



**Large Firm Virtual Roundtable
Summary Notes
May 13, 2020**

PPP Loans & Briefing on this from Steve Hall:

- New guidance released today
- Additional certification for firms' who took loans in excess of \$2M
- Under \$2M is a given that your certification of uncertainty is good
- May see more guidance later this week
- Backlash against publicly traded firms and others in media who took and then gave back loans
- Discussion of how loans in our industry are necessary for long-term, but loans seem to have intention of solving near-term needs
- Some firms are still strong; may return loans; especially if SBA will compare year-over-year April 2019 to 2020
- Again near-term (8 weeks) vs. long-term need differences
- Questions about who will audit loans – seems SBA
- We support legislation to move periods to later this year; some out their sponsored by Romney (R-UT) and Manchin (D-WV)
- Input from Diana Strassmaier, CPA participating on call: there are concerns about how loans will impact firms' utilization, overhead and tax; many may consider not asking forgiveness; sounds like SBA in charge of audits, questions of whether or not they will have bandwidth to handle this; firms' should look closely at guidelines related to FTEs, furloughs etc., revenue reduction not a specific loan criteria
- Discussion of how firms are messaging PPP loans to both their staffs and clients; many commented they are transparent with staff, but do not feel the need to share with clients they have taken out PP loan; key for staff since their ability to keep them full-time/etc. is dependent on PPP loans; one firm brought back field staff after furlough after receiving loan; others have a specific eight-week plan due to loan; Diana commented there is no requirement to disclose PPP loan to clients, however if in future are submitting financial statements to clients with proposals they will see it
- Discussion of who the decision makers within a firm were regarding PPP and any actions to give back, etc.; comments that involving board – in addition to CEO/COO staff key; Diana suggested documenting firm board meeting minutes/discussion of firms' need for loan as part of documentation

'New Normal' Discussion:

- How to come back after stay-at-home orders lifted
- Only essential travel for now, may lift some in next 3-4 weeks, others through August

- Meetings with clients/visitors in office by appointment only
- Most staff seem to want flexibility to work from home and come in 1-2 days per week
- Expectations that the new normal is where folks only come in part-time
- There may be an impact on how much and what kind of office space is needed in the future
- In office there will be new 'rules of engagement' and folks will not be interacting as they did before
- Kitchens/common spaces one person only, wipe things down, etc.
- Do not want to pressure employees to feel they have to come into the office, do not want to lose talented staff over this issue
- One firm's TX office is 'open', stay-at-home lifted, but only 8-10% of folks are coming into the office, although open/up to them
- Some implementing remote working policies for the first time
- One halting plans for office expansions
- Although states are opening telling staff to continue working from home if at all possible.
- Many thinking that staff will not want to be in the office like they did before COVID-19. Looking at downsizing offices and instituting hoteling as collaboration centers.

Supporting Employees Working from Home:

- Question of liability/working comp issues for folks working from home
- Some firms are paying for home office equipment (printers, monitors, docking stations); others let folks 'check-them-out' of office to bring home, if employees in future need equipment in home and office environments may have to duplicate, but minor-enough cost
- Some paying small stipends for broadband
- Diana S., CPA mentioned that there is a disaster relief tax credit that could perhaps be used regarding purchasing this additional equipment and reinforcing employees' home offices—may apply for childcare too
- California law requires that we reasonably reimburse our employees for working from home.

Office Culture/Morale:

- Let the young staff run with setting up virtual social engagements!
- These may include: lunches, happy hours, dinner parties, book/movie clubs over Zoom/other platforms
- Encourage supervisors to call staff and check in on them—especially younger or newer employees
- Encourage platforms for what would be considered 'water cooler talk' in the office
- Many are even seeing an improved culture
- Based on a survey. Culture has, reportedly, improved. The other thing that we found is that small remote offices feel MORE connected rather than less connected.

Cutting Costs:

- The obvious one: laying off staff
- Some cutting salaries by 10%, some only senior staff (may affect PPP)
- Cutting hours
- Asking for deferrals from banks on payments
- Requesting clients pay electronically for quicker Ars

- Requesting rent relief from landlords, which may include a deferment or abatement (note: this may affect PPP, so could start after 8-weeks/PPP period)
- Suspend 401K match
- Rethink auto/travel allowances for employees, as they are not coming to work daily
- Defer costs around training
- Delay profit distributions

Links Shared:

FAQs PPP- 5/13/20

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>

26 USC Sec. 139: allows for disaster relief payments to be non-taxable fringe benefits

<https://www.law.cornell.edu/uscode/text/26/139>