



ADAPT & RECOVER:
**MOVING FORWARD
TOGETHER**
WEBINAR SERIES



SESSION TWO

June 19, 2020 | 11:00 A.M. EDT

➤ Housekeeping Items

- The webinar will be recorded and shared as soon as it is available via email.
- All materials are available on RKL's Business Recovery Resource Center at rklcpa.com.
- All lines are muted.
- Questions for Dr. Ripchinski were submitted during registration. While the Q&A feature will be open during the session, we may have limited opportunity to address every question due to audience size.
- Due to the format of this week's session, CPE will not be offered. We will continue to offer CPE-eligible sessions in the future.

DISCLAIMER: The presenters, Penn Medicine Lancaster General Health and RKL LLP and its subsidiaries/affiliates are not held responsible for information that has changed or will change and makes no representation or warranty as to the ongoing accuracy of the information presented orally or in writing. Attendees should consult with medical professionals and other advisors.

➤ Meet Your RKL Team for Today's Conversation



ERIC WENGER, CPA, MST | *Partner, Tax Services Group*

Eric serves as Managing Partner of the Lancaster Office and as Chairman of the RKL Board of Directors. Throughout his more than two decades in public accounting, Eric has enjoyed the ongoing challenge of applying evolving tax and financial regulations for the benefit of his clients. As Partner in RKL's Tax Services Group, he primarily advises closely held and family owned companies regarding tax and general business matters, including succession planning.



BETHANY NOVIS, CPA/ABV, CVA, CFE | *Partner/Leader, Business Consulting Services Group*

Bethany is Partner and Leader of RKL's Business Consulting Services Group. A Certified Fraud Examiner, Bethany has more than two decades of experience delivering forensic accounting services such as employee theft investigations, reconstruction of financial records and damage calculations for litigation purposes. She is also a highly credentialed business valuator, specializing in valuation of stock for gifting, buyouts and wealth planning.



RYAN HURST, ASA | *Partner, Business Consulting Services Group*

Ryan is a Partner in RKL's Business Consulting Services Group and an in-demand transaction consultant. Ryan's areas of expertise include advising clients on buying and selling businesses; succession planning; conducting valuations for a variety of transactions and structures; litigation support for shareholder disputes; and strategic alternatives analyses.

➤ Introducing Dr. Michael Ripchinski



MICHAEL R. RIPCHINSKI, MD, MBA, CPE, FAAFP

Chief Clinical Officer, Penn Medicine Lancaster General Health

Dr. Ripchinski is responsible for quality, safety and informatics/analytics across Lancaster General Hospital, Women & Babies Hospital, Lancaster General Health Physicians, the system's ambulatory sites and the clinically integrated network. Along with providing administrative leadership for the Medical & Dental Staff, he collaborates with operational and service line teams to prioritize quality and monitor care delivery to reduce unnecessary variation and ensure high reliability.

In his previous roles as Chief Medical Information Officer and Physician Executive for Quality, he focused on advancing LG Health's performance and technologies through the successful implementation of our electronic health record system and creating a culture of continuous improvement based on Lean Management principles.

He graduated summa cum laude with a bachelor's degree in biology and philosophy from The University of Scranton and earned his Master of Business Administration from Saint Joseph's University. A graduate of Penn State College of Medicine, he is a Fellow in the American Academy of Family Physicians and a Certified Physician Executive. He is board-certified in family medicine and clinical informatics. Dr. Ripchinski continues to see patients at Walter L. Aument Family Health Center in Quarryville, PA.



› Today's Agenda

- The Past: A Look Back at Where We've Been
- The Present: The Challenges Facing the Community Today
- The Future: The Outlook for the Fight against COVID-19
- Attendee Q&A
- PPP Update


➤ Additional Resources & Information

- [COVID-19 PA County Dashboard](#) (PA Dept. of Health)
- [COVID-19 Data for Pennsylvania](#) (PA Dept. of Health)
- [Penn Medicine Lancaster General Health COVID-19 Data](#)
- [COVID-19 Testing Sites](#) (Penn Medicine Lancaster General Health)
- [Active COVID-19 Trials at Penn Medicine](#)
- [Community Donations to Lancaster General Health](#)

PPP UPDATE

PPP Update

- Implementation of the PPP Flexibility Act
- “Interim Final Rule on Revisions to the Third and Sixth Interim Final Rules”
- New regular forgiveness application and a new EZ forgiveness application



Paycheck Protection Program
Loan Forgiveness Application Revised June 16, 2020

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")		DBA or Trade Name, if applicable	
Business Address		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: _____

Regular

5 pages +

7 pages of instructions

SBA completion time = 180 minutes

Additional Instructions for a Successful Application for a Paycheck Protection Program Loan Forgiveness

Line 5. Total Salary/Security Wage Reduction (enter the amount from PPP Schedule A, line 5): _____

