

QUESTCO COMPANIES

PAYCHECK PROTECTION PROGRAM - LOAN FORGIVENESS APPLICATION INSTRUCTIONS

OCTOBER 2020

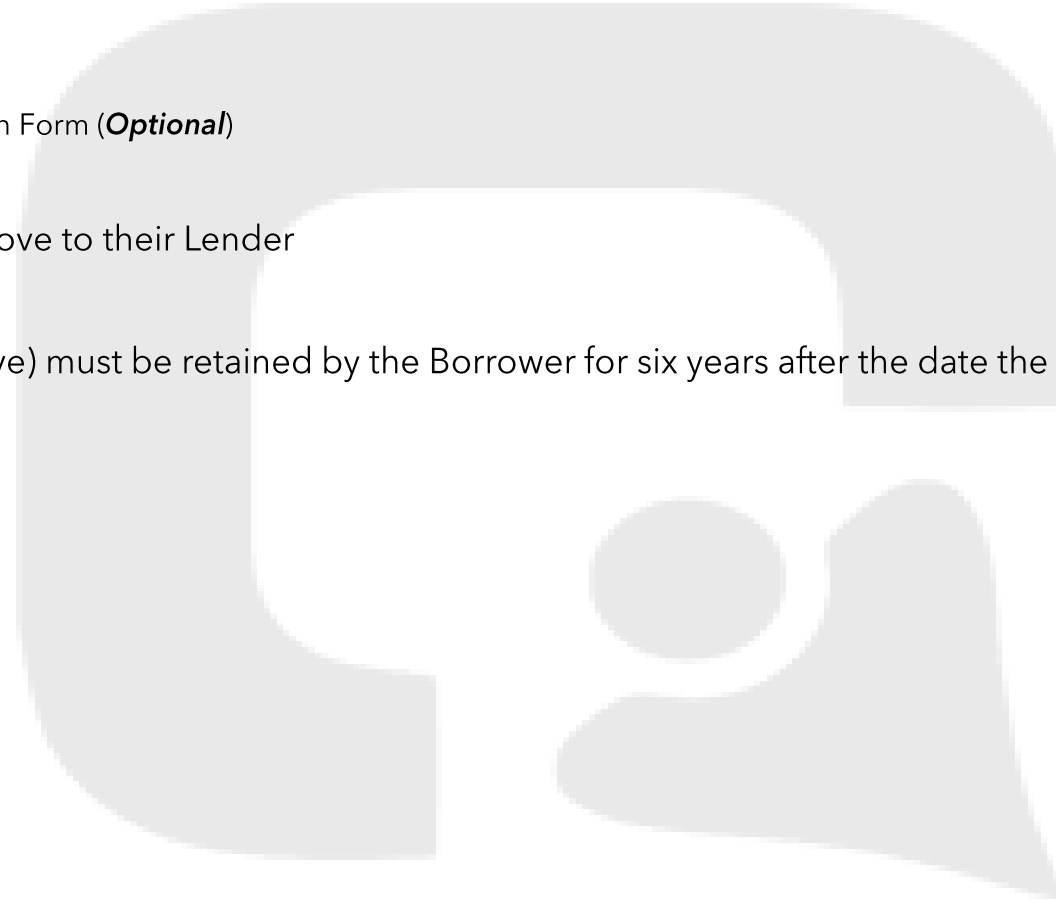
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Information contained herein is intended for information purposes only and does not constitute legal advice or option, nor is it a substitute for the professional judgment of an attorney or accountant.

OVERVIEW OF THE PPP LOAN FORGIVENESS APPLICATION

- The PPP Loan Forgiveness Application (“Application”) is comprised of four components:
 1. PPP Loan Forgiveness Calculation Form
 2. PPP Schedule A
 3. PPP Schedule A Worksheet
 4. PPP Borrower Demographic Information Form (*Optional*)
- Borrower must submit items 1 and 2 above to their Lender
- PPP Schedule A Worksheet (item 3 above) must be retained by the Borrower for six years after the date the loan is forgiven or repaid in full



