



April 28, 2020

Re: Updates on PPP Loan and KSGA's In Person Meetings

Dear Client:

As with some of you, our firm has now received PPP loan proceeds in our bank account. We have set up a separate bank account to properly document the authorized uses of our PPP loan. Our revenue for the month of April is less than half of our April 2019 level. We hope that this decrease in revenue is a temporary event and we have kept most of our staff on payroll, as our government has asked of us, as an essential service.

Due to confusion over the partners K-1 income, our bank reduced our loan amount by our partners' K-1 income and certain other payroll costs. In a rush to submit our PPP loan request before the funds ran out, our bank did not call us to clarify but simply reduced our loan amount before the first PPP funds ran out. Since the second funding came out, we called our bank to request an explanation of the reduction. Upon receiving the explanation of our originally requested amount, they will submit an increase of our loan amount with the SBA, back to the original requested amount.

The lesson here is that you can challenge the bank's determination of your PPP loan amount. It is not the bank's money, it is US taxpayers' money helping you to keep your employees, so that they would not be a burden to the unemployment benefits system. In the PPP, the banks and the credit unions are simply distribution channels, to implement the wishes of US Congress and in many cases, just as confused as you are on the intent of the Congress.

For those of you who will be receiving the PPP loan, the real work begins after you receive the loan proceeds, to get these loans forgiven. The authorized uses of the PPP loan proceeds were described in our April 23rd, 16th and 9th letter posted on our website, <http://www.ksgallp.com/>. Please call us if you need clarification on the authorized uses of the PPP loan proceeds.

Additionally, please participate in our PPP survey at <http://survey.constantcontact.com/survey/a07eh1ph6rnk98e96av/start>. Your participation will aid others in getting the PPP loan assistance.

Our firm will begin to have in-person meetings starting Monday, May 18th, 2020, unless the LA County Health Department issues an extension of safer and home order. Please call Valerie at 562-865-2727 x10 or email her at valeman@ksgallp.com to make an in-person appointment with one of our professionals.

So, stay healthy, do social distancing and let's keep the curve flat.

Sincerely,

A handwritten signature in black ink that reads "Steven Y.C. Kang". The signature is written in a cursive style.

Steven Y.C. Kang, CPA
Managing Partner
KSGA, LLP

Proverbs 15:23

Commitment-Integrity-Quality

To You-Your Business-Our Principles

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