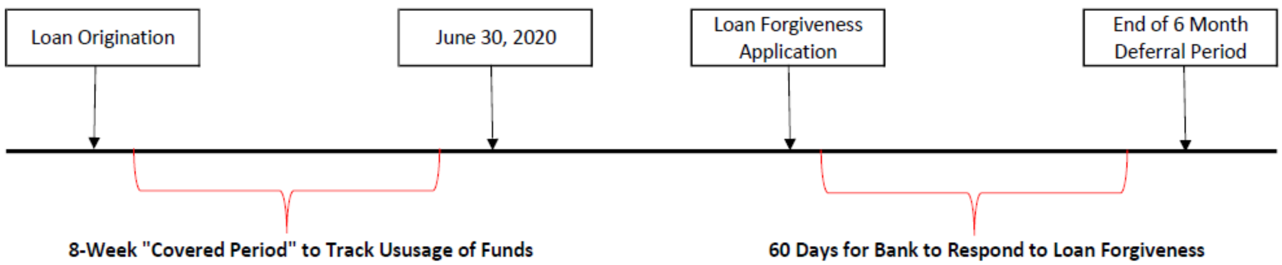
Please note your BANKER is the authority on forgiveness of your PPP Loan. What is required for forgiveness still remains unclear. We are still waiting for further guidance from the government on what some of their stipulations mean. This email is meant to be a proactive way to accumulate your costs and documentation so that when there are clearer guidelines you will be prepared.

PPP Loan Forgiveness Timeline (*under current guidelines)



Tracking Expenses during Covered Period

75% of Loan and Accrued Interest Must be used for Payroll Costs:

- salary, wage, commission or similar compensation (capped for individual employee in excess of annual salary of $100k)
- cash tip or equivalent
- vacation, parental, family, medical or sick leave (**NOT** FFCRA Paid Sick leave!)
- allowance for dismissal or separation
- group health care benefits, including insurance premiums
- retirement benefits (employer match/safe harbor to employer sponsored retirement plans. Undetermined if profit sharing contributions from 2019 count)
- payment of state or local tax assessed on the compensation (in PA, it is ONLY PA Unemployment)

If you will not use more than 75% of the loan for payroll costs, then the balance can be applied towards other costs.

Not more than 25% of the other costs can be used for:

- any payment of covered rent obligation / mortgage obligation (for building...does not appear to be for equipment, but awaiting further guidance)

- any covered utility payment (electricity, gas, water, telephone/internet, transportation, but unclear as to what costs towards transportation. Need further guidance.)

Documentation and Cost Tracking

Some clients are:

1. **Using a separate bank account to track funds.** Premier can add the new bank account without much notice. We will keep your usual, bank account on file as well. During the 8 week, covered period, your payroll will come out of the account the loan proceeds are sitting in. Some clients are also updating their retirement plan contribution bank accounts as well.
2. **Setting up separate GL accounts to classify costs separately**

Where in iSolved should I be looking to help track my costs? Since everyone's loans are not originating on the same date and until there is further guidance from the SBA, we are recommending the following. This is meant as a tool and it is recommended to confirm with your banker as well.

- With EACH payroll processed, your reports go under REPORTING > REPORT ARCHIVE. The PAYROLL SUMMARY report shows the numbers you need to pull for each payroll. You will need to confirm with your banker if they are going to PAY PERIOD or CHECK DATE. From this report you can pull:
    - **Gross Wages** (*last page*)
    - **Retirement Benefits** (employer match/safe harbor) - ONLY if you have us setup to be calculating it with each payroll already. (*last page*)
    - **Payment of state or local tax** - for PA and majority of other states, it is just the STATE SUI ER (*typically 3rd page*). **No tax** will be there if employees have been paid $10,000 for the year (for PA). For all states, this is an annual tax that STOPS once employees are paid certain thresholds.
    - **Group Health Care Benefits** - are NOT in iSolved and will need to be manually accounted for

We've created an excel template to assist with tracking your costs. This is based off a bi-weekly payroll as an EXAMPLE and numbers for 4/24 check date correspond to pictures below. Click here to download. (the file downloads in the bottom left hand corner of your computer screen). As a reminder this is a tool. Please feel free to adjust as needed. Not all areas will necessarily apply to your business.

*** EARNINGS & DEDUCTIO

	---------- CURRENT ----------		------------ MTD --------	
Earnings	Hours	Dollars	Hours	Dol
Regular	1,008.00	32,348.46	1,848.00	61,326
Overtime	0.00	0.00	0.00	0
PTO	0.00	0.00	0.00	0
Holiday	0.00	0.00	8.00	80
Bonus	0.00	0.00	0.00	800
Exp Reimb	0.00	0.00	0.00	25
1099	0.00	0.00	0.00	0
Total Earnings	**1,008.00**	**32,348.46**	**1,856.00**	**62,231.**
Memo Calculations	Hours	Dollars	Hours	Dol
Co 401K	0.00	1,443.93	0.00	2,788
Total Memo Calculations	**0.00**	**1,443.93**	**0.00**	**2,788.**
Deductions		Dollars		Dol
401K		208.33		416
Medical Pre-tax		1,260.58		2,521
Total Deductions		**1,468.91**		**2,937.**

*** EMPLOYER TAX EXPE

	---------- CURRENT ----------		------------ MTD ------	
Employer Tax	Wages	Taxes	Wages	T
FUTA ER (0.600000%)	3,770.88	22.63	4,250.88	2
MED ER (1.450000%)	31,087.88	450.77	59,684.88	8
SOC SEC ER (6.200000%)	31,087.88	1,927.42	59,684.88	3,7
PENNSYLVANIA SUI ER (3.689000%)	3,770.88	139.10	4,250.88	1
Total Employer Tax		**2,539.92**		**4,74**

What if I Don't Quality for Forgiveness

1. Amount NOT spent on qualified expenses, repay that portion of the loan right away
2. Use proceeds of the "non-forgivable" portion of the loan to fund the business

- Loan Terms = 2 year maturity at 1% interest rate
- No recourse
- No fees
- No personal guarantees
- No collateral required
- Principal and interest are deferred for 6 months (but interest accrues)

PPS Office Update

Our office is still open, however we currently have a lean staff as others work remotely. Thanks again for your patience as we navigate these unforeseen times! Please use support@premiernow.com to ensure important payroll related items are handled timely.

Be safe!

www.premiernow.com

Premier Payroll Services, Inc | 290 Main Street, Royersford, PA 19468