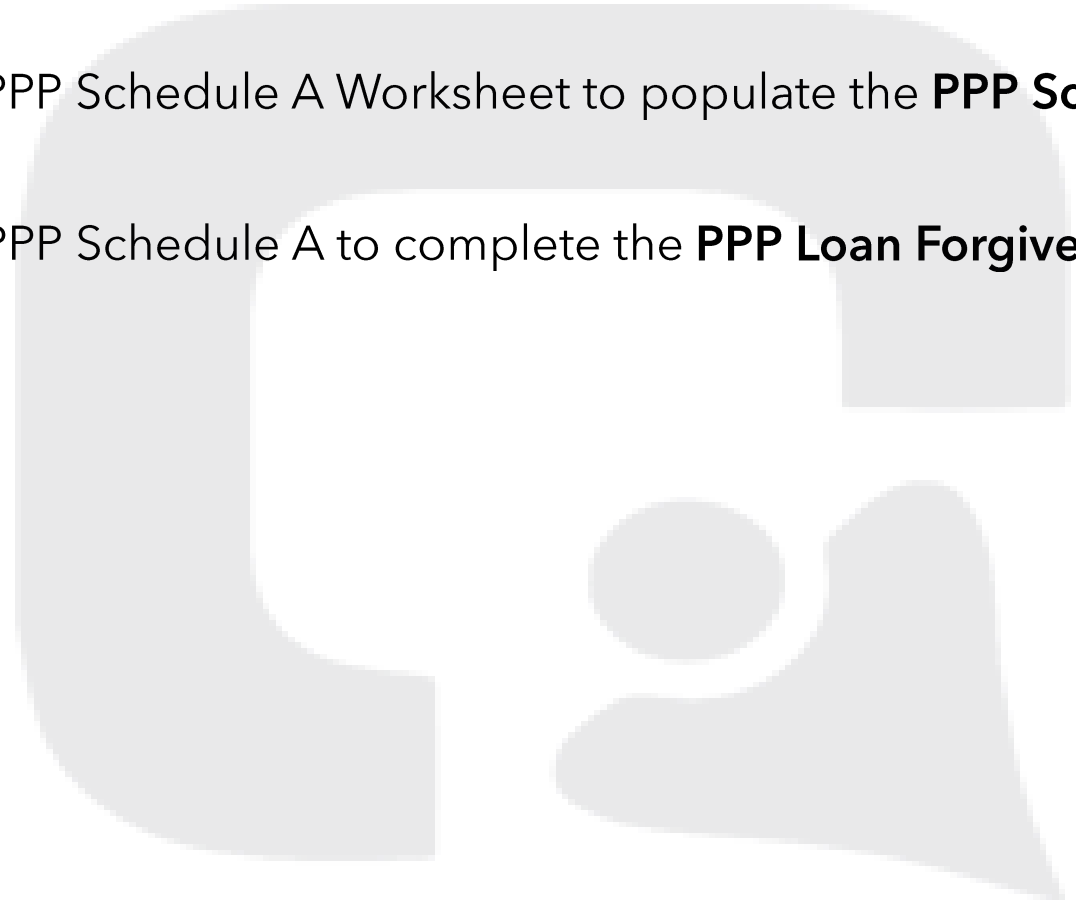
SUMMARY OF QUESTCO PROVIDED REPORTS

Reports can be requested from your Questco Payroll Processor or Client Success Manager to assist you in the completion of your PPP loan forgiveness application

- Payroll Cost Report for Covered Period (*borrower must elect either 8 or 24-week covered period*)
- FTE Report for Covered Period and Lookback Periods
- Other Reports Available from Questco if Needed:
 - FTE Report for Covered Period and Safe Harbor Periods, if there is an FTE Reduction Quotient below 1.0 in the Lookback Period
 - Payroll Registers, as requested for the purposes of calculating impact of Salary/Hourly Wage Reductions
 - PPP Average Pay Rate Report, as requested for the purposes of calculating whether an employee incurred Salary/Hourly Wage Reductions
- PEO Relationship Letter - explaining the responsibility of Questco to file payroll taxes and administer benefits under the co-employment relationship.

GETTING STARTED

- **Step 1:** Complete the **PPP Schedule A Worksheet**
- **Step 2:** Use Data from the PPP Schedule A Worksheet to populate the **PPP Schedule A**
- **Step 3:** Use Data from the PPP Schedule A to complete the **PPP Loan Forgiveness Calculation Form**



COMPLETING PPP SCHEDULE A WORKSHEET - TABLE 1

- **Questco's Payroll Cost Report** provides the information required in the PPP Schedule A Worksheet - Table 1 *and can be attached to your application in lieu of completing Table 1*. Below is an explanation of the employee information to be populated in PPP Schedule A Worksheet - Table 1.
 - This table includes employees who were employed at any point during the Covered (or Alternative Payroll Covered) Period; and
 - Received compensation at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019
- The **Payroll Cost Report** provides the requirements for the following fields in Table 1 of your Forgiveness application:
 - Employee's Name
 - Employee Identifier - Last 4 digits of the employee's social security number
 - Cash Compensation - **Box 1**
 - This is equal to the total gross salary, wages, tips, commissions, paid leave (not including leave covered by FFCRA), and allowances for dismissal or separation which is paid or incurred during the Covered (or Alternative) Period.
 - This should not exceed an Annual Salary of \$100,000, as prorated for the period (\$15,385 per employee for an 8-week Covered Period or \$46,154 for a 24-week Covered Period)
 - **Owners should not be included in Table 1.** See Section "Determining Owner Compensation for Loan Forgiveness" for determining how owner compensation should be accounted for in the loan forgiveness application. Please notify Questco if Owners have been listed in the Payroll Cost Report - Table 1 or Table 2 provided to you to ensure they are properly accounted for on the loan forgiveness application.
 - Average FTE - **Box 2**
 - For each employee, enter the average number of hours paid per week, divide by 40 hours, and round the total to the nearest tenth (the Average FTE calculation is provided on the **Payroll Cost Report**).
 - The maximum is capped at 1.0 for each employee.
 - The borrower can use the simplified method that assigns a 1.0 for employees who works 40 hours or more per week and 0.5 for employees who work fewer hours.
 - The **Payroll Cost Report** does not use the simplified method.
 - Salary/Hourly Wage Reduction - **Box 3**
 - Please notify Questco if you have reduced any salary or hourly wage for any employee paid during the Covered Period so we can assist you with the required calculations for box marked "Salary/ Hourly Wage Reduction." See **Slide 25** for how to calculate the reduction.

Note: Questco's Payroll Cost Report includes employees designated as non-resident aliens. Contact Questco if you are unsure whether any non-resident aliens qualify as "covered employees".

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
Sam Smith	1567	7,250	0.7	0
Joy Fox	4321	8,500	1.0	394
Apple Tart	9725	4,200	0.4	0
FTE Reduction Exceptions:			1.0	
Totals:		Box 1 19,950	Box 2 2.1	Box 3 394

COMPLETING PPP SCHEDULE A WORKSHEET - TABLE 1 (cont.)

