

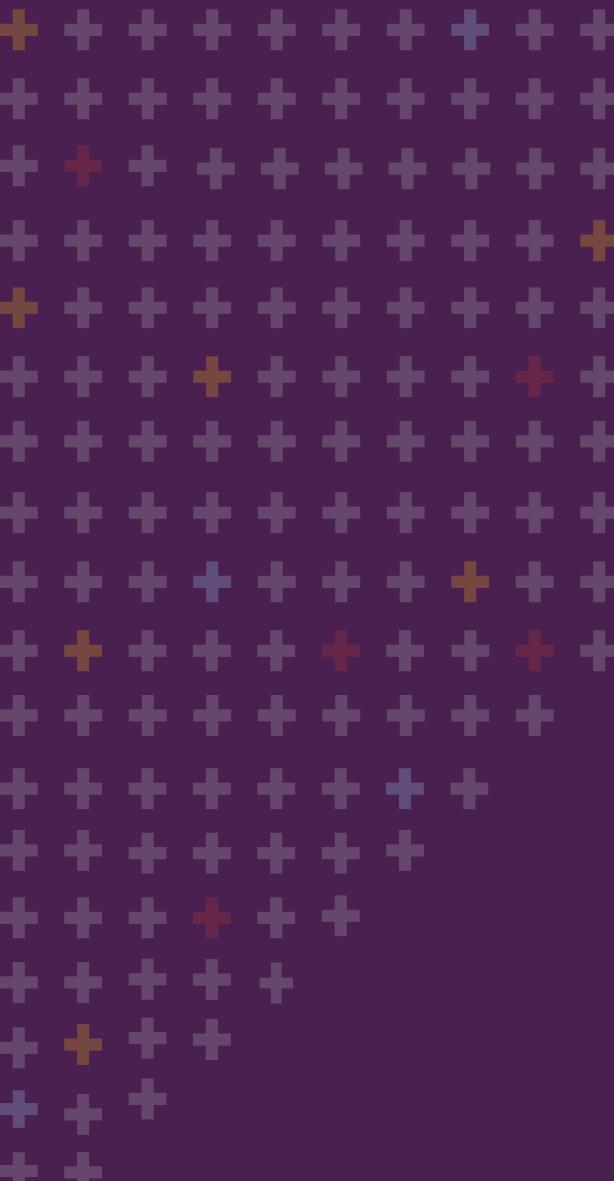


# 2020 MCM NFP Summit Series

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# Update on Critical SBA Loan Issues

June 11, 2020

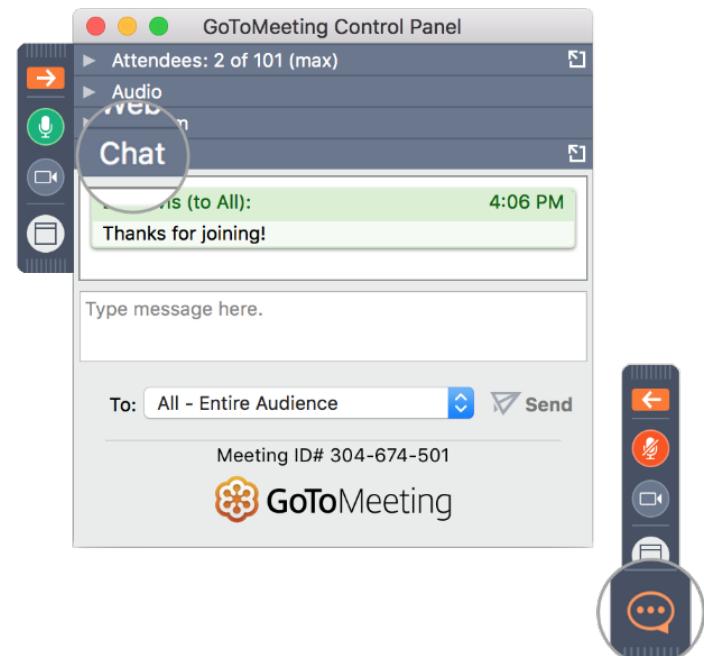
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# Webinar Instructions

+Please submit questions through the Chat Box in the webinar control panel



# MCM CPAs & Advisors

## + What We Do:

- + MCM is a large regional CPA and advisory firm employing more than 350, including more than 160 CPAs. We serve both privately and publicly held businesses, non-profit organizations, small businesses and individuals

## + Mission: We exist to help both our clients and team succeed.

### Core Values



**People Matter** – We genuinely care about our people, personally and professionally, and ensure relevance in their work.



**Leaders Inspire** – We inspire each other to sustain our vision and advance our mission as a firm.



**Excellence Rules** – We are committed to superb client service, high quality expertise and significant client relationships.



