Webinar Goals

• Provide information on the Paycheck Protection Program.

• Provide helpful tips for how to do the payroll calculation and complete the application process.

• Provide additional resources

• Gather feedback from nonprofits
DISCLAIMER:

✓ Our **BEST** understanding as of this moment in time
✓ Presenting guidance **NOT** legal or financial advice
✓ You should make all decisions after consulting your attorney and CPA.
✓ **MNA staff are NOT** lawyers or CPA’s
Agenda

• Message from MNA’s President and CEO
• Summary of the Paycheck Protection Program
• Helpful tips for calculating your loan amount
• Application Information and How to Apply
• Overview of Required Documentation
• Additional Resources and FAQ’s
Donna Murray-Brown

President and CEO
MNA’s Framework for Responding to COVID-19

• Response (Immediate and Ongoing)
  • Providing resources, gathering feedback

• Relief (Next 3 to 6 months)
  • Understanding and advocating for nonprofit needs

• Recovery (Ongoing)
  • Connecting nonprofits to or providing supports identified during relief phase

• Reform (6 months and beyond)
  • Advocating for legislative and regulatory changes
Navigating Covid-19 – Paycheck Protection Program for Nonprofits

3 new Covid-19 related acts have generated 10+ programs

➢ Mandatory programs: 3
➢ Elective programs: 7+

Today’s Discussion: Paycheck Protection Program

➢ Greatest potential benefit
➢ Requires immediate (but simple) action
Navigating Covid-19 – Paycheck Protection Program for Nonprofits

What is the Paycheck Protection Program (PPP)?

Federal loan program providing:
- Loans up to 2.5 X your “Monthly Average Payroll” *
- Loans to help cover 8-weeks of payroll
- Unique Attribute – Loans are partially forgivable *

*discussed later
Navigating Covid-19 – Paycheck Protection Program for Nonprofits

Who qualifies for a PPP loan?
- Organization operating on February 15, 2020 with 500 or fewer employees

What are the PPP Loan Terms?
- Loan Fees: None
- Collateral: None
- Personal Guarantee: None
- Interest Rate: 1% per annum
- Loan Term: 2 years (6-month deferment on payments)
- Prepayment Penalties: None
# Navigating Covid-19 – Paycheck Protection Program for Nonprofits

## Payroll Costs *

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Salary, wage, commission or similar compensation **</td>
<td>$360,000</td>
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<tr>
<td>Payment for vacation, parental, family medical, or sick leave</td>
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**Total Payroll Costs (for 12-month period)** $388,200

### Less:

- Employee Cash Compensation in Excess of $100,000 (for 12-month period) $10,000
- For payroll after February 14, 2020, subtract federal employment taxes (i.e. employee withholding and employer/employee FICA)
- Sick Pay and FMLA payments reimbursed under the Families First Coronavirus Response Act

**Payroll Costs Qualifying for PPP Loan** $378,200

### Average Monthly Payroll Costs (Payroll Cost Qualifying for PPP Loan / 12)

$31,517

### Average Monthly Payroll Costs x 2.5

$78,792

### Plus: Economic Injury Disaster Loan (EIDL) made between 1/31/2020 and 4/3/2020, less any "advance"

$78,792

### Maximum PPP Loan

$78,792

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* Exclude compensation and benefits of employees whose principal residence is outside the USA.

** Assumes compensation of one employee was $110,000 during the 12-month period.
## Payroll Costs

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### Payroll Costs:

- **Calendar year 2019 or prior 12 months** *(April 1, 2019 – March 31, 2020)*
- **Payroll Costs exclude:**
  - (i) Contractor payments *(1099’s)*;
  - (ii) Employees with principal residence outside the USA
Navigating Covid-19 – Paycheck Protection Program for Nonprofits

Less:
- Employee Cash Compensation in Excess of $100,000 (for 12-month period)
- For payroll after February 14, 2020, subtract federal employment taxes (i.e. employee withholding and employer/employee FICA)
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**Subtractions from Payroll Costs**

- Cash Compensation over $100,000 for 12-month period
- Employee withholding and FICA for payroll after February 14, 2020 (doesn’t apply if you use calendar year 2019 to calculate Payroll Costs)
- Sick Pay and FMLA pay under the FFCRA (covered in a later webinar)
How much of my PPP loan can be forgiven?