- Calculate **the FTE Reduction Exceptions** - Indicate the FTE of:
 1. Any positions for which you made a good-faith, written offer to rehire an employee during the Covered (or Alternative) Period, which was rejected by the employee;
 2. Any employees who during the Covered (or Alternative Payroll Covered) Period that
 - a. Were fired for cause,
 - b. Voluntarily resigned
 - c. Voluntarily requested and received a reduction of their hours
- Include **only if** the position was not filled by a new employee
- This exception calculation is intended to not reduce the level of forgiveness due to certain reasons an employee leaves as described above.
- Example - an employee turns in their resignation in Week 6 of the Covered Period, and you were not able to fill the position by the end of the Covered Period, include 1 FTE in the FTE Reduction Exceptions box.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
Sam Smith	1567	7,250	0.7	0
Joy Fox	4321	8,500	1.0	394
Apple Tart	9725	4,200	0.4	0
FTE Reduction Exceptions:			1.0	
Totals:		Box 1 19,950	Box 2 2.1	Box 3 394

NOTE: This section must be completed by the Client. Questco does not have sufficient information to provide response.

COMPLETING PPP SCHEDULE A WORKSHEET - TABLE 1 (cont.)

- Box 3 of the PPP Schedule A Worksheet- Table 1 Totals
 - Please notify Questco if you have reduced the salary or hourly wage for any employee paid during the Covered Period so we can provide you with the reports required reports to determine whether there will be any impact on the amount of payroll costs eligible for forgiveness as a result of a "Salary / Hourly Wage Reduction."
 - Complete Information on PPP Schedule A Worksheet, **Table 1, Box 3** using the amounts computed based on completion of the steps outlined on **Slide 25**.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
Sam Smith	1567	7,250	0.7	0
Joy Fox	4321	8,500	1.0	394
Apple Tart	9725	4,200	0.4	0
FTE Reduction Exceptions:			1.0	
Totals:		Box 1 19,950	Box 2 2.1	Box 3 394

COMPLETING PPP SCHEDULE A

- Lines 1 – 2 of the PPP Schedule A – Table 1 Totals
 - Populate from information on PPP Schedule A Worksheet, **Table 1** using the data provided in the **Payroll Cost Report**
 - Below is an example of how to populate Lines 1 – 2 of the table based on the sample Payroll Cost Report below.

PPP Schedule A Worksheet, Table 1 Totals	
Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1	19,950
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1	2.1

Table 1: Data from Questco-provided Payroll Cost Report

Client Name											
Payroll Costs Report											
Payroll data for pay dates from 05/02/2020 through 07/24/2020											
Employee No	Employee Name	Employee Identifier	Estimated Table Type	Full Time Equivalency	Total Cash Compensation	Allowable Cash Compensation	Health Care Expense	Health Care Credits	Retirement Contributions	Employer State and Local Taxes	Total Payroll Costs
			Table Type 1 Subtotal	2.1	\$ 19,950.00	\$ 19,950.00	\$ 400.00	\$ -	\$ 25.00	\$ 15.00	\$ 20,390.00
			Table Type 2 Subtotal	1.0	\$ 25,135.00	\$ 15,385.00	\$ 100.00	\$ -	\$ 75.00	\$ -	\$ 15,560.00
			Table O Subtotal	-	\$ 74,500.00	\$ 15,385.00	\$ -	\$ -	\$ -	\$ -	\$ 15,385.00
			Grand Totals	3.1	\$ 119,585.00	\$ 50,720.00	\$ 500.00	\$ -	\$ 100.00	\$ 15.00	\$ 51,335.00
Y12407	Sam Smith	1567	1	0.7	\$ 7,250.00	\$ 7,250.00	\$ 100.00	\$ -	\$ 25.00	\$ 15.00	\$ 7,390.00
A30673	Joy Fox	4321	1	1	\$ 8,500.00	\$ 8,500.00	\$ 100.00	\$ -	\$ -	\$ -	\$ 8,600.00
A12433	Apple Tart	9725	1	0.4	\$ 4,200.00	\$ 4,200.00	\$ 200.00	\$ -	\$ -	\$ -	\$ 4,400.00
			1 Total	2.1	\$ 19,950.00	\$ 19,950.00	\$ 400.00	\$ -	\$ 25.00	\$ 15.00	\$ 20,390.00
L12420	Cody Time	4713	2	1	\$ 25,135.00	\$ 15,385.00	\$ 100.00	\$ -	\$ 75.00	\$ -	\$ 15,560.00
			2 Total	1	\$ 25,135.00	\$ 15,385.00	\$ 100.00	\$ -	\$ 75.00	\$ -	\$ 15,560.00
F14293	John Owner	8124	O	0	\$ 74,500.00	\$ 15,385.00	\$ -	\$ -	\$ -	\$ -	\$ 15,385.00
			O Total	0	\$ 74,500.00	\$ 15,385.00	\$ -	\$ -	\$ -	\$ -	\$ 15,385.00
			Grand Total	3.1	\$ 119,585.00	\$ 50,720.00	\$ 500.00	\$ -	\$ 100.00	\$ 15.00	\$ 51,335.00

Line 2 of PPP Schedule A
Average FTE

Line 1 of PPP Schedule A
Cash Compensation

COMPLETING PPP SCHEDULE A

- Lines 3 of the PPP Schedule A – Table 1 Totals
 - Populate from Information on PPP Schedule A Worksheet, **Table 1** using the information provided in the **Payroll Registers** and **PPP Average Pay Rate Schedule** if you determined there was a Salary/Hourly Wage Reduction in Tab 1, Box 3
 - Below is the completed Line 3:

PPP Schedule A Worksheet, Table 1 Totals	
Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1	19,950
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1	2.1
Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1 <i>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 the box on the forgiveness application and enter 0 on line 3.</i>	394

Table 1, Box 3:

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
Sam Smith	1567	7,250	0.7	0
Joy Fox	4321	8,500	1.0	394
Apple Tart	9725	4,200	0.4	0
FTE Reduction Exceptions:			1.0	
Totals:		Box 1 19,950	Box 2 2.1	Box 3 394

