

PPP Loan Forgiveness Documentation Checklist

Payroll: The following documentation should be submitted to verify the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period:

- Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- Payroll tax filings reported to the IRS (Form 941).
- State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported to the state.
- Payment receipts, cancelled checks, or account statements showing the amount of employer contributions to employee health insurance and retirement plans included in the forgiveness amount (PPP Schedule A, lines 6 and 7).

Full Time Equivalent (FTE): Documentation showing:

- the average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019;
- the average number of FTE employees on payroll per month employed by the Borrower between January 1, 2020 and February 29, 2020; OR
- for seasonal employers, the average number of FTE employees on payroll per month between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive twelve-week period between May 1, 2019 and September 15, 2019.

The selected time period must be the same as the period selected for completing PPP Schedule A, line 11. Any documents listed above that are submitted may cover periods longer than the specified time period.

Nonpayroll: Documentation verifying the existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period. These can include:

- Business mortgage interest statements: Copy of lender amortization schedule and receipts or cancelled checks verifying payments during the Covered Period, or lender account statements from February 2020 and the months of the Covered period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- Business rent or lease payments: A copy of current lease agreement and receipts or cancelled checks verifying eligible payments, or lessor account statements from February 2020 and from the Covered Period through one month after the end of the Covered Period verifying eligible payments
- Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying eligible payments.

Documents Borrowers Must Maintain but is Not Required to Submit: PPP Schedule A Worksheet or its equivalent and the following:

- Documentation supporting the listing of each employee in PPP Schedule A Worksheet Table 1, including the “Salary/Hourly Wage Reduction” calculation, if necessary.
- Documentation supporting the listing of each employee in PPP Schedule A Worksheet Table 2 – specifically that each listed employee received more than \$100,000 in annualized compensation during any single pay period in 2019.
- Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for a reduction in hours.
- Documentation supporting the PPP Schedule A Worksheet “FTE Reduction Safe Harbor.”

PPP ‘Good Faith’ Certification Documentation

Per the FAQs (question 31) published by the Treasury, “borrowers must certify in good faith that their PPP loan request is necessary”.

We are recommending that this certification be made in a letter that covers the following:

- A comment by the company on the current economic uncertainty.
- The way in which the business’ ongoing operations have been affected by the current economic uncertainty, including an expectation that a significant reduction in its business has taken place or will take place.
- The near term business risks and effects like to occur due to the persistence of the economic uncertainty. Will the business be unable to retain employees? Will the business be unable to recruit or train new employees?
- If there are any other sources of liquidity, what the planned uses are for those sources. This should also include an explanation that in order to avoid significant damage to the business additional financial support is necessary.
- The fact that other sources of liquidity are unavailable on terms that are reasonable due to current market conditions.
- An explanation of the reasons the PPP loan is needed to “support the ongoing operations” due to current economic uncertainty, any risks faced and their effects, and any other sources of funds and the planned uses of those funds. Any potential lay offs or reduced compensation of employees without receipt of a PPP loan should especially be noted in this explanation.

This letter, along with any documentation to support these points, should be adequate to demonstrate that the PPP certification was made in good faith.

Please note that per the Treasury FAQ 46, a safe harbor exists for any borrower that received \$2 million or less that deems that the borrow has made the required certification concerning the necessity of the loan request in good faith. However, it is very important that borrowers who have received loans greater than \$2

million make the above certification, as the SBA has stated that loans in excess of \$2 million will be subject to review for compliance with program requirements set forth in the PPP Interim Final Rules and in the Borrow Application Form. If the SBA determines that the borrow lacked an adequate basis for the required certification of the necessity of the loan request, the borrower will not be eligible for loan forgiveness.

As always, we are available to assist you with any questions or issues that arise during the PPP loan process.