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# Presenters

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**Becky Phillips**

CPA, CFF, CFE

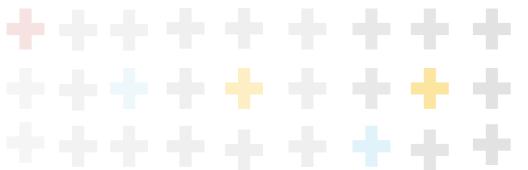
Partner, Not-For-Profit  
Services Team Leader



**Theresa Batliner**

CPA

Partner



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# Paycheck Protection Flexibility Act

# PPFA Key Provisions

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- + Extends 8 week period to 24 weeks for covered expenses (but not beyond 12.31.20)
  - + Have option to keep original 8 week period if loan obtained before enactment of PPFA
- + Extends payment terms from 2 to 5 years for unforgiven portion; interest rate remains at 1%
- + Lowers minimum portion of PPP loan spent on payroll from 75% to 60%; borrowers continue to be eligible for partial loan forgiveness if less than 60% used for payroll costs (per 6.8.20 joint SBA and Treasury statement)
- + Amends rehire date for mitigation of FTE reduction from June 30 to December 31, 2020.

# PPFA Key Provisions (continued)

- + Removes limits on loan forgiveness for organizations unable to rehire employees, hire new, similarly qualified employees or return to same level of activity as before COVID-19
- + Extends period to apply for loan forgiveness from within 6 months to within 10 months of the last day of the covered period
- + Allows organizations with PPP loan to also delay payment of payroll taxes (previously prohibited under CARES Act)
- + Loan forgiveness application needs to be updated for above changes



# PPFA Key Provisions (continued)

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- + June 8, 2020 statement by SBA and Treasury: "SBA, in consultation with Treasury, will promptly issue rules and guidance, a modified borrower application form, and a modified loan forgiveness application implementing these legislative amendments to the PPP."
- + Questions remaining:
  - + Can a current borrower use 6.30.20 FTE reduction safe harbor instead of 12.31.20?
  - + Does anything change with the Salary and Hourly Wage Reduction calculation and safe harbor?
  - + Does the limit on cash compensation change to \$100,000x24/52 from \$100,000x8/52?

# SBA Forgiveness Calculator

# PPP Forgiveness Calculation Form

- + Information related to the loan obtained
- + EIDL loans obtained
- + "Box" to be checked if original loan >\$2MM
- + Representations and Certifications
- + PPP Schedule A
  - + Detailed calculation of Cash Compensation, Non-Cash Compensation, FTE's and Self-Employed Owner or Partner Compensation
  - + Calculations of Reductions for Reduced Pay or FTE Count
- + PPP Schedule A Worksheet
  - + Table 1 – listing of employees <\$100k and FTE counts; pay reductions
  - + Table 2 – listing of employees >\$100k and FTE counts
  - + Determination of Safe Harbors for rehires by 6.30.20 (extended to 12.31.20)

# PPP Loan Forgiveness Application



**Paycheck Protection Program  
Loan Forgiveness Application**

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

**PPP Loan Forgiveness Calculation Form**

Business Legal Name ("Borrower")	DBA or Tradename, if applicable	
Business Address	Business TIN (EIN, SSN)	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: \_\_\_\_\_

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

Weekly     Biweekly (every other week)     Twice a month     Monthly     Other \_\_\_\_\_

Covered Period: \_\_\_\_\_ to \_\_\_\_\_

Alternative Payroll Covered Period, if applicable: \_\_\_\_\_ to \_\_\_\_\_

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

# PPP Loan Forgiveness Application Cont'

## **Forgiveness Amount Calculation:**

### Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10):

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Line 2. Business Mortgage Interest Payments:

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Line 3. Business Rent or Lease Payments:

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Line 4. Business Utility Payments:

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### Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3):

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

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Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13):

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### Potential Forgiveness Amounts

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

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Line 9. PPP Loan Amount:

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Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75):

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### Forgiveness Amount

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

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**Paycheck Protection Program  
Loan Forgiveness Application**

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

By Signing Below, You Make the Following Representations and Certifications on Behalf of the Borrower:

The authorized representative of the Borrower certifies to all of the below by **initialing** next to each one.

The dollar amount for which forgiveness is requested:

- was used to pay costs that are eligible for forgiveness (payroll costs to retain employees; business mortgage interest payments; business rent or lease payments; or business utility payments);
- includes all applicable reductions due to decreases in the number of full-time equivalent employees and salary/hourly wage reductions;
- does not include nonpayroll costs in excess of 25% of the amount requested; and
- does not exceed eight weeks' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$15,385 per individual.

I understand that if the funds were knowingly used for unauthorized purposes, the federal government may pursue recovery of loan amounts and/or civil or criminal fraud charges.

The Borrower has accurately verified the payments for the eligible payroll and nonpayroll costs for which the Borrower is requesting forgiveness.

I have submitted to the Lender the required documentation verifying payroll costs, the existence of obligations and service (as applicable) prior to February 15, 2020, and eligible business mortgage interest payments, business rent or lease payments, and business utility payments.