COMPLETING PPP SCHEDULE A WORKSHEET - TABLE 2

- Questco’s **Payroll Cost Report** provides the information required in the PPP Schedule A Worksheet - Table 2 and can be attached to your application in lieu of completing Table 2. Below is an explanation of the employee information to be populated in PPP Schedule A Worksheet - Table 2.
 - This table should include employees who were employed at any point during the Covered (or Alternative) Period; and
 - Received compensation at an annualized rate of **more than** \$100,000 for any pay period in 2019.
- The **Payroll Cost Report** provides the requirements for the following fields in Table 2 of your Forgiveness application:
 - Employee’s Name
 - Employee Identifier
 - Last 4 of the employee’s social security number
 - Cash Compensation - **Box 4**
 - This is equal to the total gross salary, wages, tips, commissions, paid leave (excluding paid leave under FFCRA), and allowances for dismissal or separation which is paid or incurred during the Covered (or Alternative) Period.
 - This should not exceed an Annual Salary of \$100,000, as prorated for the period (\$15,385 per employee for the 8-week Covered Period or \$46,154 for the 24-week Covered Period).
 - Average FTE - **Box 5**
 - For each employee, enter the average number of hours paid per week, divide by 40 hours, and round the total to the nearest tenth (the Average FTE calculation is provided on the **Payroll Cost Report**).
 - The maximum is capped at 1.0 for each employee.
 - The borrower can use the simplified method that assigns a 1.0 for employees who works 40 hours or more per week and 0.5 for employees who work fewer hours.
 - The **Payroll Cost Report** does not use the simplified method.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Cody Time	4713	15,385	1.0
Totals:		Box 4 15,385	Box 5 1.0

COMPLETING PPP SCHEDULE A

- Lines 4 - 5 of the PPP Schedule A - Table 2 Totals
 - Populate from Information on PPP Schedule A Worksheet, **Table 2**

PPP Schedule A Worksheet, Table 2 Totals	
Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2	15,385
Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2	1.0

Table 2: Data from Questco-provided Payroll Cost Report

Client Name												
Payroll Costs Report												
Payroll data for pay dates from 05/02/2020 through 07/24/2020												
					2.1	\$ 19,950.00	\$ 19,950.00	\$ 400.00	\$ -	\$ 25.00	\$ 15.00	\$ 20,390.00
					1.0	\$ 25,135.00	\$ 15,385.00	\$ 100.00	\$ -	\$ 75.00	\$ -	\$ 15,560.00
					-	\$ 74,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,385.00
					3.1	\$ 119,585.00	\$ 50,720.00	\$ 500.00	\$ -	\$ 100.00	\$ 15.00	\$ 51,335.00
Employee No	Employee Name	Employee Identifier	Estimated Table Type	Full Time Equivalency	Total Cash Compensation	Allowable Cash Compensation	Health Care Expense	Health Care Credits	Retirement Contributions	Employer State and Local Taxes	Total Payroll Costs	
Y12407	Sam Smith	1567	1	0.7	\$ 7,250.00	\$ 7,250.00	\$ 100.00	\$ -	\$ 25.00	\$ 15.00	\$ 7,390.00	
A30673	Joy Fox	4321	1	1	\$ 8,500.00	\$ 8,500.00	\$ 100.00	\$ -	\$ -	\$ -	\$ 8,600.00	
A12433	Apple Tart	9725	1	0.4	\$ 4,200.00	\$ 4,200.00	\$ 200.00	\$ -	\$ -	\$ -	\$ 4,400.00	
			1 Total	2.1	\$ 19,950.00	\$ 19,950.00	\$ 400.00	\$ -	\$ 25.00	\$ 15.00	\$ 20,390.00	
L12420	Cody Time	4713	2	1	\$ 25,135.00	\$ 15,385.00	\$ 100.00	\$ -	\$ 75.00	\$ -	\$ 15,560.00	
			2 Total	1	\$ 25,135.00	\$ 15,385.00	\$ 100.00	\$ -	\$ 75.00	\$ -	\$ 15,560.00	
F14293	John Owner	8124	0	0	\$ 74,500.00	\$ 15,385.00	\$ -	\$ -	\$ -	\$ -	\$ 15,385.00	
			0 Total	0	\$ 74,500.00	\$ 15,385.00	\$ -	\$ -	\$ -	\$ -	\$ 15,385.00	
			Grand Total	3.1	\$ 119,585.00	\$ 50,720.00	\$ 500.00	\$ -	\$ 100.00	\$ 15.00	\$ 51,335.00	

Line 5 of PPP Schedule A Average FTE

Line 4 of PPP Schedule A Cash Compensation

COMPLETING PPP SCHEDULE A WORKSHEET - FTE REDUCTION SAFE HARBOR

- If it is determined you have an FTE Reduction during the Covered Period based on the FTE Reduction Quotient provided in the look back **FTE Report**, you will need to calculate your FTE Reduction Safe Harbor.
- Questco will provide a second **FTE Report**, based on the periods in the Safe Harbor calculation below.
- Calculate the FTE Reduction Safe Harbor using data obtained from the **FTE Safe Harbor Report** provided by Questco, which can be ran based on the Covered Period selected (**8 weeks, 24-weeks, or a Custom End Date**)
 1. Calculate the Total Average FTE between February 15, 2020 and April 26, 2020 (using same method as Table 1 and Table 2 of the Schedule A Worksheet)
 2. Calculate the Total FTE in the pay period inclusive of February 15, 2020
 3. If 2 above is greater than 1, proceed to 4. If 2 is less than 1 above, the FTE Reduction Safe Harbor is not applicable. Proceed to Line 13 of PPP Schedule A - Divide Line 12 by Line 11 in Schedule A.
 4. Calculate the total FTE as of the earlier of December 31, 2020, and the date the application is submitted.
 5. If 4 above is greater than or equal to 2 above, enter 1.0 on Line 13 of PPP Schedule. The FTE Reduction Safe Harbor has been met. If 4 is less than 2, complete Line 13 of PPP Schedule A by dividing line 12 by 11 of Schedule A.

