

Reporting for Paycheck Protection Program

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Several readers have asked for help in tracking and documenting their payroll and other expenses that might be covered with their PPP loan. **Your first step should be to check with your accountant or tax expert for guidance.** Also, ask your lender what type of documents will be required to substantiate your reported covered expenses. Then, watch for additional guidance from the SBA, which should be released in the coming days. As of this post, we do not have the Forgiveness Application form available.

SECTION 1: Determining Allowed Payroll Amounts

There is no single internal report in Shelby Financials that will provide needed figures to track specific expenses that might be covered by your PPP loan. Even if your loan only covers Payroll expenses, you will not be able to claim the total gross pay amounts included in the Payroll reports if you have any of the following activities included in a report's gross pay amount.

- Employer's share of FICA and Medicare, which cannot be included
- One or more employees with annual compensation over \$100,000. The amount over that threshold must be deducted from the total paid using the SBA's formula
- Creditable sick and family leave under the Families First Coronavirus Response Act
- Compensation for employees whose principal place of residence is outside the United States
- Taxes imposed under Chapters 21, 22, and 24 of the IRS Code. **(NOTICE: Waiting for guidance from SBA on how to apply Chapter 24 values)**

- **SECTION 2: Payroll Reports: Source Documents**

Perhaps the most valuable Payroll report is the Source Document Report. It is created and posted as a PDF file at the same time a payroll run is posted to General Ledger, definitively showing the date and time of payment. Form 941's total

**Payroll Payment Register for Check Date: 4/24/2020
Company #: 1 First Church
Fiscal Year Beginning: 7/1/2019
Period: 10 April Journal: PR 5
Bank Account 1-10110 ACB operating checking
Pay Period from 4/12/2020 to 4/24/2020**

compensation does not include the clergy's housing allowance, which can be included in total compensation.

- In ShelbyFinancials, open General Ledger, hover over View and Select Source Documents. In Shelby v.5 Financials, open General Ledger, click Utility and choose Source Documents
- Filter by PR type and open a selected payroll run.

Source Documents contains the following needed information:

- Total Compensation: Located in the Total line, in the section just below the full list of employee data
- If there are any Garnishments, the total amount can be found in the Final Totals list just below the full list of employee data

		<u>Basis</u>	<u>Hours</u>	<u>Compensation</u>	<u>Deductions</u>	<u>Taxes</u>	<u>Net</u>
Final Totals							
Facility Staff(Reg)	1-20-50150	120.00	120.00	3,260.00			
Pastor Housing(Reg)	1-20-50120	280.00	280.00	1,616.59			
Nurse Staff (Reg)	1-20-50160	160.00	160.00	1,360.00			
Administration Staff(Reg)	1-20-50130	560.00	560.00	8,989.23			
Auto Allowance (Reg)	1-20-50610	160.00	160.00	370.91			
Cell Allowance(Reg)	1-20-50620	80.00	80.00	42.50			
(*)Life Insurance(Reg)	1-0-20570	80.00	80.00	2.13			
Pastoral Salaries(Reg)	1-20-50110	160.00	160.00	3,125.00			
Social Security Allowance(Reg)	1-20-50660	160.00	160.00	406.42			
Directors (Reg)	1-20-50140	160.00	160.00	6,291.59			
Cafeteria Plan	1-0-20620				357.69		
Oregon Transit Tax Withheld	1-0-20540	3,990.29			3.99		
State Medical Leave	1-0-20544	3,000.00			3.60		
State Family Leave	1-0-20542	5,500.00			6.25		
ROTH 401 K	1-20-50140	3,045.14			115.00		
Elective Deferral	1-0-20550	4,046.96			112.09		
Giving	1-0-20560				110.00		
Health Insurance	1-0-20610				25.00		
Garnishment	1-0-20590				25.00		
Elective deferral 401 (k)	1-0-20550				126.56		
FWT	1-0-20530	23,251.44				2,145.25	
Social Security	1-0-20510	15,477.84				959.63	
Medicare	1-0-20520	15,477.84				224.43	
AL - Alabama - Married	1-0-20540	5,204.82				191.00	
CA - California - Married <=1 Allow	1-0-20540	640.00				4.96	
OK - Oklahoma - Single	1-0-20540	2,305.14				.00	
OR - Oregon - Married	1-0-20540	1,490.29				100.00	
CA - California - Married >=2 Allow	1-0-20540	1,291.59				12.02	
CA - California - Single	1-0-20540	720.00				7.64	
IN - Indiana -1 Personal Exemption	1-0-20540	5,961.46				189.86	
Total			1920.00	25,462.24	885.18	3,834.79	20,742.27
*Non-cash				2.13			

- If you have any FFCRA (Families First Coronavirus Response Act) activity, and you set up the Compensation and Disbursements [as advised in this blog](#), then you can find those amounts in the Final Totals list under Compensations with the distribution named FFCRA. These amounts need to be subtracted from the total compensation. NOTE: if you paid the employee more than required under FFCRA, then the excess compensation can be added to the total payment.

- Employer matching for retirement contributions, 401(k), is found at the bottom of the last page. This amount can be added to the total compensation.