The information provided in this application and the information provided in all supporting documents and forms is true and correct in all material respects. I understand that knowingly making a false statement to obtain forgiveness of an SBA-guaranteed loan is punishable under the law, including 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or workforce agency. I also understand, acknowledge, and agree that the Lender can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of ensuring compliance with PPP requirements and all SBA reviews.

I understand, acknowledge, and agree that SBA may request additional information for the purposes of evaluating the Borrower's eligibility for the PPP loan and for loan forgiveness, and that the Borrower's failure to provide information requested by SBA may result in a determination that the Borrower was ineligible for the PPP loan or a denial of the Borrower's loan forgiveness application.

The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the PPP regulations and guidance issued by SBA through the date of this application. SBA may direct a lender to disapprove the Borrower's loan forgiveness application if SBA determines that the Borrower was ineligible for the PPP loan.

\_\_\_\_\_  
Signature of Authorized Representative of Borrower

Print Name

\_\_\_\_\_  
Date

Title

# PPP Loan Forgiveness Application Certifications

# PPP Schedule A



**Paycheck Protection Program  
Loan Forgiveness Application**

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

**PPP Schedule A**

**PPP Schedule A Worksheet, Table 1 Totals**

Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:

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Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:

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Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1:  
If the average annual salary or hourly wage for each employee listed on the PPP Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll Covered Period was at least 75% of such employee's average annual salary or hourly wage between January 1, 2020 and March 31, 2020, check here  and enter **0** on line 3.

**PPP Schedule A Worksheet, Table 2 Totals**

Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:

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Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:

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**Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period**

Line 6. Total amount paid by Borrower for employer contributions for employee health insurance:

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Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans:

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Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation:

---



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# PPP Schedule A Cont'

## Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners:  
 This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.

## Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):

### Full-Time Equivalency (FTE) Reduction Calculation

If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here  skip lines 11 and 12 and enter **1.0** on line 13.

Line 11. Average FTE during the Borrower's chosen reference period:

Line 12. Total Average FTE (add lines 2 and 5):

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:

# PPP Schedule A Worksheet



**Paycheck Protection Program  
Loan Forgiveness Application**

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

**PPP Schedule A Worksheet**

**Table 1:** List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
<b>FTE Reduction Exceptions:</b>				
<b>Totals:</b>		<b>Box 1</b>	<b>Box 2</b>	<b>Box 3</b>

**Table 2:** List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
<b>Totals:</b>		<b>Box 4</b>	<b>Box 5</b>

Attach additional tables if additional rows are needed.

# PPP Schedule A Worksheet Cont'

## **FTE Reduction Safe Harbor:**

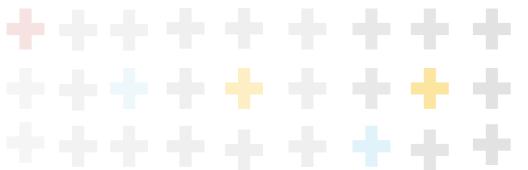
- Step 1. Enter the borrower's total average FTE between February 15, 2020 and April 26, 2020. Follow the same method that was used to calculate Average FTE in the PPP Schedule A Worksheet Tables. Sum across all employees and enter:
- Step 2. Enter the borrower's total FTE in the Borrower's pay period inclusive of February 15, 2020. Follow the same method that was used in step 1:  
.
- Step 3. If the entry for step 2 is greater than step 1, proceed to step 4. Otherwise, the FTE Reduction Safe Harbor is not applicable and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.
- Step 4. Enter the borrower's total FTE as of June 30, 2020:  
.
- Step 5. If the entry for step 4 is greater than or equal to step 2, enter 1.0 on line 13 of PPP Schedule A; the FTE Reduction Safe Harbor has been satisfied. Otherwise, the FTE Reduction Safe Harbor does not apply and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.

# Clarifications or even “Changes” in May 15 Released Instructions

# Areas to be Covered Today

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- + Payroll Periods
- + Paid or Incurred Language
- + Ordering of Potential Forgiveness Reductions
- + Mitigation and Rehiring Rules
- + Alternative Seasonal Method
- + Calculation of FTEs
- + Necessity of Loan Guidance
- + PPP and Restricted Funding Sources
- + Non-Payroll Expenses Covered
- + Documentation to Submit



# Payroll Periods

- + Allows borrowers who use a biweekly or more frequent payroll schedule to calculate payroll costs using an “alternative payroll covered” period that aligns with borrowers’ regular payroll cycles.
- + The standard period is the 8 week or 24 week period beginning on the date of the loan disbursement and ending 56 or 168 days later (but not later than 12.31.20).
- + This new alternative period was added for administrative convenience and allows the borrower to start the covered payroll period with the first payroll following the date of the loan disbursement and continue it for 8 or 24 consecutive weeks.
- + Unfortunately, a borrower with monthly or semi-monthly payroll periods may not use this alternative method.



