

Loan Forgiveness Maximizer™ Report

XYZ, Inc.

May 4, 2020



Report Disclaimers

The projection of your loan forgiveness amount in this report is only an estimate that is based on your projections of the data you provided in the questionnaire. If at the end of the covered period of your loan your actual numbers and amounts differ from your projections in the questionnaire, the amount of your loan that may be forgiven likely will be different from the projected amount in this report.

Our projection of your loan forgiveness amount also is based on the CARES Act and current SBA guidance. The provisions of the CARES Act leave many unanswered questions regarding the determination of loan forgiveness amounts, and the SBA has not yet published its more detailed rules and guidance regarding loan forgiveness. When published, those rules and guidance hopefully will answer many of the unanswered questions, but those answers could significantly change your projected numbers in your questionnaire as well as your projected loan forgiveness amount in this report.

As a result of these current uncertainties, the primary purpose of this report tool is to show an estimate of your loan forgiveness amount based solely on the information you provide and on our interpretation of current SBA forgiveness guidance, and to illustrate how your decisions regarding the use of your loan proceeds, your staffing, and your compensation of employees during the 56 days following the closing of your loan will affect the amount of your loan that ultimately may be forgiven.

Your report will not be automatically updated. If you want us to provide you with updated reports as further SBA guidance is issued, we will be glad to discuss this additional service. Please contact **Bill Durr** at wsd@wardandsmith.com or 828.348.6062 to discuss.

In Your Report

This report is created and customized to provide data unique to XYZ, Inc..

Within this report, you will find:

- Our proprietary analysis and detailed recommendations regarding the steps XYZ, Inc. should take to MAXIMIZE forgiveness.
- Three different loan usage scenarios, applying XYZ, Inc.'s data to the SBA's complex, and often misunderstood, PPP loan use and forgiveness guidance.
- A detailed description of proper PPP loan uses.
- The most common mistakes businesses will make resulting in UNFORGIVEN loans.



Executive Summary

This Executive Summary highlights how XYZ, Inc.'s expected use of the loan and employment projections affect the estimated loan forgiveness amount.



1. Loan forgiveness is only available to borrowers who are eligible for the PPP. Based upon your answers, you have confirmed that you are eligible for your PPP loan. Your lender may want to review your PPP loan application again when reviewing a request for loan forgiveness, so we recommend that you maintain records verifying your eligibility.
2. You stated that the amount of your PPP loan is \$650,000.00. Based on the data you provided, our calculations indicate that your expected forgiveness will be 75.62% of your loan. This means that your estimated amount of loan forgiveness is \$491,500.00.
3. Loan forgiveness is primarily based on how you spend your loan over the 8 weeks following loan disbursement. This is known as the "covered period." You expect to spend 1.54% of your loan after the covered period. This will lower your loan forgiveness.
4. Your loan forgiveness amount can be further reduced if you spend the loan on costs other than payroll costs, payments of interest on covered mortgage obligations, covered rent obligations, and covered utility payments. Based upon the data you provided, your estimated use of the loan on other costs reduces your loan forgiveness by \$5,000.00.
5. As you know, reductions in the number of your Full Time Equivalent Employees ("FTE") during the covered period may cause a reduction in loan forgiveness. Based upon the data you provided, your estimated FTE numbers reduce your loan forgiveness by \$63,500.00.
6. In addition, reductions in the salary or wages of certain employees during the covered period also may cause a reduction in loan forgiveness. Based upon the data you provided, your estimated reductions in employee salary or wages reduce your loan forgiveness by \$80,000.00.
7. Lastly, based on SBA guidance, only 25% of your loan forgiveness can be attributed to payments of interest on covered mortgage obligations, covered rent obligations, and covered utility payments. Based upon the data you provided, your estimated use of the loan on these costs reduces your loan forgiveness by \$0.00.

Scenarios for XYZ, Inc.

Scenarios A, B, and C in this section each assume:

1. All of the data XYZ, Inc. provided to Ward and Smith, P.A. is accurate and consistent with the SBA interpretation and guidance.
2. Your loan forgiveness amount is dependent on successfully applying for loan forgiveness

Scenario A

Scenario A, below, shows your Estimated **Loan Forgiveness Amount** ("LFA") based on the data you provided and current SBA guidance. Please note that the reduction due to FTE reductions is based on your estimate of 45 FTE per month during the covered period compared to 50 FTE per month from January 1, 2020 through February 29, 2020.

LFA Based on Client Inputs	
Loan Amount	\$ 650,000.00
<i>Estimated amount of loan used after 8-week period</i>	<i>\$ (10,000.00)</i>
LFA after accounting for amount used after 8-week period	\$ 640,000.00
<i>Costs Ineligible for Forgiveness</i>	<i>\$ (5,000.00)</i>
LFA after accounting for Further Reductions	\$ 635,000.00
<i>FTE Reductions</i>	<i>\$ (63,500.00)</i>
LFA after accounting for FTE reductions	\$ 571,500.00
<i>Salary Wage Reductions</i>	<i>\$ (80,000.00)</i>
LFA after accounting for Salary/Wages reductions	\$ 491,500.00
Estimated non-payroll costs	\$ 35,000.00
Cap on non-payroll LFA (25%)	\$ 122,875.00
<i>Non-payroll costs beyond 25% cap</i>	<i>\$ 0.00</i>
Estimated LFA	\$ 491,500.00