



Exhibit A

PAYCHECK PROTECTION PROGRAM

HOW TO CALCULATE AVERAGE MONTHLY PAYROLL

The maximum amount of a PPP loan equals: Average Monthly “Payroll Costs” x 2.5

What is the relevant time period for calculating average monthly “payroll costs”?

Non-Seasonal Employers: January 1, 2019 - December 31, 2019

Seasonal Employers: 2/15/19 – 6/30/19 **OR** 3/1/19 – 6/30/19 (applicant’s choice)

What is included in Average Monthly Payroll Costs?

- Payments to employees, independent contractors, or sole proprietors for:
 - Salary, wages, commissions or similar compensation
 - Cash tips
 - Vacation, medical, or sick leave
 - Severance/separate pay
 - Employee’s share of health care costs
 - Retirement benefits
 - State/local payroll taxes
 - Net earnings from self-employment
 - Payments similar to the above

What is Excluded from Average Monthly Payroll Costs?

- Amounts in excess of \$100,000 of Annualized Pay per-employee, independent contractor, or sole proprietor
 - In other words, the maximum amount per month per employee, independent contractor, or sole proprietor is \$8,333.33
 - *Metz Lewis Advice:*
 - For any employee, independent contractor, or sole proprietor earning \$8,333.33 or more per month, stop calculating and use \$8,333.33 for that month
 - Employees earning less than \$100,000.00 per year will require a more involved calculation
- Federal taxes imposed or withheld from compensation
- Any amount of compensation paid to employees whose principal place of residence is outside the United States



Sample Calculation for a Month in the 1 Year Average Calculation Period

Scenario: Applicant had 4 employees.

- Employee 1: the President of the Company who resides in the US, whose annual pay is \$150,000.00 and other permitted payroll costs are \$50,000
- Employee 2: a semi-retired employee who resides in Portugal whose annual pay is \$75,000 and other permitted payroll costs are \$25,000
- Employee 3: a mid-level employee residing in the US whose annual compensation is \$90,000 and other permitted payroll costs are \$35,000
- Employee 4: an administrative assistant residing in the US whose annual compensation is \$45,000 and other permitted payroll costs are \$15,000

Computation:

- Employee 1
 - Monthly payroll cost: \$16,666.67 ($\$200,000 / 12$)
 - Resides Outside US? No. Keep going...
 - Over \$8,333.33? Yes
 - PPP Loan Amount Cost: \$8,333.33
- Employee 2
 - Monthly Payroll Cost: \$8,333.33 ($\$100,000/12$)
 - Resides Outside US? Yes. Stop the analysis here, cost is \$0
 - Over \$8,333.33? Irrelevant
 - PPP Loan Amount Cost: \$0.00
- Employee 3
 - Monthly Payroll Cost: \$10,416.67 ($\$125,000/12$)
 - Resides Outside US? No. Keep going...
 - Over \$8,333.33? Yes
 - PPP Loan Amount Cost: \$8,333.33
- Employee 4
 - Monthly Payroll Cost: \$5,000.00 ($\$60,000/12$)
 - Resides Outside US? No. Keep going...
 - Over \$8,333.33? No
 - PPP Loan Amount Cost: \$5,000.00

Total: \$21,666.66

Assuming the monthly average for all 12 months is \$21,666.66, then the total loan amount would be calculated as follows: $\$21,666.66 \times 2.5 = \$54,166.25$