# Paid “or” Incurred Language

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- + Previous “paid and incurred” is now “paid or incurred”
- + Seems to allow expenses BOTH paid during the eight week period and INCURRED BUT NOT YET PAID during the eight week period to be included in covered expenses
  - + For Payroll – include all prior payroll amounts paid during the period plus the amounts paid during the next payroll period that were incurred during the covered period.
  - + For Non-Payroll Costs – include all costs paid during the covered period as long as the other definitional criteria are met plus costs incurred during the period that are paid by the next billing date.



# Paid “or” Incurred Language

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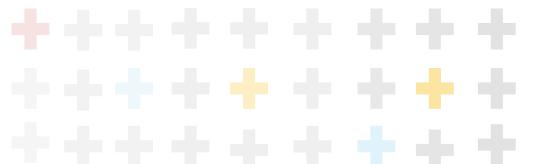
- + Paid during – all of it counts
- + Paid during and incurred – all of it counts
- + Fully incurred, not paid during (but is paid at next regular due date) – all of it counts
- + Partially incurred, not paid during (but is paid at next regular due date) – part of it counts (prorated)



# Payroll Costs – Paid and Incurred

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- + Payroll costs paid and payroll costs incurred are forgivable
  - + Paid – check distributed or ACH transaction initiated
  - + Incurred – employee's pay is earned
  - + Includes bonuses and hazard pay as well as wages to furloughed employees
- + Summary of coverage period:
  - + Beginning – cash basis
  - + End - accrual basis



# Nonpayroll Costs – Paid or Incurred

## + Nonpayroll costs

- + Paid during the covered period OR
- + Incurred and paid on or before the next regular billing date (even if billing date is after covered period)

## + Summary of coverage period:

- + Beginning – cash basis
- + End – accrual basis
- + Coverage period (alternative payroll coverage period not allowed)
  - + It is possible to have two different 8/24-week period coverage periods in the overall forgiveness computation – one for payroll and another for non-payroll.



# Ordering of Potential Forgiveness Reductions



A. Calculate Total Amount Paid for Payroll Related Costs -  
Then:

1. Reduce Total by pay rate changes >25% for employees paid <\$100k per year
2. Next, reduce by ratio of FTE reduction (using most beneficial of various time periods provided)
3. Determine Net Amount Eligible for Forgiveness

B. Then, compare 60% of the Total Loan to the amount actually spent on payroll related costs and take reduction, if applicable.

Amount forgiven will be the lesser of #A3 or B above



# Mitigation and Rehiring Rules



- + The instructions detail the implementation of the rule allowing for mitigated FTE or payroll reductions if the situation is mitigated by December 31, 2020.
- + No guidance on how long the mitigation has to be continued after the December 31 date
- + Related to the FTE reductions, the instructions further clarify that the borrower will not be required to reduce the amount forgiven for:
  - + FTE's where the employer made a good faith offer to an employee to return to work that is declined
  - + Employees who were fired for cause, voluntarily resigned or voluntarily requested and received a reduction of their hours
  - + Unable to rehire individuals who were employees on 2.15.20 and unable to hire similarly qualified employees for unfilled positions on or before 12.31.20 (NEW)
  - + Able to document inability to return to same level of business activity at 2.15.20 due to compliance with established requirements related to COVID-19 (NEW)



# Mitigation and Rehiring Rules for a New Set of Dates

The same set of rules apply to mitigating the FTE reduction if the situation is mitigated by another set of dates:

- + If the borrower has not reduced the number of FTE's between January 1, 2020 and the end of the 8/24 week period, there is no reduction
- + Previously provided June 30 date is now December 31



# Use of Alternative Seasonal Period

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- + Use of Alternative Seasonal Period of any twelve week period during the period of May 1, 2019 through September 15, 2019.
- + In prior guidance the SBA offered this alternative calculation for purposes of determining the maximum amounts to be borrowed.
- + The new instructions include this same time period for use in determining FTE's for the forgiveness calculation.



# Calculation of FTE's

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- + The instructions indicate that an 1.0 FTE is assumed to work 40 hours per week with the maximum per employee of 1.0 FTE.
- + But they also added the provision that a simplified method can be used to assign 1.0 FTE to any employee who works over 40 hours per week and .5 to any employee who works less than 40 hours per week.
- + Calculate each employee and each period separately



## 40 Hours Method Example

	Hours	Divide by 40	Capped at 1.0
Ricky Bobby	40	1.00	1.00
Cal Naughton Jr.	52	1.30	1.00
Jean Giard	42	1.05	1.00
Cole Trickle	35	.88	.88
Rowdy Burns	24	.60	.60
Russ Wheeler	16	.40	.40
Total rounded to the nearest tenth			4.9 FTEs

## Alternative Method Example

	Hours		Capped at 1.0
Ricky Bobby	40		1.00
Cal Naughton Jr.	52		1.00
Jean Giard	42		1.00
Cole Trickle	35	>40= 1.0 <40= 0.5	.50
Rowdy Burns	24		.50
Russ Wheeler	16		.50
Total rounded to the nearest tenth			4.5 FTEs



# Necessity of Loan Guidance

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- + Loans over \$2MM - the updated application contains a box to be checked if the original loan exceeds \$2MM.
- + Specifically, before submitting a PPP application, all borrowers should review carefully the required certification that "current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant." Borrowers must make this certification in good faith, taking into account their current business activity and their ability to access other sources of liquidity sufficient to support their ongoing operations in a manner that is not significantly detrimental to the business.

