

PPP Discussion: ~~Five~~ Four Topics Each Borrower Should Know

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Agenda

- INTRODUCTIONS
- OVERVIEW
- UPDATES
- STRATEGY AND RISKS
- HOW TO APPLY
- Q&A

PPP Program materials, calculations, definitive guidance, and interpretations subject to change. Information presented today reflects our understanding of the PPP Loan Forgiveness Application as of June 22, 2020.

Moderator



Jim Schmitz e: jim.schmitz@elliottdavis.com p: 615.319.7005

As market leader, Jim oversees the market expansion efforts for Nashville and surrounding areas by proactively initiating, fostering, and managing the firm's business and community engagement initiatives. Prior to assuming his role at Elliott Davis, he oversaw operations in 15 Middle Tennessee counties for Regions Bank. Before that, Jim was a Regions area executive in North Florida, managing commercial real estate sales and holding positions as vice president and relationship manager. He spent more than 10 years in the banking and mortgage industry previous to joining Regions.

Panelists



Eric Myers e: eric.myers@elliottdavis.com p: 423.308.0657

Eric focuses on providing tax planning and compliance services to manufacturing and distribution companies with multi-state and international operations, private equity owned portfolio companies and serving closely-held businesses in multiple industries. With more than 13 years of experience in public accounting, he assists clients with corporate, partnership and individual income tax return reporting, as well as complex issues surrounding mergers and acquisitions, consolidated filings, economic incentives, state and local taxation, inventory capitalization rules, federal and state controversies, tax provisions and other ASC 740 reporting matters for both private and public companies.



Nick Annan e: nick.annan@elliottdavis.com p: 803.399.9864

With over a decade of experience in public accounting, Nick currently serves as the market leader for Accelerate in Columbia. As the market leader, he is responsible for goal setting and managing the local team, creating and executing business development plans, and implementing firm initiatives. In his role as a senior manager, Nick serves as a controller and CFO advisor to his clients including projects such as consulting on annual business planning and facilitating the due diligence process for a company sale.



Peter Barton e: peter.barton@elliottdavis.com p: 843.720.0201

Peter is a director in the Charleston, SC office and works alongside business owners and professional management teams to make better decisions and accomplish goals. Peter provides financial leadership to clients in the following areas: mergers and acquisitions, financial consulting, business transition planning, and financial effectiveness.

PPP Program Overview

Loan Count	Net Dollars	Lender Count
4,666,560	\$514,939,789,916	5,456

Loan Size	Loan Count	Net Dollars	% of Count	% of Amount
\$50K and Under	3,064,336	\$55,987,179,541	65.7%	10.9%
>\$50K - \$100K	662,648	\$47,193,767,606	14.2%	9.2%
>\$100K - \$150K	287,175	\$35,157,045,956	6.2%	6.8%
>\$150K - \$350K	372,208	\$83,607,998,720	8.0%	16.2%
>\$350K - \$1M	197,919	\$112,593,061,665	4.2%	21.9%
>\$1M - \$2M	52,717	\$73,053,341,485	1.1%	14.2%
>\$2M - \$5M	24,741	\$73,546,628,249	0.5%	14.3%
>\$5M	4,816	\$33,800,766,694	0.1%	6.6%

*** Overall average loan size is: \$110K.**

Tennessee Stats:

- ~89,000 loans
- ~\$8.8 billion

Other Information:

- Over \$128 billion of funding remaining
- Loans of \$2 million will be reviewed by the SBA

Key Points for Borrowers

- Covered period extended to 24 weeks at borrower's option
- 75/25 ratio of payroll/non-payroll revised to 60/40
- Payback period extended to 5 years for borrowers receiving an SBA number on or after June 5th
- Date to re-hire FTEs extended to December 31 or any time on or before the maturity date of the loan, including before the end of the covered period

Key Points for Borrowers

- Businesses receiving PPP loan forgiveness can also defer payroll tax
- New exemptions from FTE test:
 - *Inability to rehire before 12/31/2020*
 - *Inability to return to the same level of business activity relative to pre-Feb 15 activity*
- Principal and Interest Payment Deferral

Strategy and Risks

- Don't assume the 24 week is the optimal solution
 - *For most borrowers, pushes safe harbor FTE date to October/November*
 - *Any reductions to pay will be carried through the 24 week period, impacting forgiveness*
 - *Consider unused PPP proceeds to allow for greater flexibility*
 - *Allocation of expenses, 100% used for payroll*
- For immediate cash flow relief, extends the opportunity to defer payroll tax
 - *Begin to accrue liability and plan for repayment (50% by 2021 & 50% in 2022)*
- Document FTE exceptions for re-hiring
 - *Unable to hire similarly qualified employees*
 - *Compliance with requirements established by government agencies*
- Reviews for \$2+ million PPP loans
 - *Prepare in advance for SBA review*

Borrower Timeline: How to Apply



24 Weeks

10 Months

2 Months

3 Months

1. Select application 3508 or 3508EZ
2. Gather necessary supporting documents
3. Follow lender issued format (e.g. online, paper, web app etc.)
4. Can apply when funds are used (even during covered period)
5. Await review by lender and SBA
6. Receive forgiveness decision from lender

Q & A

Please enter questions in the chat box

Other Information

Elliott Davis COVID-19 Resource Center

Visit our COVID-19 Resource Center for helpful information related to business continuity, tax updates, and other key topics to ensure you are prepared to navigate this unprecedented issue

<https://www.elliottdavis.com/covid19/>