COMPLETING PPP SCHEDULE A

- Lines 6 – 8 of the PPP Schedule A – Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period
 - Corresponds to the other payroll costs paid or incurred during the Covered (or Alternative Payroll Covered) Period provided in the **Payroll Cost Report**
 - Line 6: Total amount paid by the Borrower for employer contributions for employee health insurance, including employer contributions to a group health plan or self-insured plan. It excludes any pre-tax or after-tax contributions by the employees but does include any allowable owner contributions to health plans.
 - Line 7: Total amount paid by the Borrower for employer contributions to employee retirement plans, excluding pre-tax or after-tax contributions by employees.
 - Line 8: Total amount paid by the Borrower for employer state and local taxes assessed on employee compensation. This **does not** include federal taxes paid by the borrower.
 - See **Slides 26-27** for specific guidance on what owner non-cash compensation is eligible for loan forgiveness.

Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period	
Line 6. Total amount paid for employer contributions for employee health insurance	500
Line 7. Total amount paid for employer contributions to employee retirement plans	100
Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compens	15

Non-Cash Compensation: Data from Questco-provided Payroll Cost Report

Client Name																
Payroll Costs Report																
Payroll data for pay dates from 05/02/2020 through 07/24/2020																
Table Type 1 Subtotal		2.1	\$	19,950.00	\$	19,950.00	\$	400.00	\$	-	\$	25.00	\$	15.00	\$	20,390.00
Table Type 2 Subtotal		1.0	\$	25,135.00	\$	15,385.00	\$	100.00	\$	-	\$	75.00	\$	-	\$	15,560.00
Table O Subtotal		-	\$	74,500.00	\$	15,385.00	\$	-	\$	-	\$	-	\$	-	\$	15,385.00
Grand Totals		3.1	\$	119,585.00	\$	50,720.00	\$	500.00	\$	-	\$	100.00	\$	15.00	\$	51,335.00

Employee No	Employee Name	Employee Identifier	Estimated Table Type	Full Time Equivalency	Total Cash Compensation	Allowable Cash Compensation	Health Care Expense	Health Care Credits	Retirement Contributions	Employer State and Local Taxes	Total Payroll Costs	
Y12407	Sam Smith	1567	1	0.7	\$ 7,250.00	\$ 7,250.00	\$ 100.00	\$ -	\$ 25.00	\$ 15.00	\$ 7,390.00	
A30673	Joy Fox	4321	1	1	\$ 8,500.00	\$ 8,500.00	\$ 100.00	\$ -	\$ -	\$ -	\$ 8,600.00	
A12433	Apple Tart	9725	1	0.4	\$ 4,200.00	\$ 4,200.00	\$ 200.00	\$ -	\$ -	\$ -	\$ 4,400.00	
		1 Total			2.1	\$ 19,950.00	\$ 19,950.00	\$ 400.00	\$ -	\$ 25.00	\$ 15.00	\$ 20,390.00
L12420	Cody Time	4713	2	1	\$ 25,135.00	\$ 15,385.00	\$ 100.00	\$ -	\$ 75.00	\$ -	\$ 15,560.00	
		2 Total			1	\$ 25,135.00	\$ 15,385.00	\$ 100.00	\$ -	\$ 75.00	\$ -	\$ 15,560.00
F14293	John Smith	8124	O	0	\$ 74,500.00	\$ 15,385.00	\$ -	\$ -	\$ -	\$ -	\$ 15,385.00	
		O Total			0	\$ 74,500.00	\$ 15,385.00	\$ -	\$ -	\$ -	\$ 15,385.00	
		Grand Total			3.1	\$ 119,585.00	\$ 50,720.00	\$ 500.00	\$ -	\$ 100.00	\$ 15.00	\$ 51,335.00

Total Health Care Costs	\$	500.00	A
Less Healthcare Care Credits Expenses:	\$	-	B
Line 6 of PPP Costs	\$	500.00	A-B

Line 7 of PPP Schedule A
Line 8 of PPP Schedule A

COMPLETING PPP SCHEDULE A

- Line 9 of the PPP Schedule A - Compensation to Owners

- Enter amounts paid to employee-owners but capped at \$15,385 for an 8-week Covered Period or \$20,833 (2.5/12 times \$100,000) for a 24-week Covered Period for each owner
- Note:** Owners *should not* be included in cash compensation in Table 1 or Table 2. The cash compensation for owners is separately listed in Line 9 of PPP Schedule A. If you have owners currently classified in Table 1 or Table 2, please notify Questco to remove owners from the **Payroll Cost Report**. See **Slides 26-27** for specific guidance on what owner cash compensation and non-cash compensation is eligible for loan forgiveness.
- In the example below, there is one owner who is capped at \$15,385 for the 8-week Covered Period.

Compensation to Owners	
Line 9. Total amount paid to owner-employees/self-employed individual/general partners:	15,385
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.	