SSN	Name	Basis	Matching Percent	Matching Dollars	Employer Contribution	Employee Contribution
Elective Deferral						
106-58-5369	Black, Bill	2,305.14	4.00	.00	92.21	.00
132-45-7895	Jackson, William	1,741.82	3.00	.00	52.25	87.09
Totals for Elective Deferral					144.46	87.09
					Totals Contributions for Elective Deferral	231.55
Elective deferral 401 (k)						
123-45-6789	Johnson, Alfred	3,164.07	0.00	126.56	126.56	126.56
Totals for Elective deferral 401 (k)					126.56	126.56
					Totals Contributions for Elective deferral 401 (k)	253.12
ROTH 401 K						
526-85-9345	Atlas, Rebecca	640.00	10.00	.00	64.00	15.00
106-58-5369	Black, Bill	2,405.14	10.00	.00	240.51	100.00
Totals for ROTH 401 K					304.51	115.00
					Totals Contributions for ROTH 401 K	419.51
Final Totals					575.53	328.65
					Final Total Contributions	904.18

Source Documents do not include the following information:

- The total number of employees. While you can count the number of paid employees listed in the first section of the report, remember that the list is limited to only those that received payment in that specific payroll run.
- Taxes paid to states. Some states and localities assess employers' various taxes based on the number of employees or amounts paid to their employees, and those expenses can be added to the total compensation. You may be required to produce evidence of those payments.

SECTION 3: Other Covered Expenses

Depending on the terms of your loan, you might be able also to recover expenses for the following:

- Health Insurance employee benefit
- Rent
- Mortgage Interest
- Utilities

CAUTION: The SBA requires that at least 75% of the loan proceeds be used on payroll costs. The remaining 25% can be used for mortgage interest payments, rent payments, and utility payments. Keep up to date with additional guidance from the SBA and your lender

SECTION 4: Create a Spreadsheet for tracking

You will need to create your spreadsheet to keep track of your allowed payment activity. If you need to make any adjustments to payroll's gross amount, then include a field for that activity. If you also are claiming credit for Rent, Mortgage Interest, and or Utilities, then set up a field to calculate the allowable amount available based on the 75% rule.

Week	End Date	FTE Number of Employees	Wages and Salaries	Reduction for Salaries over \$100,000 per year	Reduction for FFCRA	Reduction for non-05 Residence	Total of Allowable Payroll Costs	Health Insurance	Retirement Benefits	State & Local Taxes Assessed on employee compensation	Total Allowed Payroll Costs	Rent	Mortgage Interest	Utilities	Total Covered Non-Payroll Costs Actual	Total Covered Expenses	
1	4/15/2020	21	\$ 51,992.25	\$ (1,231.22)			\$ 50,761.03	\$ 8,210.33	\$ 3,170.00		\$ 53,931.03				\$ -	\$ 8,210.33	
2	4/22/2020	21	\$ 51,992.25	\$ (1,231.22)			\$ 50,761.03	\$ 8,210.33	\$ 3,170.00		\$ 53,931.03				\$ -	\$ 8,210.33	
3	4/29/2020	21	\$ 51,992.25	\$ (1,231.22)			\$ 50,761.03	\$ 8,210.33	\$ 3,170.00		\$ 53,931.03			\$ 8,525.11	\$ 8,525.11	\$ 11,176.09	
4	5/6/2020	23	\$ 52,875.44	\$ (1,231.22)			\$ 51,644.22	\$ 8,210.33	\$ 3,200.00		\$ 54,844.22	\$ 16,550.25			\$ 16,550.25	\$ 71,394.47	
5	5/13/2020	23	\$ 52,875.44	\$ (1,231.22)			\$ 51,644.22	\$ 8,210.33	\$ 3,200.00		\$ 54,844.22	\$ 16,550.25			\$ 16,550.25	\$ 8,845.98	
6	5/20/2020	20	\$ 50,531.88	\$ (1,231.22)			\$ 49,300.66	\$ 8,210.33	\$ 2,900.00		\$ 52,200.66				\$ -	\$ 52,200.66	
7	5/27/2020	20	\$ 50,531.88	\$ (1,231.22)			\$ 49,300.66	\$ 8,210.33	\$ 2,900.00		\$ 52,200.66		\$ 15,800.39		\$ 15,800.39	\$ 18,451.37	
8	6/3/2020	20	\$ 50,531.88	\$ (1,231.22)			\$ 49,300.66	\$ 8,210.33	\$ 2,900.00		\$ 52,200.66				\$ 7,950.81	\$ 7,950.81	
TOTALS for 8 week period from closing			\$ 155,399.57	\$ (8,693.66)	\$ -	\$ -	\$ 151,705.91	\$ 21,722.62	\$ 9,270.00	\$ -	\$ 182,698.53	\$ -	\$ 32,350.64	\$ 17,111.57	\$ 49,462.21	\$ 232,160.74	
PERCENT OF LOAN PROCEEDS											78%				21%		
TOTAL ELIGIBLE EXPENSES FOR LOAN FORGIVENESS:											\$ 232,160.74	25% cap + maximum reimbursement		\$ 58,040.19	Non-Payroll Expenses (lesser of actual or 25% cap)		\$ 49,462.21

Spreadsheet contains calculations, so you might get a warning notice when downloading.

[Download Sample Worksheet Here](#)