# Necessity of Loan Guidance – Cont'

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Loans Greater than \$2MM –

- + Subject to review by SBA for compliance with program requirements
- + Be prepared to furnish additional documentation and support for the necessity of the loan
- + If determination is made by SBA that borrower lacked an adequate basis regarding necessity, the SBA will seek repayment and will deem the loan ineligible for forgiveness.
- + If borrower repays the loan, the SBA will not pursue administrative enforcement



# PPP and Restricted Funding Sources

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- + No clarification provided related to treatment of payroll and allowable non-payroll expenses paid using restricted funds
- + Extension of covered period to 24 weeks makes this less of an issue



# Definition of other Non-payroll Expenses

- + The SBA did not provide any additional definition around these covered expenses.
- + They include:
  - + covered mortgage interest on real or personal property where obligations were incurred before February 15, 2020;
  - + covered rent obligations on real or personal property in effect on February 15, 2020;
  - + covered utility payments for the distribution of electricity, gas, water, transportation, telephone or internet services in effect as of February 15, 2020.



# Documentation to Submit - Payroll

+ Documentation to be submitted with the Loan Forgiveness Application:

1. Bank account statements or third-party service provider reports
2. Tax forms for the periods that overlap with the Covered Period
3. Payroll tax filings reported, or that will be reported to the IRS
4. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported or that will be reported
5. Payment receipts, cancelled checks, or account statements on the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount



# Documentation to Submit – FTE's

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+FTE Documentation showing:

1. The average number of FTE employees between Feb. 15, 2019 and June 30, 2019
2. The average number of FTE employees on payroll per month between January 1, 2020 and February 29, 2020
3. In the case of a seasonal employer, the average number of FTE's between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive 12-week period between May 1, 2019 and September 15, 2019.



# Documentation to Submit - Nonpayroll

- + Non-payroll documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period
  - 1. Business mortgage interest payments: loan documents and cancelled checks showing amounts paid during covered period
  - 2. Business rent or lease payments; lease agreements and cancelled checks showing amounts paid during covered period
  - 3. Business utility payments; invoices from Feb 2020 and cancelled checks showing amount paid during covered period



# Documentation to Maintain

Documentation that each borrower must maintain for 6 years from later of date loan is forgiven or paid in full :

1. Documentation supporting each individual employee in Schedule A Worksheet Table 1.
2. Documentation supporting each individual employee in Schedule A Worksheet Table 2.
3. Any employee job offers/refusals, firings for cause, voluntary resignations, and written requests for work schedule reductions.
4. Documentation supporting the PPP Schedule A Worksheet "FTE Reductions Safe Harbor."
5. Supporting documentation on the Borrower's necessity of the loan request and eligibility.



# Questions?

Please submit questions in Chat Box



# COVID-19 SBA Advisory Team

MCM CPAs & Advisors has formed a group of experienced advisors to assist clients on accounting and business matters in wake of implications from the coronavirus pandemic. This team of advisors has decades of experience supporting businesses in response to disastrous situations so they can feel confident and prepared for their next steps.



