



## HAYASHI | WAYLAND

June 15<sup>th</sup>, 2020

To Our Valued Clients and Friends:

You have received many Eblasts from us over the past three months covering topics that do not bring reasons for acknowledgment and celebration. I'm pleased to say this week's email does just that in addition to including information about recent Payroll Protection Program Loan Forgiveness updates.

### **Honoring a Milestone**

Hayashi Wayland was co-founded by Doug Hayashi and Warren Wayland in 1976. As the story goes, Doug and Warren started the firm with one typewriter and countless hopes and dreams. Fast forward 44 years and their efforts and dreams have turned into the largest locally owned accounting firm in Central California with 75 team members working in four offices across Monterey and San Luis Obispo Counties. To see more about their original dream for the firm watch [this video](#) we made for our 40<sup>th</sup> anniversary in 2016.

Doug retired in 2006 and Warren "semi-retired" in 2010 and has continued to serve clients on a limited basis over the past ten years. After a career spanning almost 50 years, Warren has decided it's time to stop practicing accounting and effective June 30, 2020 he will be vacating his office in our Salinas office to transition into his new role.... full-time retirement!

Words are insufficient to express the gratitude we share at HW for the legacy of Doug Hayashi and Warren Wayland. Especially now, as we recognize the completion of Warren's professional career, we want to take this opportunity to honor him for all he has done for our firm, our clients, and our community.

If you would like to send Warren a note please [click here](#).

### **Paycheck Protection Program Flexibility Act**

Congress intended for the PPP to provide relief to small businesses through a forgivable loan program that would allow them to keep their teams employed and position the economy for a quick recovery. Once the guidelines for loan forgiveness were released there was a sense that many businesses would not actually be able to meet the requirements and some of the PPP funds would be converted to short-term loans.

Congress's answer to this perceived problem was the passing of the bipartisan Paycheck Protection Program Flexibility Act. This piece of legislation provided relief to some of the most difficult forgiveness requirements. It also provided a path to make it easier for businesses to receive partial loan



forgiveness if they don't meet full PPP loan forgiveness requirements. The provisions in this law, further clarified this week, could increase the appeal of a PPP loan for businesses that haven't yet applied.

The Paycheck Protection Flexibility Act mandates that businesses use 60% of their PPP loan for eligible payroll costs—down from 75%—to remain eligible for full loan forgiveness. Businesses now also have 24 weeks instead of eight to use those funds. To see the PPP Loan Forgiveness application click [here](#).

Many businesses and politicians expressed concern that the latest rules created a “cliff” where partial loan forgiveness was not an option for businesses that use less than 60% of their PPP loan on payroll expenses. It was confirmed this week that businesses that spend less than 60% of their loans on payroll will be eligible for partial loan forgiveness if at least 60% of the amount forgiven went to payroll.

#### **AICPA releases Technical Questions and Answers on borrower accounting for PPP loans**

The AICPA has issued [Technical Question and Answer \(TQA\) 3200.18](#) (AICPA, Technical Questions and Answers) to provide nonauthoritative guidance about how a nongovernmental entity should account for a forgivable loan received under the Small Business Administration Paycheck Protection Program (PPP). This Technical Questions and Answers applies to not-for-profit entities and public and private business entities and also discusses acceptable ways to account for such loans.

#### **Closing**

As always, please do not hesitate to contact the HW partner or team member you work with for assistance or with any questions you may have. We are here to help and are committed to serving you as best we can in these challenging times. On behalf of everyone here at Hayashi Wayland, I wish you health and peace of mind as we face this crisis together.

Sincerely,



Michael Briley, CPA, CGMA  
Managing Partner