Data from Questco-provided Payroll Cost Report

Client Name												
Payroll Costs Report												
Payroll data for pay dates from 05/02/2020 through 07/24/2020												
					2.1	\$ 19,950.00	\$ 19,950.00	\$ 400.00	\$ -	\$ 25.00	\$ 15.00	\$ 20,390.00
					1.0	\$ 25,135.00	\$ 15,385.00	\$ 100.00	\$ -	\$ 75.00	\$ -	\$ 15,560.00
					-	\$ 74,500.00	\$ 15,385.00	\$ -	\$ -	\$ -	\$ -	\$ 15,385.00
					3.1	\$ 119,585.00	\$ 50,720.00	\$ 500.00	\$ -	\$ 100.00	\$ 15.00	\$ 51,335.00
Employee No	Employee Name	Employee Identifier	Estimated Table Type	Full Time Equivalency	Total Cash Compensation	Allowable Cash Compensation	Health Care Expense	Health Care Credits	Retirement Contributions	Employer State and Local Taxes	Total Payroll Costs	
Y12407	Sam Smith	1567	1	0.7	\$ 7,250.00	\$ 7,250.00	\$ 100.00	\$ -	\$ 25.00	\$ 15.00	\$ 7,390.00	
A30673	Joy Fox	4321	1	1	\$ 8,500.00	\$ 8,500.00	\$ 100.00	\$ -	\$ -	\$ -	\$ 8,600.00	
A12433	Apple Tart	9725	1	0.4	\$ 4,200.00	\$ 4,200.00	\$ 200.00	\$ -	\$ -	\$ -	\$ 4,400.00	
			1 Total	2.1	\$ 19,950.00	\$ 19,950.00	\$ 400.00	\$ -	\$ 25.00	\$ 15.00	\$ 20,390.00	
L12420	Cody Time	4713	2	1	\$ 25,135.00	\$ 15,385.00	\$ 100.00	\$ -	\$ 75.00	\$ -	\$ 15,560.00	
			2 Total	1	\$ 25,135.00	\$ 15,385.00	\$ 100.00	\$ -	\$ 75.00	\$ -	\$ 15,560.00	
F14293	John Owner	8124	O	0	\$ 74,500.00	\$ 15,385.00	\$ -	\$ -	\$ -	\$ -	\$ 15,385.00	
			O Total	0	\$ 74,500.00	\$ 15,385.00	\$ -	\$ -	\$ -	\$ -	\$ 15,385.00	
			Grand Total	3.1	\$ 119,585.00	\$ 50,720.00	\$ 500.00	\$ -	\$ 100.00	\$ 15.00	\$ 51,335.00	

Line 9 of PPP Schedule A
Owner Compensation Compensation

COMPLETING PPP SCHEDULE A

- Line 10 of the PPP Schedule A – Total Payroll Costs
 - Includes Totals from lines 1, 4, 6, 7, 8, and 9 of the PPP Schedule A

PPP Schedule A

PPP Schedule A Worksheet, Table 1 Totals	
Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1	19,950 1
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1	2.1
Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1 <i>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 the box on the forgiveness application and enter 0 on line 3.</i>	394
PPP Schedule A Worksheet, Table 2 Totals	
Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2	15,385 1
Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2	1.0
Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period	
Line 6. Total amount paid for employer contributions for employee health insurance	500 1
Line 7. Total amount paid for employer contributions to employee retirement plans	100 1
Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compens	15 1
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.	15,385 1
Total Payroll Costs	
Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):	51,335 Sum of 1s

COMPLETING PPP SCHEDULE A

- Lines 11-13 of the PPP Schedule A – Full-time Equivalency (FTE) Reduction Calculation is populated with information provided by Questco in the **FTE Report**:
 - Line 11 – Enter the Borrower’s total average weekly full-time equivalency during the chosen period, either:
 - February 15, 2019 to June 30, 2019 – Lookback Period 1 in the **FTE Report**;
 - January 1, 2020 to February 29, 2020 – Lookback Period 2 in the **FTE Report**; or
 - In the case of seasonal employers, either of the preceding periods or a consecutive 12-week period between May 1, 2019 and September 15, 2019. This is not included in the **FTE Report** provided by Questco. Please notify your Questco CSM if you need us to run the **FTE Report** a custom period.
 - Line 12 – Total Average FTE: Add lines 2 and 5 in PPP Schedule A
 - Line 13 – FTE Reduction Quotient:
 - 1.0 if FTE Safe Harbor is Met, calculated in PPP Schedule A Worksheet; or
 - If FTE Safe Harbor is **Not** Met, Divide Line 11 by Line 12
- The FTE Reduction Quotient is used to determine if the loan forgiveness amount must be reduced based on a reductions in FTEs.

Full-Time Equivalency (FTE) Reduction Calculation	
If you have reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, this will generate 0 and lines 11 and 12 will be completed.	
If you have not, line 13 will become 1.0	
Line 11. Average FTE during the Borrower’s chosen reference period	3.0
Line 12. Total Average FTE (add lines 2 and 5)	3.1
Line 13. FTE Reduction Quotient (divide line 12 by line 11) or will become 1.0 if FTE Safe Harbor is met	1.0

COMPLETING PPP LOAN FORGIVENESS CALCULATION FORM

- Complete the informational area based on your specific loan

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address		Business TIN (EIN, SSN)	Business Phone
			() -
		Primary Contact	E-mail Address

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____

Employees at Time of Forgiveness Application: _____

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: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

COMPLETING PPP LOAN FORGIVENESS CALCULATION FORM

- The information in the PPP Loan Forgiveness Calculation Form comes from:
 - PPP Schedule A
 - Other sources (for Nonpayroll related costs)

Payroll and Nonpayroll Costs				
Line 1	Payroll costs		51,335	From PPP Schedule A, Line 10
Line 2	Business mortgage interest payments		1,000	As defined
Line 3	Business rent or lease payments		10,000	As defined
Line 4	Business utility payments		1,500	As defined
	Total eligible costs		63,835	
Adjustments for FTE and Salary/Wage Reduction				
Line 5	Total salary/hourly wage reductions		394	From PPP Schedule A, Line 3
Line 6	Subtotal		63,441	Add lines 1 - 4, then subtract line 5
Line 7	FTE reduction quotient		1.0	From PPP Schedule A, Line 13
Potential Forgiveness Amounts				
Line 8	Modified total		63,441	Multiply Line 6 by Line 7
Line 9	PPP Loan Amount		60,000	Borrower's PPP Loan Amount
Line 10	Payroll cost 60% requirement		85,558	Line 1 Divided by 0.75 - (New PPPFA amends this to be 60%, Application has not been Updated)
Forgiveness Amounts				
Line 11	Forgiveness amount (smallest of line 8, 9 and 10)		60,000	Smallest of Lines 8, 9 or 10