**Diane  
Medley**  
Executive  
Chairman



**Diane  
Kilner**  
Tax Partner  
Small Business  
Services Team  
Leader



**Mark  
Schmitt**  
Lexington  
Tax Partner  
Auto Dealer  
Services Team  
Leader



**Karl  
Dostal**  
Cincinnati  
Tax Partner  
Cincinnati Tax  
Services Team  
Leader



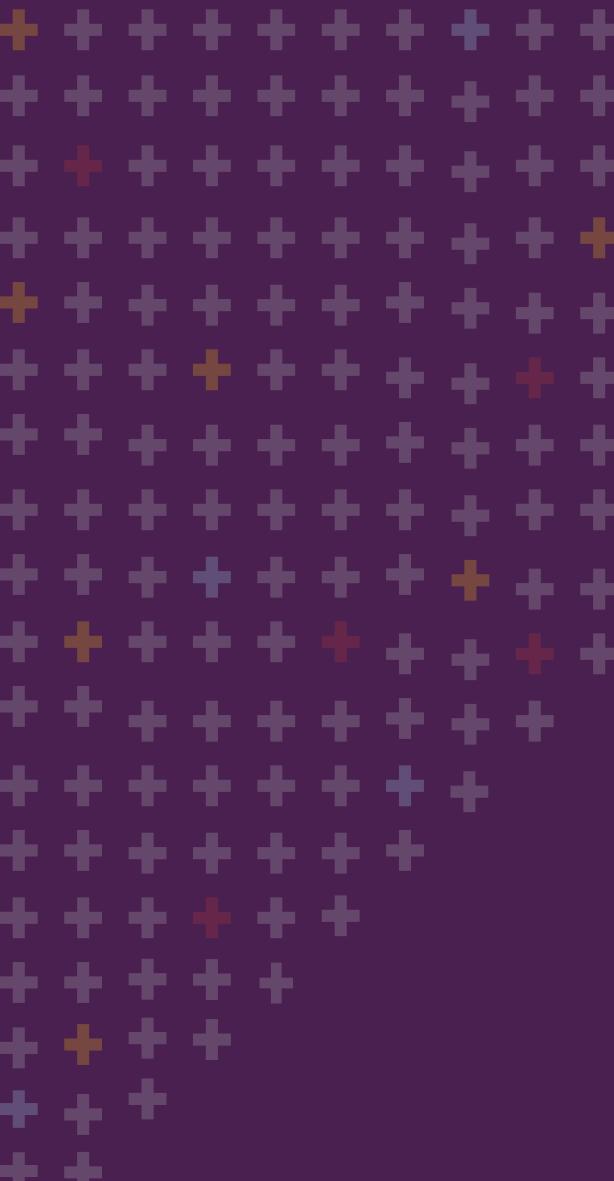
**Scott  
Herman**  
Indianapolis  
Tax  
Partner



**Becky  
Phillips**  
Assurance Partner  
Not-for-Profit  
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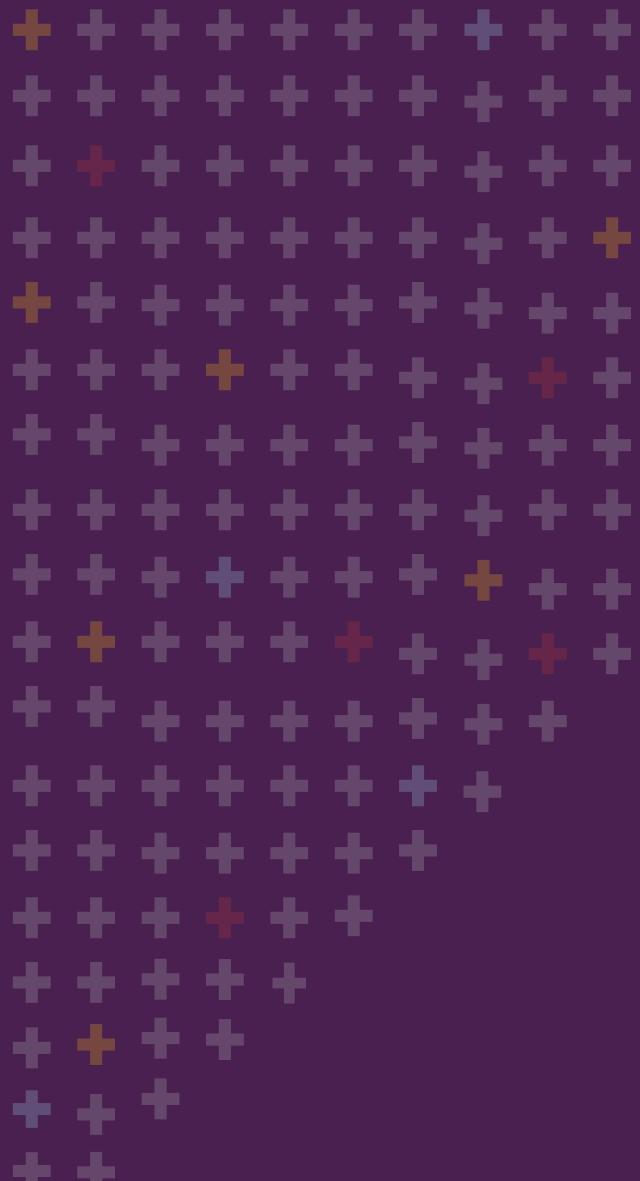
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# Thank You for your time!



The banner features the MCM logo at the top left, which includes the text "CORPORATE", "BUSINESS INFORMATION", "TECHNOLOGY", "BANKING", and "ACCOUNTING SERVICES". To the right of the logo, the text "MCM COVID-19 Resource Center" is displayed in bold purple letters. Below that, a yellow button contains the website address "www.mcmcpa.com/covid-19".



