



# COVID-19 & DENTISTRY

Your PPP Loan Was Approved --  
Now What?

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# Agenda

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- Paycheck Protection Program (PPP) Recap and Update
- PPP Forgiveness Provisions
- Examples
- Best Practices
- Q&A
- Contact Info

# PPP Recap and Update

# PPP Loan Recap

## Who?

- Eligible entities shall not have more than the greater of:
  - ❖ 500 employees; or
  - ❖ The applicable size standard established by the SBA for the NAICS industry code for the industry in which the entity operates

For businesses under NAICS Code 72 and also for Franchisees, the threshold can be applied on a per location basis.
- It should be noted – sole proprietors, independent contractors and eligible self-employed individuals are included.

## How Much?

- Maximum loan size is set off 2.5X of average monthly payroll costs, as defined, up to \$10.0M.

# PPP Loan Recap (cont'd.)

## Terms

- 2 year amortization, 1% interest, 6 months deferred payments

## Recent Program Updates

- Emphasis on certification
  - “Current economic uncertainty makes this loan request necessary to support the ongoing operations of the applicant”
  - May 14<sup>th</sup> Safe Harbor to repay and/or cancel loan

# PPP Forgiveness Provisions

# PPP Forgiveness Provision

**75/25 Mechanism** - PPP loan requirement that no more than 25% of loan proceeds and loan forgiveness is spent on non-payroll cost items.

A PPP loan may be forgiven to the extent the borrower **expends** the loan proceeds for allowable expenses in the **8 week period** after the loan is funded and **maintains** FTE count and payrates during that period.

Loan forgiveness will be **reduced** on the ratio of 8 week FTE count to baseline period FTE count. Loan forgiveness will also be reduced on all payrate reductions during 8 weeks in excess of 25%. Reductions in loan forgiveness do not operate if FTE count and payrate reductions are **restored** to baseline by **June 30, 2020**.

Loan forgiveness is **not taxable income**; however, the expenses no longer qualify as deductible expenses once they are claimed for loan forgiveness (this may change).



# PPP Forgiveness Provision (cont'd.)

## What expenses are allowable/forgivable?

- Payroll costs
  - Cash compensation (\$100K annualized limitation)
  - Employer paid healthcare
  - Employer paid employee retirement
  - Employer paid state and local payroll taxes
- Rent (for which commitment pre-existed 2/15/20)
- Mortgage Interest (for which commitment pre-existed 2/15/20)
- Utilities

## What are baseline periods?

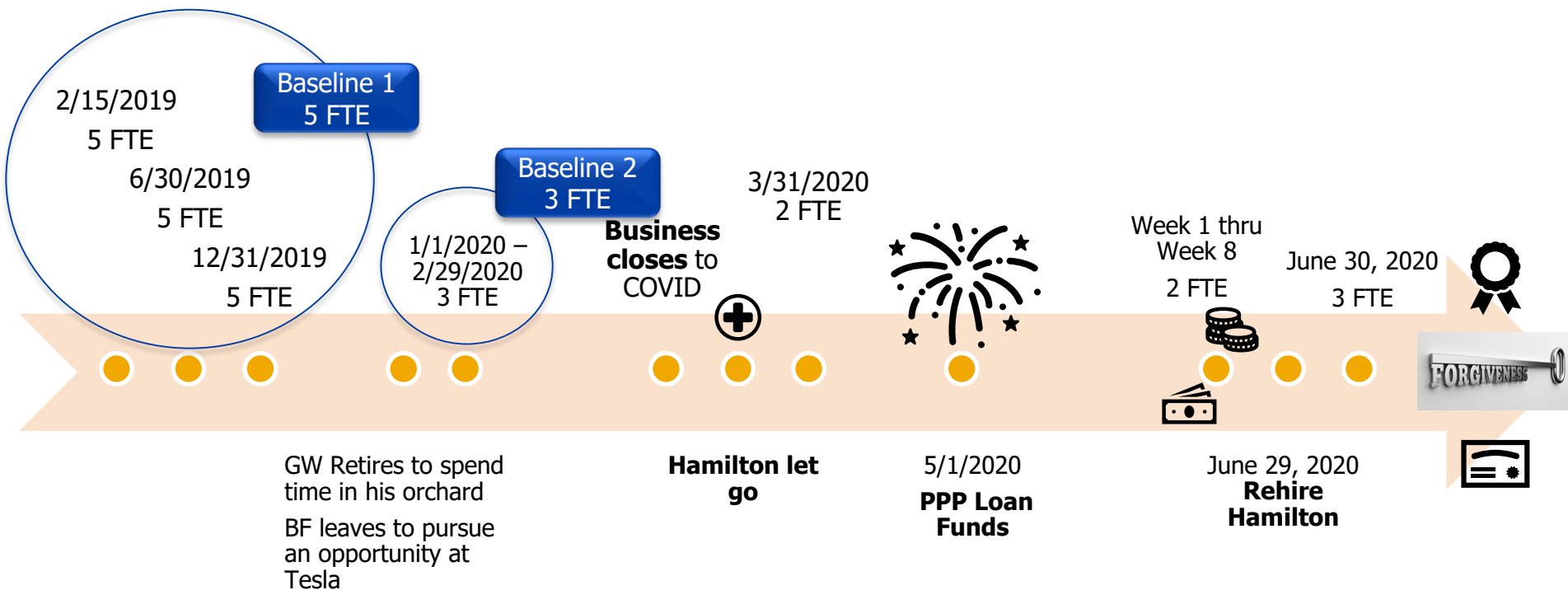
Borrower should choose lower of average FTE count:

