CARES Act: Session 2
Forgiveness Process

Presented by
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Items still in the plan

- 75/25 Payroll and occupancy split changed to 60/40 and is now defined as a “cliff”
- Full documentation
- Spending is on approved items
- Need has taken back seat, but proof of need may be important-I will still have mine in file
- Paid and/or incurred
Paid and/or Incurred

- If paid in the period, all is counted
- If paid after the period must prorate the amounts
- SO, no need to change payroll dates
- Alternate period could be utilized, but if you use a bi-monthly or longer period, this is not available
Form SBA 3508 (5/20) Loan Forgiveness
A new one is coming—Wait on it

Details you will need
- SBA PPP Loan Number
- Lender Loan Number
- Loan Amount
- Number of employees at time of applications and at time of forgiveness application
- Disbursement Date
- Payroll Schedule

 Covered Period (date of disbursement of funds for 56 days-
8 weeks now can be changed to 24 weeks)

Alternative Payroll Covered Period (use for all payrolls)

Calculation-Use AICPA excel worksheet (feeds the application)
AICPA Excel Spreadsheet

- Instructions (May 15 interpretations-Numerous others issued)
- PPP Forgiveness Calculator (Blue and green cells)
- Non-Payroll Cost Tracker (BEGIN here with non payroll costs)
- Payroll Accumulator (BEGIN here with Payroll costs)
- Schedule A Worksheet (tracker and accumulator rolls into here)
- Schedule A
- FTE Input (Hold on this one until we know more)
Non-Payroll Cost Tracker
(BEGIN here with non payroll costs)

- Utility Services
- Must have rent agreements before 2-15-2020
- Paid in the period or after the first payment date after the period
- If paid in the period, all is counted
- If paid after the period must prorate the amounts
Non-Payroll Costs

(NOTE: On video I say incorrectly May 15, 2020-I should have said February 15, 2020)

♦ Rent-Contracts (a must) in place on **2-15-2020**
  – Copier, Pitney Bowes, Facilities, etc

♦ Utility **Services**
  – Electricity
  – Gas
  – Water (sewer is included but not sure about trash)
  – Telephone
  – Internet access

♦ Interest on mortgage loan (Construction loan if property is collateral) both in place on **2-15-2020**
Payroll Accumulator
(BEGIN here with Payroll costs)

- This report is by employee
- Need 941 for the First Quarter 2020
- Salary for the covered period
Schedule A Worksheet (tracker and accumulator rolls into here)
Schedule A

- Clergy Pension and Insurance-request form
Application for Forgiveness

- MUST apply for loan forgiveness within 10 months after the original 8-week period
- A new application will be coming out
  - WAIT for that one
- Lenders have 60 days to make a determination
- SBA has 90 days to fund the forgiveness
- This could be a 5-month process after you submit your application
FTE Input

- No longer an issue based on
  - Employee availability
  - Inability to return to the same level of business activity
- Wait for additional instructions
Loan Deferral

- Initially had to apply not less than 6 months after loan distribution and not more than a year
- Now the loan deferral period Disbursement of Funds
  - Begins on date of disbursement and ends on date the forgiveness amount is remitted to your lender by SBA
  - MUST apply for loan forgiveness within 10 months after the original 8-week period or the payments must begin
- Apply as soon as your loan amount is used up in payroll and occupancy expenses-DON’T wait
Items to submit with the Forgiveness Application

- Bank Statements documenting payroll paid
- Tax Form 941
- Bank statements proving payment of occupancy expenses
- Loan interest proof
- Lease agreements
- Utility bills and proof of payment
- Retain all documentation given to SBA or utilized to determine forgiveness application for 6 years after loan is forgiven or paid
Certifications - Page 4 of Application

- Dollar amount of loan forgiveness was spent on eligible costs
- Not spent on eligible cost, Federal Government can pursue recovery and civil or criminal fraud charges
- Accurately verified payments for the eligible payroll and nonpayroll costs
- Submitted to lender the required documentation
- True and correct in all material aspects
- Tax documents have been submitted. Tax information may be shared with SBA
- Additional information may be requested. Failure to provide may result in ineligibility
Now what

- More instructions are coming along with the new form, so we must be patient, take a breath, and wait
- Document your costs and keep a running total so that you know when to apply
- Be sure all of your costs are eligible—should not be a problem if you can use all of the loan up in 24 weeks on payroll
- I am sure we will have a session 3
Questions

- We will be there to help you
- Establish a team across the conference to help-volunteers to work with the team are welcome