Loan can be forgiven if following costs are *incurred and paid* within 8-weeks of receiving the loan:

- Payroll Costs LESS employee withholding and employer/employee FICA
- Non-Payroll Expenses*
  - Rent/ Lease Payments**
  - Utilities **
  - Loan Interest**

* Non-payroll costs cannot exceed 25% of the total amount to be forgiven. To quickly estimate this limit, divide your forgivable Payroll Costs by 3.

** Contracts and utility service agreements must predate February 15, 2020

Detail of Loan Forgiveness will be covered in a later session
Navigating Covid-19 – Paycheck Protection Program for Nonprofits

How to apply for a PPP loan?

- Complete the SBA’s Borrower Application Form (link below)

- Collect the document required by your bank
  (see chart on following page)

- Go to your bank’s website and apply online
Paycheck Protection Program
Borrower Application Form

OIB Control No.: 3245-4407
Expiration Date: 09/30/2020

Check One:
☐ Sole proprietor ☐ Partnership ☐ C-Corp ☐ S-Corp ☐ LLC
☐ Independent contractor ☐ Eligible self-employed individual
☐ 501(c)(3) nonprofit ☐ 501(c)(19) veterans organization
☐ Tribal business (sec. 31(b)(2)(C) of Small Business Act) ☐ Other

DBA or Tradename if Applicable

Business Legal Name

Business Address
Business TIN (EIN, SSN)
Business Phone

Primary Contact
Email Address

Average Monthly Payroll: $ __________ 2.5 x EIDL, Net of Advance (if applicable) = $ __________ Number of Employees: __________

Purpose of the loan
(select more than one):
☐ Payroll ☐ Lease / Mortgage Interest ☐ Utilities ☐ Other (explain): __________

Applicant Ownership

Is all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

<table>
<thead>
<tr>
<th>Owner Name</th>
<th>Title</th>
<th>Ownership %</th>
<th>TIN (EIN, SSN)</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
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</table>

If questions 1 or 2 below are answered "Yes," the loan will not be approved.

1. Is the Applicant or any owner of the Applicant presently suspended, debared, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?
☐ Yes ☐ No

2. Have any of the Applicant's owners, officers, or directors filed a petition for relief under Chapter 7 of the Bankruptcy Code or been insolvent or bankrupt?
☐ Yes ☐ No

3. In your opinion, is this loan application complete?
☐ Yes ☐ No

4. In your opinion, will the funds be used for purposes authorized by the Paycheck Protection Program?
☐ Yes ☐ No

5. (If Yes) Other (explain): __________

Microsoft Word - Borrowers agreement revised
Paycheck Protection Program
Borrower Application Form

By signing below, you make the following representations, authorizations, and certifications.

CERTIFICATIONS AND AUTHORIZATIONS

I certify that:

[ ] I have read the statements included in this form, including the Statements Required By Law and Executive Order, and I understand them.

[ ] The Applicant is eligible to receive a loan under the rules and criteria at the time this application is submitted.

[ ] The Applicant is an independent contractor, eligible self-employed individual, or sole proprietor or (2) employees no more than the greater of 100 or employees or, if applicable, the size standard in number of employees established by the SBA in 13 C.F.R. 131 for the Applicant's industry.

[ ] I will comply, whenever applicable, with the civil rights and other limitations on discrimination in this form.

[ ] All SBA loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rules.

[ ] To the extent feasible, I will purchase only American-made equipment and products.

[ ] The Applicant is not engaged in any activity that is illegal under federal, state, or local law.

[ ] Any loan received by the Applicant under Section 7(a)(2) of the Small Business Act between January 31, 2020, and April 8, 2020, was for a purpose other than paying payroll costs and other allowable uses under the Paycheck Protection Program Rules.