# NFP Summit: Reshaping How We Do Business With COVID-19

June 11, 2020

Tiffany Cardwell, HR Advisory Principal

Emily Possidente, HR Advisory Principal

# Presenters

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**Tiffany Cardwell**  
MCM HR Advisory Principal



**Emily Possidente**  
MCM HR Advisory Principal



# Agenda

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- + Respectful Workplace
- + Business Response to COVID-19
- + Identifying Critical External and Internal Resources
- + Building Trust
- + Culture
- + Best Practices

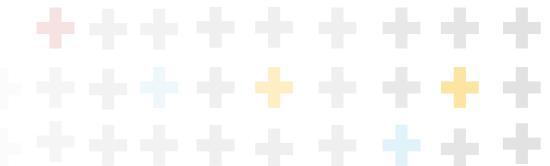


# What Does Respect Mean to You



admire  
partnership  
recognition courtesy  
acknowledge  
regard  
integrity teamwork support  
fair sincerity equal  
dignity value  
reliability ethics  
professional  
encouraging  
responsible honor  
estem

**respect**



# EEOC Definition

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- + The US Equal Employment Opportunity Commission (EEOC) is responsible for enforcing federal laws that make it illegal to discriminate against a job candidate or an employee because of a person's:
  - + Race
  - + Color
  - + Religion
  - + Sex (including pregnancy, gender identity and sexual orientation)
  - + National origin
  - + Age (40 or older)
  - + Disability or genetic information



# What Does a Respectful Workplace Look Like?

A respectful workplace is one in which we value each other's contributions —work and roles:

- + Value and respect our similarities and our differences
- + Treat each other with dignity and respect
- + Expect to be treated with dignity and respect
- + Treat others as they wish to be treated



# Respectful Culture

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- + Strive to communicate effectively and courteously; speaking without judging, blaming or shaming
- + Listen to what others have to say and be open-minded about their ideas, comments or suggestions
- + Address conflict issues positively and constructively
- + Demonstrate mutual respect showing a sincere effort to understand other points of view
- + Accept that others have values and opinions that may be different from our own—different, not wrong



# Business Response to COVID-19

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- + Layoffs
- + Furloughs
- + Pay Cuts
- + Reduced/Flexible Hours
- + Telework



# Employee Responses to Stressful Situations



Stressful situations may cause employees to feel:

- + Overwhelmed, Shocked
- + Frightened
- + Anxious
- + Sad, Irritable or Angry
- + Helpless, Powerless

These reactions may express themselves in different ways, including:

- + Commuting or Traveling
- + Difficulty Concentrating
- + Heightened Sense of Alertness
- + Preoccupation with the News
- + Concerns About Co-Workers, Family Members and Friends

# The Role of Work in Times of Distress

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- + Structure and Stability
- + The "Work Family"
- + Mutual Support
- + Lending a Hand
- + Supporting Connectivity and Connectedness
- + Checking In with Colleagues



# Internal and External Resources

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- + Create a Task Force
- + Reach Out to External Resources
  - + CPA firm
  - + Employment Attorney
  - + Bank
  - + State Resources



# New Regulations



Occupational Safety  
and Health Administration



# Healthy At Work Timeline

## Team Kentucky - MAY



### Healthy at Work | May 2020



**May 11**

- Manufacturing, Distribution and Supply Chain Businesses
- Construction
- Vehicle or Vessel Dealerships
- Office-based Businesses (50%)
- Horse Racing (No Fans)
- Pet Care, Grooming & Boarding
- Photography

**May 18**

- Government Offices / Agencies

**May 20**

- Funeral Homes
- Retail

**May 22**

- Restaurants: 33% Capacity + Outdoor Seating

**May 25**

- Cosmetology Businesses
- Hair Salons/Barbershops
- Massage Therapy
- Nail Salons
- Tanning Salons
- Tattoo Parlors



#### 10 RULES + INDUSTRY-SPECIFIC GUIDANCE

- Telework when possible
- Phased return to work
- Daily temperature / symptom checks
- Universal masks & PPE
- Close common areas
- Social distancing
- Limit face-to-face meetings
- Sanitizer / hand wash stations
- Special accommodations
- Testing plan



#### TENTATIVE JUNE OPENINGS

- Fitness Centers, Movie Theaters
- Campgrounds
- Some Childcare, Low-touch Sports (Outdoors)



# Healthy At Work Timeline

## Team Kentucky - JUNE



### Healthy at Work | June 2020



June 1	<ul style="list-style-type: none"><li>• Movie theaters</li><li>• Fitness centers</li><li>• Auto/dirt track racing</li><li>• Aquatic centers</li><li>• Bowling alleys</li><li>• Fishing tournaments</li><li>• Kentucky State Park lodges</li><li>• Auctions</li><li>• Salato Wildlife Education Center</li></ul>	June 15	<ul style="list-style-type: none"><li>• Some child care (center-based programs, day camps)</li><li>• Youth sports (low touch and outdoors)</li></ul>
June 8	<ul style="list-style-type: none"><li>• Museums</li><li>• Outdoor attractions</li><li>• Aquariums</li><li>• Libraries</li><li>• Distilleries</li><li>• Equine events</li><li>• Some child care (in-home programs)</li></ul>	June 29	<ul style="list-style-type: none"><li>• Bars</li><li>• 50 person social gatherings</li></ul>
June 11	<ul style="list-style-type: none"><li>• Kentucky State Park campgrounds</li><li>• Kentucky Horse Park</li></ul>		