- 2/15/19 to 6/30/19; or
- 1/1/2020 to 2/29/2020

# Examples

DPI <sub>2</sub>														
PPP Loan Size Calculation														
As of December 31, 2019														
Payroll Costs														
					12.31.19 YTD Payroll				100K Cap	Er portion	Er portion	2019	MAX	
<u>Name</u>	<u>EE #</u>	<u>EE/IC</u>	<u>PT/FT</u>	<u>Hours</u>	<u>Salary</u>	<u>Bonus</u>	<u>Commision</u>	<u>Total</u>	<u>Operation</u>	<u>Health Ins.</u>	<u>401k</u>	<u>Total</u>	<u>LOAN</u>	<u>SIZE</u>
George Washington	1-1	EE	FT		100,000	10,000	20,000	130,000	100,000	12,000	2,600	114,600		
Thomas Jefferson	3-2	EE	PT	20	35,000	1,750	-	36,750	36,750	36,000	735	73,485		
Abraham Lincoln	16-5	EE	FT		50,000	2,500	-	52,500	52,500	14,000	1,050	67,550		
Alexander Hamilton	10	EE	FT		250,000	-	-	250,000	100,000	-	5,000	105,000		
Ulysses S. Grant	18-50	EE	PT	10	75,000	1,500	5,000	81,500	81,500	14,000	1,630	97,130		
Benjamin Franklin	100	EE	FT		73,000	-	-	73,000	73,000	-	1,460	74,460		
												532,225		
# EEs	6	6 EEs										/12		
												monthly	44,352	X 2.5
# FTEs	5	30 PT Hours = 1 FTE												<b>\$ 110,880</b>

# DPI2 FTE Timeline



When do we bring back Hamilton?

### PPP Forgiveness Example

				Payroll Costs															
					2019	Week								Total	Er portion	Er portion	8 Week		
Name	EE #	EE/IC	PT/FT	Hours	Salary	1	2	3	4	5	6	7	8	8 Week Cash	Health Ins.	401k	Total	Rent	Utilities
George Washington	1-1	EE	FT														-		
Thomas Jefferson	3-2	EE	PT	20	35,000	673	673	673	673	673	673	673	673	5,385	5,538	108	11,031		
Abraham Lincoln	16-5	EE	FT		50,000	962	962	962	962	962	962	962	962	7,692	2,154	154	10,000		
Alexander Hamilton	10	EE	FT												-		-		
Ulysses S. Grant	18-50	EE	PT	10	75,000	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	11,538	2,154	231	13,923		
Benjamin Franklin	100	EE	FT												-		-		
														Note Cap of 100K X 8/52			34,954	10,000	2,000
# EEs	3																/		
																	75%		
# FTEs	2	30 PT Hours = 1 FTE													Total loan forgiveness limit		46,605		
															Non-payroll Limitation		11,651		
															Total 8 week non-payroll costs		12,000		
															Loan forgiveness amount		46,605		
															FTE Reduction 2/3		66.67%		
															Actual forgiveness amount if Hamilton FTE is not replaced		31,070		

Actual forgiveness amount if Hamilton FTE is not replaced	31,070
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# Best Practices

# Best Practices

- Determine baseline FTEs
- Workforce management
- Detailed forecast of 8 week spend/“incurred and paid”
- Contemporaneous documentation
- Evaluate other CARES Act Stimulus
- Counited dialogue with bankers, attorney, accountant and other advisors

# Q&A



What are further specifics about the certification deadline on May 14<sup>th</sup>, and what do I need to do now?

Will there be further SBA guidance on forgiveness posted on May 14<sup>th</sup> or after?

When do I need to bring my  
employees back?

Should it be by June 30<sup>th</sup>, and can I  
terminate or furlough them again on  
July 1<sup>st</sup>?

Can I prepay bonuses, insurance, or other costs for my employees?

When do the forgiveness applications need to be submitted? What is the deadline?

What can I use the loan for after the forgiveness period?

## For More Information...



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# Thank You!

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- **Email:** [webinars@henryschein.com](mailto:webinars@henryschein.com)
- **Comment on YouTube Recording – and Subscribe!**

For more information and a full list of references, please visit the Henry Schein COVID-19 resource center:

[www.henryschein.com/COVID19update](http://www.henryschein.com/COVID19update)