CLOSING COMMENTS

- Covered Period Options:
 - Borrowers can elect either an 8-week or 24-week covered period. PPP loan forgiveness applications can be submitted at any time during the 24-week covered period if the borrower has utilized the full amount of the loan proceeds funded.
 - Clients are encouraged to prepare a PPP loan forgiveness based on the 8-week covered period. If the calculation results in full forgiveness, the Borrower can go ahead and submit the application.
 - If the full amount of the loan proceeds have not been utilized at the end of the 8-week covered period, the Borrower can continue operating and complete the PPP loan application following the most recent payroll in which the eligible payroll costs, when combined with any eligible non-payroll costs, equal or exceed the amount of loan proceeds received.
 - If the borrower has experienced a reduction in FTE or average salary or wages during either the 8 or 24-week covered period, they may need to compare the results of the loan application under both options and submit the PPP loan forgiveness application that provides the greatest amount of forgiveness (either based on an 8-week covered period or a 24-week covered period).
- As each lender has their own process, we recommend that clients reach out to their lender to determine the lender's specific process for completing the PPP loan forgiveness application.

APPENDIX



DEFINITIONS

- **Covered Period:** The Covered Period start date is the same as the PPP Loan Disbursement Date. The Borrower can elect a Covered Period of 8-weeks or as an alternative, the **earlier of** 1) 24 weeks after date of disbursement or 2) December 31, 2020.
 - **Example** - The Borrower received notification their loan was approved on April 15, 2020, and the funds were received by the Borrower on April 23, 2020. The first day of the Covered Period is April 23rd, and the last day of the Covered Period is June 17th assuming the Borrower selected an 8-week Covered Period.
- **Alternative Covered Period:** Borrowers with a biweekly (or more frequent) payroll schedule may elect to calculate their eligible payroll costs using the 8-week covered period that begins on the first day of their first pay period following the PPP Loan Disbursement Date.
 - **Example** - If loan proceeds were received by the Borrower on April 23rd, and the first day of their first pay period following its PPP loan disbursement is Sunday April 26th, the first day of the Alternative Payroll Covered Period is April 26th, and the last day of the Alternative Covered Period is Saturday, June 20th.
- **PPP Loan Disbursement Date:** The date the PPP loan proceeds are received from the Lender.
- **Limitation on Forgiveness:** Payroll costs allowed to be forgiven is limited to 60% of the total amount forgiven
- **FTE:** Full Time Equivalent employee who works 40 hours or more, on average, each week.
- **Eligible Payroll Costs:** Payroll costs paid and incurred during the Covered (or Alternative Payroll Covered) Period. Eligible payroll costs include gross wages (salary, wages, commissions, PTO, severance, cash tips, or similar wages), not to exceed an annual salary of \$100,000 and employer paid group health coverage, retirement, and state and local taxes assessed on compensation. Only employees whose principal place of residence is the United States can be included in the computation of payroll costs. ***Paid leave covered by the FFCRA must be excluded from eligible payroll costs.***
- **Eligible Nonpayroll Costs:** The following categories are eligible nonpayroll costs:
 - A) Covered Mortgage Obligations ("Business Mortgage Interest Payments"):** payments of interest on any business mortgage obligation on real or personal property incurred before February 15, 2020.
 - B) Covered Rent Obligations ("Business Rent or Lease Payments"):** business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020.
 - C) Covered Utility Payments ("Business Utility Payments"):** payments for a service for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 15, 2020.

SUPPORTING DOCUMENTS REQUIRED

- **To Be Submitted with the Application**

- **PPP Loan Forgiveness Calculation Form**
- **PPP Schedule A**
- **Payroll Documentation:** should verify payment of the eligible cash compensation and non-cash benefit payments during the Covered Period. Examples include:
 - Third party processor reports - ex. Payroll Cost Report
 - Bank account statements
 - Tax forms, such as Form 941, tax liability reports
 - Payment receipts, cancelled checks, for employer contributions to EE health insurance and retirement plans
- **FTE Documentation:** includes payroll tax filings, state quarterly business filings
- **Nonpayroll Documentation:**
 - **Business Mortgage Interest Payments:** lender amortization schedule and cancelled checks
 - **Business Rent or Lease Payments:** current lease agreements and cancelled checks
 - **Business Utility Payments:** copies of utility invoices, cancelled checks, and account statements

Note: The items above are examples and may not be inclusive of everything the lender will require upon submitting the application.

SUPPORTING DOCUMENTS REQUIRED (continued)

- **Documents to be Retained but Not Required to be Submitted with Application to the SBA**
 - PPP Schedule A Worksheet (or some equivalent)
 - Documentation supporting individuals listed in PPP Schedule A Worksheet Table 1 and Table 2
 - Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule (if required to support FTE Reduction add-backs)
 - Documentation in PPP Schedule A Worksheet for the FTE Reduction Safe Harbor
- **All records must be retained for 6 years after the date of loan forgiveness or repaid in full**
- Note: The lender may request specific documents not listed on the previous two slides.