For Applicants who are individuals: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

CERTIFICATIONS

The authorized representative of the Applicant must certify to good faith to all of the below or initiating action to each one:

[ ] The Applicant was in operation on February 15, 2020, and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form 940-W.

[ ] Current economic necessity makes this loan request necessary to support the ongoing operations of the Applicant.

[ ] The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rules. I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me liable, such as for charges of fraud.

[ ] The Applicant will provide to the Lender documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight-week period following the loan.

[ ] I understand that loan forgiveness will be provided for the full amount of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 25% of the forgiven amount may be for non-payroll costs.

[ ] During the period beginning on February 15, 2020, and ending on December 31, 2020, the Applicant has not and will not receive another loan under the Paycheck Protection Program.

[ ] I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a governmental loan from SBA is punishable under the law, including under 18 USC 1001 and 3731 by imprisonment of not more than five years and/or a fine of up to $25,000; under 18 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 federal agency, under 18 USC 1014 by imprisonment of not more than ten years and/or a fine of not more than $200,000.

[ ] I acknowledge that the lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge, and agree that the lender can share any information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

Signature of Authorized Representative of Applicant

[ ] Date

Print Name

[ ] Title
## Navigating Covid-19 – Paycheck Protection Program for Nonprofits

<table>
<thead>
<tr>
<th>Documents / Information</th>
<th>B of A</th>
<th>Chase</th>
<th>Comerica</th>
<th>First Indep</th>
<th>Huntington</th>
<th>Level One</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizations legal name and Tax EIN</td>
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<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Employer’s Quarterly Federal Tax Return (form 941) for 2019 and Q1 2020</td>
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<tr>
<td>UIA Employer’s Quarterly Wage/Tax Report (form UIA 1028)</td>
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<tr>
<td>Agent signing the online application: Name, work address, phone number, email. title,</td>
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<td>birthdate, SSN and residential address</td>
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<tr>
<td>Payroll processor payroll summary report (PPP Report)</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>2019 and YTD 2020 Monthly Payroll Report (Quickbooks, Gusto, ADP, etc)</td>
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<td>?</td>
<td>X</td>
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<tr>
<td>Employer’s Annual Federal Unemployment (FUTA) Tax Return for 2019 (Form 940)</td>
<td>X</td>
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<td>W-3 for 2019</td>
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<td>X</td>
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<tr>
<td>2019 revenues and loan expense budget (payroll, rent, utilities and interest)</td>
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<td>X</td>
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<tr>
<td>Agent signing the online application: copy of front/back of valid driver’s license,</td>
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<tr>
<td>social security card (if not available, submit copy of valid passport)</td>
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NOTE: P&L’s and Tax Returns are often requested if your organization does not have an existing business relationship with the bank.
Pause for Questions

Poll: Are you going to apply for a Paycheck Protection Program Loan?
Paycheck Protection Program Resources

- Paycheck Protection Program-Maximum Loan Calculator
- Paycheck Protection Program Fact Sheet
- The Paycheck Protection Program Application
- Paycheck Protection Program Frequently Asked Questions
- Small Business Owner’s Guide to the CARES Act (pgs.2-6)

Discussion Question (use chat box to respond):
What specific resources do you need?
What topics do you need more support in?
MNA Resources specific to COVID-19 Response

• **MNAonline.org**- Special COVID-19 section
• Sign-up for e-newsletters
• Contact MNA staff
• Calendar with events
• Future tele-town halls and webinars
• Upcoming sessions in this series
  
  - **Session 2:** An overview of all governmental assistance grant and loan programs for nonprofits
  
  - **Session 3:** Mandatory and Elective Federal and State Programs in response to the COVID-19 Crisis for organizations and employees.
Connect on Social Media

@MNAonline

Join MNA’s LinkedIn group: Leading Nonprofits Through COVID-19
Thank You!

Please provide feedback via online survey after the event to help inform future webinars.

Send additional feedback to spinder@mnaonline.org.