business Rent or Lease Payments:</td>
<td>95,000</td>
<td></td>
</tr>
<tr>
<td>Line 4. Business Utility Payments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,000</td>
<td>Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60):</td>
</tr>
<tr>
<td></td>
<td></td>
<td>164,805</td>
</tr>
<tr>
<td><strong>Adjustments for FTE and Salary Reduction</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3):</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10):</td>
</tr>
<tr>
<td>Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5:</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FTE Reduction Quotient (enter the number from PPP Schedule A, line 13):</strong></td>
<td>84,707</td>
<td></td>
</tr>
</tbody>
</table>

**Line 11:** Enter the smallest of lines 8, 9, or 10.  **Note:** If applicable, SBA will deduct EIDL Advance Amounts from the forgiveness amount remitted to the Lender.
Imprisonment of not more than 30 years and/or a fine of up to $1,000,000

- **Don’t** forget to document everything
- **Go** talk to someone if you are not clear
- **To** sign application = certifying what you provided is true and correct
- ....I think you get the point
Make sure you’re carefully documenting how you are spending the PPP funds.

- Keep records of payroll paid, hire offers extended and accepted or declined, rent, loan interest, and utilities payments.

- Records include: receipts, bank statements, payroll register statements, etc. Put them all into a safe, accessible place where you can easily find what you need when it comes time to submit for forgiveness.

- Check with payroll provider about whether they are producing CARES Act forms like they did during loan application phase.

- PPP Forgiveness is not taxable **BUT** you also can’t take the related expenses on your taxes.
Helpful PPP Resources

- If you are a non-profit or C Corp: https://fmaonline.net/ppptoolbox/

- If you are sole proprietor/LLC or S Corp: https://bench.co/blog/operations/ppp-forgiveness-application-form/

- YouTube Contributors: https://www.youtube.com/watch?v=qjfmIZGKEdw https://www.youtube.com/watch?v=g-VldzY4vI8 https://www.youtube.com/watch?v=wvV5VCi_aQ0&t=4s
Reinvestment Fund PPP borrowers should have received communications from our team regarding PPP forgiveness.

Check FAQs on our website for updates.

www.reinvestment.com/paycheck-protection-program

Email: PPPhelp@reinvestment.com
Desmond Hudson
Director, Client Engagement and Technical Assistance
Reinvestment Fund
Desmond.Hudson@reinvestment.com
215-574-5830

Public Citizens for Children & Youth (PCCY)
www.pccy.org/covid/covid-toolkit-providers
CLICK HERE TO SIGN UP FOR FREE TECHNICAL ASSISTANCE THROUGH PCCY
Philadelphia Emergency Fund for Stabilization of Early Education (PEFSEE)
PEFSEE - Grant Reporting

Eligible Expenses
- Sustaining basic expenses such as payroll and facility costs
  - Expenses PPP cannot cover but PEFSEE can:
    - mortgage principal
    - employee salaries over $100,000
    - owners that do not pay themselves salary/file a W2
    - owner medical expenses and insurance
    - FICA taxes
- temporary enrichment and child and family needs
- care for children of essential workers

Review Grant Agreement for the "Required Use" granted to your program

Eligible Timeline to spend grant funds
- 12-week period from March 16 - June 30
- This is flexible depending on when the other sources you received cover!

Reporting for PEFSEE
- Instructions will be sent in the next month through our Smart Simple platform for grant use reporting and data collection
- Please remember to record keep and save your receipts! We will request a payroll statement and a budget on how funds were spent
- Data collection for ECE sector advocacy

Flexible Dollars
PEFSEE grant income will be a taxable event for for-profits in 2020.

- Grantee will receive a 1099-MISC Form in January 2021, reflecting grant award for 2020 calendar year

Final Reporting on or about 4/1/2021

- Enrollment, Staff, Tax Returns
Questions?

**PPP**
email: PPPHelp@reinvestment.com
website: www.reinvestment.com/paycheck-protection-program

**PEFSEE**
email: PEFSEE@reinvestment.com
website: www.reinvestment.com/pefsee/