



MISENHIMER, AIVAZIAN & TENNANT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

D. PAGE MISENHIMER, JR.
SARA K. AIVAZIAN
ELIZABETH A. TENNANT
JEFFREY B. POLSTON

3150 S. CATALINA DRIVE, SUITE 1 P.O. BOX 5693 YUMA, ARIZONA 85366-2483 TEL 928-314-1488 FAX 928-314-1499

April 1, 2020

Dear Business Client,

There are three main areas of government stimulus that you need to be aware of.

1. The Families First Coronavirus Response Act which begins April 1, 2020 requires sick leave pay for employees affected by Corona Virus and gives the employer a credit against payroll taxes for the sick pay. We have attached the US Department of Labor information related to that and information from the IRS.
2. SBA has Economic Injury Disaster Loans. We have attached the SBA frequently asked questions report related to those loans. For some businesses, particularly ones that have already closed or had to layoff substantial numbers of employees with no work for them if you rehire them, this may be a more applicable solution. We can discuss that with you.
3. Paycheck Protection Program. This is a 2-year loan at .5% that will help you cover payroll, employee benefits, rent, mortgage interest and utilities over the next 8 weeks. There is no personal guarantee and no collateral needed for the loan. You will need to provide the information listed below with the application. Your lender may ask for some additional information. You can apply beginning Friday, April 3 at participating banks. If you use the funds for payroll, employee benefits, rent, mortgage interest and utilities, you will then provide proof to your lender at the end of 8 weeks. 75% of the loan funds need to be used for payroll and benefits in order to maximize the amount of the loan that can potentially be converted to a grant. We have attached the US Treasury frequently asked question form for you as well as the application. We discuss the loan application process below.

This email discusses the calculation and completion of the loan application for the Paycheck Protection Program. **We are available to act as your agent in the completion for the loan application and assist you with submitting it to the bank. We will not charge fees to you for the application. The US Treasury is paying a fee to the agent.** We understand that everyone is rushing to get this done. You should understand that your local banks will be inundated with requests and they are trying to help everyone. The directions provided by the US Treasury at this time are very incomplete. We are basing this information on our understanding of the process. There may be additional clarification in the near future.

Paycheck Protection Program.

The loan is based on 2.5 times your average payroll cost which is calculated from the following information:

1. From your 2019 W-3 use the Medicare wages found on line 5. You must limit the wage total to \$100,000 (that is wages and benefits) for any employee over \$100,000 in wages and benefits. (you will provide a copy of the W-3 to the bank and the computation if you have employees over \$100,000. You will also need to provide a 2020 payroll ledger for year to date wages.)
If you are a seasonal business you have the option to use your payroll from February 15, 2019 to June 30, 2019 for your calculation of average wages. (you will need to provide payroll ledgers for that period if you use the seasonal calculation.)
2. Company paid benefits for health insurance (you should provide a printout from your books of the payments and at least one current bill.)
3. Arizona Unemployment - Department of Economic Security (for California it is EDD) taxes paid in 2019 (provide all 4 quarter reports for 2019)
4. Company paid pension or 401K match (provide a schedule for the bank)

Example below

Medicare wages	\$845,234
Company portion of health insurance	\$23,400
DES payments	\$2,740
Pension contribution	\$24,860
Less wages and benefits over \$100,000 per employee	<u>(\$112,300)</u>
Total	\$783,934
 Average (total/12)	 \$65,328
Loan amount (average X 2.5)	\$163,320

You will also need to fill in a box on the application with the number of employees that you have now.

The application is 2 pages long. An application form is included with this email. You will answer questions related to the company, and each owner owning 20% or greater of the company must also sign and agree to the terms of the loan. We recommend that you attach an additional application answering questions 5 through the end for each owner as separate signatures are required.

Not all lenders are processing these loans. The ones that we are aware of at this time include:

Foothills Bank
 National Bank of Arizona
 AEA Credit Union
 Chase Bank
 WAFD (Washington Federal)
 Wells Fargo Bank

Sincerely,

D. Page Misenhimer, Jr. CPA, PFS

President