# Healthy At Work 10 Rules to Reopen Team Kentucky



## 10 RULES

To Re-opening  
**#HealthyatWork**



TEAM  
**KENTUCKY**

KYCOVID19.KY.GOV  
#TEAMKENTUCKY  
#TOGETHERKY  
#HEALTHYATHOME

- ✓ Continue telework where possible
- ✓ Phased return to work
- ✓ Onsite temperature/ health checks
- ✓ Universal masks and any other necessary PPE
- ✓ Close common areas  
(waiting rooms, cafeterias, break rooms, etc.)
- ✓ Enforce social distancing
- ✓ Limit face-to-face meetings
- ✓ Sanitizer/hand wash stations
- ✓ Special accommodations
- ✓ Testing plan



# Healthy At Work 10 Steps to Fight COVID-19 Team Kentucky



## Stay Healthy at Home

Leave only for essential items such as groceries once a week.

## Avoid Crowds & Gatherings

Avoid crowds of any size, including home visits, recreational areas or crowded shopping.

## Practice Social Distancing

Maintain 6 feet between you and others at all times.

## Know When to Seek Care

Follow the 'When to Seek Care' guidelines available at KYCOVID19.KY.GOV.

## KYCOVID19.KY.GOV

Stay up-to-date through reliable sources such as KYCOVID19.KY.GOV.

## Wash Hands & Surfaces

Use soap and warm water and wash hands for 20+ seconds. Frequently disinfect regularly used surfaces.

## Apply for Benefits

Kentucky has expanded unemployment benefits. If you have not applied, visit KCC.KY.GOV.

## Prioritize Mental Health

Seek out virtual social opportunities and maintain a routine. Other practices can be found at KYCOVID19.KY.GOV.

## Do Not Travel

The safest place for you and others is at home. Do not travel by car or plane.

## Report Non-Compliance

If you see individuals or businesses not complying with COVID-19 guidelines, report to the KYSAFER hotline at 1-833-KYSAFER.



# Healthy At Work Reliable Sources, 3 Critical Steps & PPE Team Kentucky



- 1 Social Distancing**
- 2 Increase Health Care Capacity**
- 3 Increase Testing**



**Personal Protective Equipment (PPE):** Equipment worn to minimize exposure to hazards that cause serious workplace injuries and illnesses.

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> N95 Face Masks/Respirators | <input checked="" type="checkbox"/> Oxygen Concentrators                           |
| <input checked="" type="checkbox"/> P100, PAPR, PAPR Parts     | <input checked="" type="checkbox"/> Procedural or Surgical Masks                   |
| <input checked="" type="checkbox"/> Face Shields               | <input checked="" type="checkbox"/> Disposable Gowns, Foot Covers or Surgical Caps |
| <input checked="" type="checkbox"/> Latex Free Gloves          |  |

# Building Trust



# Building Trust

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- + Respect
- + Transparency
- + Commitment



# Influences on the Way We Do Work



- Expanding Remote Work
- Cancelling or Rescheduling Company Events
- Additional Focus on Safety
- Not Attending External Events
- Reevaluating Budgets
- Travel Limitations/Bans
- Creative Connection Opportunities



# Are managers prepared to adapt to workplace changes brought on by COVID-19?

# Effective Communication

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- Non-Verbal Communication
- Active Listening
- Feedback
- Physical Distance
- Barriers & Distractions



# Staying Connected

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Google Duo



groupme



Connected Living

Marco Polo



zoom

# What Are Your Companies Providing?

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- Flexible time off and leave policies
- Premium/hazard pay
- Redesign incentive plans
- Additional development opportunities
- Continue critical communications



# Flexibility & Innovation

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- Distilleries now producing hand sanitizer
- Clothing manufacturers shifting to making masks
- Stores dedicating protected windows for senior customers to shop
- Restaurants creating outdoor dining and takeout options



# The New “Normal”

# Questions

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**Tiffany Cardwell**  
MCM HR Advisory Principal

[Tiffany.Cardwell@hrsg.com](mailto:Tiffany.Cardwell@hrsg.com)  
502.882.4660



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**Emily Possidento**  
MCM HR Advisory Principal

[Emily.Possidento@hrsg.com](mailto:Emily.Possidento@hrsg.com)  
502.882.4668

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PEOPLE  
MATTER



LEADERS  
INSPIRE



EXCELLENCE  
RULES

# IRS Circular 230 Disclosure.

As a result of perceived abuses, the Treasury has recently promulgated Regulations for practice before the IRS. These Circular 230 regulations require all accountants to provide extensive disclosure when providing certain written tax communications to clients. In order to comply with our obligations under these Regulations, we would like to inform you that any advice given in this presentation, including any attachments, cannot be used to avoid penalties which the IRS might impose, because we have not included all of the information required by Circular 230, nor have we performed services that rise to this level of assurance.