SALARY/HOURLY WAGE REDUCTION CALCULATION

To Calculate the Salary/Hourly Wage Reduction Questco will provide a [Payroll Register](#) and a [PPP Average Pay Rate Report](#) that shows wages and hours paid for calculating **Table 1, Box 3**. *Please notify Questco if you have reduced any salary or hourly wage for any employee paid during the Covered Period so we can assist you with the documents required for the "Salary/Hourly Wage Reduction" calculations below.*

Step 1: Determine if wages were reduced more than 25%

- **1a** - Determine the average annual salary or hourly wage during Covered Period or Alternative Covered Period using the [Payroll Register](#) and the [PPP Average Pay Rate Report](#).
- **1b** - Determine the average annual salary or hourly wage between January 1, 2020 and March 31, 2020 using the [Payroll Register](#) and the [PPP Average Pay Rate Report](#).
- **1c** - Divide the average annual salary or hourly wage during the Covered Period in **1a** above by the average annual salary or hourly wage of the look-back period in **1b** above.
 - If **1c** is 0.75 or greater, the salary/hourly wage reduction is equal to "0" in Table 1, Box 3 for the employee.
 - If **1c** is less than 0.75, proceed to Step 2 below.

Step 2: Determine if you qualify for the Salary/Hourly Wage Reduction Safe Harbor for each employee

- **2a** - Determine the annual salary or hourly wage as of February 15, 2020 based on the [Payroll Register](#) and the [PPP Average Pay Rate Report](#) report provided by Questco..
- **2b** - Determine the average annual salary or hourly wage between February 15, 2020 and April 26, 2020 using the [Payroll Register](#) and the [PPP Average Pay Rate Report](#).
 - If **2b** is equal to or greater than **2a**, proceed to Step 3 below. Otherwise, proceed to **2c** below.
- **2c** - Determine the average annual salary or hourly wage as of the earlier of December 31, 2020 and the date the application is submitted using the [Payroll Register](#) and the [PPP Average Pay Rate Report](#).
 - If **2c** is equal to or greater than **2a**, the Salary/Hourly Wage Reduction Safe Harbor has been met - enter "0" in Table 1, Box 3 for the employee.
 - If **2c** is less than **2a**, proceed to Step 3 below.

Step 3: Determine the Salary/Hourly Wage Reduction

- **3a** - Multiply the Lookback Period amount by 0.75
- **3b** - Subtract **1a** from **3A**
- **3c** - For hourly employees, determine the average number of hours worked per week between January 1, 2020 and March 31, 2020
- **3d** - For hourly employees, compute the total dollar amount of the reduction that exceeds 25% by multiplying the amount in **3b** by **3c** and then multiply this amount by your Covered Period. The result is the salary reduction for an hourly employee. Enter the amount of the reduction in Table 1, Box 3 for the employee.
- **3e** - For salary employees, compute the total dollar amount of the reduction that exceeds 25% by multiplying the amount in **3b** by the Covered Period and divided by 52. The result is the salary reduction for a salaried employee. Enter the amount of the reduction in Table 1, Box 3 for the employee.

DETERMINING OWNER COMPENSATION FOR LOAN FORGIVENESS

Owner compensation for purposes of loan forgiveness is dependent on the type of business entity and the Covered Period selected (8-week or 24-week).

- **C Corporations**

- **Eligible for loan forgiveness:**

- Up to the amount of 8/52 of their 2019 employee cash compensation for an 8-week Covered Period or 2.5/12 of their 2019 employee cash compensation for a 24-week Covered Period - Included in Line 9 of Schedule A
- Payments for employer state and local taxes paid by the borrowers - Included in Line 8 of Schedule A
- Employer contributions for employee health insurance - Included in Line 6 of Schedule A
- Employer retirement contributions to employee retirement plans capped at the amount of 2.5/12 of the 2019 employer retirement contribution - Included in Line 7 of Schedule A
- Payments in Line 6 - 8 above do not count toward the \$15,385 compensation cap per individual for an 8-week Covered Period or \$20,833 compensation cap per individual for a 24-week Covered Period

- **S Corporations**

- **Eligible for loan forgiveness:**

- Up to the amount of 8/52 of their 2019 employee cash compensation for an 8-week Covered Period or 2.5/12 of their 2019 employee cash compensation for a 24-week Covered Period - Included in Line 9 of Schedule A
- Employer state and local taxes paid by the borrowers - Included in Line 8 of Schedule A
- Employer retirement contributions to employee retirement plans capped at the amount of 2.5/12 of the 2019 employer retirement contributions - Included in Line 7 of Schedule A
- Payments in Line 7 and 8 above do not count toward the \$15,385 compensation cap per individual for an 8-week Covered Period or \$20,833 compensation cap per individual for a 24-week Covered Period

- **Ineligible for loan forgiveness:**

- Employer contributions for health insurance for employees with at least 2% stake in the business

DETERMINING OWNER COMPENSATION FOR LOAN FORGIVENESS (cont.)

- **General Partners**

- **Eligible for loan forgiveness:**

- Up to the amount of 8/52 of their 2019 net earnings from self-employment that is subject to self-employment tax (computed from 2019 IRS Form 1065 Schedule K-1 box 14a) for an 8-week Covered Period or up to the amount of 2.5/12 of their 2019 net earnings from self-employment that is subject to self-employment tax (computed from 2019 IRS Form 1065 Schedule K-1 box 14a) for a 24-week Covered Period - Included in Line 9 of Schedule A
 - The above earnings are reduced by Box 12 Section 179 expense deductions, unreimbursed partnership expenses deducted on their IRS Form 1040 Schedule SE, and depletion

- **Self-employed Schedule C (or Schedule F) filers:**

- **Eligible for loan forgiveness:**

- 8/52 of their 2019 net profit as reported on the IRS Form 1040 Schedule C line 31 for an 8-week Covered Period or up to the amount of 2.5/12 of their 2019 net profit as reported on the IRS Form 1040 Schedule C line 31 for a 24-week Covered Period - Included in Line 9 of Schedule A

- **Ineligible for loan forgiveness:**

- Payments for employer state and local taxes paid
 - Payments for health insurance
 - Payments for retirement contributions