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 12): _____

Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): _____

Line 9. PPP Loan Amount: _____

Line 10. Payroll Cost 60% Requirement (divide line 8 by 0.60): _____

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

SBA Form 1308 (06/20)
Page 1


SBA Form 1308 (06/20)
Page 2

SBA Form 1308 (06/20)
Page 3

SBA Form 1308 (06/20)
Page 4

SBA Form 1308 (06/20)
Page 5

OMB Control
as time or the
Washington DC
LEASE DO



**Paycheck Protection Program
PPP Loan Forgiveness Application Form 3500EZ**

OMB Control No. 3245-0047
Expiration date: 10/31/2020

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

SBA PPP Loan Number:

PPP Loan Amount:

Employees at Time of Loan Application:

EIDL Advance Amount:

Lender PPP Loan Number:

PPP Loan Disbursement Date:

Employees at Time of Forgiveness Application:

EIDL Application Number:

Payroll Schedule: The frequency with which payroll is paid to employees is:

EZ

3 pages +

4 pages of instructions

BA completion time = 20 minutes

Line 5. Add the amounts on lines 1, 2, 3, and 4:

Line 6. PPP Loan Amount:

Line 7. Payroll Cost 60% Requirement (divide Line 6 by 0.60):

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):

Provide information or a detail of the two items:

January 1, 2020 and (date) were filled positions on (if none reflected).

the same level of (to) issued between of the Centers for a maintenance of VED-19.

is issued by citation of SBA.

SBA Form 3500EZ (06-20)
Page 1

Page 2

OMB Control No. 3245-0047
Washington DC 20503
KABE DO NOT

➤ Q: When can I use Form EZ?

See Form EZ Instructions page one. In summary, applicable if one of the following is met:

1. Borrower is a self-employed individual, independent contractor or sole proprietor with no employees at the time of the loan application and did not include employees in calculation of loan amount.
2. No issue with salary/wage reduction test (haircut) **AND** borrower did not reduce FTEs from 1/1/20 through end of covered period (except under special permitted circumstances such as refusal of rehire offer or inability to hire similarly qualified employees).
 - *Is the exception a contradiction?*
3. No issue with salary/wage reduction test (haircut) **AND** borrower met PPP Flexibility safe harbor (during covered period, inability to operate at 2/15/20 level of business activity due to compliance with HHS, CDC or OSHA safety requirements issued between 3/1/20 and 12/31/20).
 - *This does not explicitly reference state shutdowns.*

➤ Q: Was the \$15,385 cash compensation cap revised for a 24-week covered period?

Yes, and there are different figures for owners vs. non-owners.

- Non-Owners

- The prorated portion of \$100,000 cash compensation is **\$46,154** ($24/52 \times 100,000$) for a 24-week covered period.
- The eight-week proration remains at \$15,385.

- Owners

- Owners include “owner-employees, a self-employed individual, or general partners.” *This is presumed to include C Corp and S Corp shareholders and independent contractors, as well.*
- The prorated portion of \$100,000 cash compensation is **\$20,833** ($2.5/12 \times 100,000$) for a 24-week covered period. This is the cap for eligible owner comp and it is also subject to 2.5/12 of 2019 compensation if this amount is lower.
- The eight-week proration remains at the lesser of:
 - (a) \$15,385
 - or
 - (b) 8/52 of 2019 compensation

➤ Q: What are my options when determining a covered period?

You now have four options based on duration and starting date.

- | | | |
|--------------------------------------------------|---|-----------------------------------|
| 1. Eight-week Covered Period | } | If loan disbursed prior to 6/5/20 |
| 2. Eight-week Alternative Payroll Covered Period | | |
| 3. 24-week Covered-Period | | |
| 4. 24-week Alternative Payroll Covered Period | | |

There is no pick-a-period.

Be sure to think this through. The decision to elect 24-weeks could prove onerous to many borrowers who will be funding much of the 24 weeks on their own dime, rather than the government's, for non-productive workers. Some borrowers may elect to give up some forgiveness by going with an eight-week period rather than carrying extra costs for the duration of the 24 weeks simply to maximize forgiveness.

➤ Q: What are some of the most common questions you receive where you still need guidance?

- What are considered “transportation costs” in eligible utilities?
- How strict a definition of mortgage interest is applied to personal property?
- With respect to the owner’s compensation being capped at 2019 levels, is there any prohibition on a pay increase to the owner’s actively employed spouse or other relatives?
- When will my lender be ready to accept applications?
- Will forgiven expenses become tax deductible?
 - This will require a Congressional mandate.

THANK YOU FOR PARTICIPATING

Questions?

- Contact your RKL advisor.
- Visit RKL's [Business Recovery Resource Center](#) for more updates and guidance.

We want to hear from you! Please complete the post-event survey.

Join us next Friday at 11 a.m. for another installment of the Adapt & Recover webinar series.

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