Navigating COVID-19: Government Grant and Loan Programs for Nonprofits

April 15, 2020
Webinar Goals

• Provide information on the Government Grant and Loan Programs for Nonprofits

• Provide additional resources

• Gather feedback from nonprofits

Sarah Pinder
Engagement Director
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
• Calculating Paycheck Protection Program Loan Forgiveness
• Economic Injury Disaster Loans (EIDL)
• Emergency Economic Injury Grants (EEIG)
• Small Business Debt Relief Program
• Michigan Small Business Relief Program
• 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
Presenter: Bob Weins
# Navigating the Covid-19 Programs

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* Non-profits can opt-out of UIA insurance coverage
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* Non-profits can opt-out of UIA insurance coverage
Navigating Covid-19 – Paycheck Protection Program

PPP Goals

➤ Keep small businesses alive
➤ Maintain employment

What is the Paycheck Protection Program (PPP)?

➤ Loans up to 2.5 X your “Monthly Average Payroll”
➤ Loans to help cover 8-weeks of payroll
➤ Unique Attribute – Loans are *partially forgivable*
### Quick Review – Calculating PPP Max Loan

<table>
<thead>
<tr>
<th>Payroll Costs *</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary, wage, commission or similar compensation **</td>
<td>$360,000</td>
</tr>
<tr>
<td>Payment for vacation, parental, family medical, or sick leave</td>
<td></td>
</tr>
<tr>
<td>Allowance for dismissal or separation</td>
<td></td>
</tr>
<tr>
<td>Group health care benefits and workers compensation insurance premiums</td>
<td>$12,000</td>
</tr>
<tr>
<td>Retirement benefits (on the first $100,000 of each US Resident employee's compensation)</td>
<td>$14,000</td>
</tr>
<tr>
<td>Unemployment Insurance</td>
<td>$2,200</td>
</tr>
<tr>
<td><strong>Total Payroll Costs (for 12-month period)</strong></td>
<td>$388,200</td>
</tr>
</tbody>
</table>
Navigating Covid-19 – Paycheck Protection Program

Quick Review – Calculating PPP Max Loan

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Payroll Costs Qualifying for PPP Loan</td>
<td>$378,200</td>
</tr>
<tr>
<td>Average Monthly Payroll Costs (Payroll Cost Qualifying for PPP Loan / 12)</td>
<td>$31,517</td>
</tr>
<tr>
<td>Average Monthly Payroll Costs X 2.5</td>
<td>$78,792</td>
</tr>
<tr>
<td>Plus: Economic Injury Disaster Loan (EIDL) made between 1/31/2020 and 4/3/2020, less any “advance”</td>
<td>$78,792</td>
</tr>
</tbody>
</table>

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

Maximum PPP Loan $78,792
Navigating Covid-19 – PPP Loan Forgiveness

What costs qualify for forgiveness?

- Payroll Costs
- Non-Payroll Expenses*
  - Rent/ Lease Payments
  - Utilities
  - Loan Interest

Costs must be *incurred and paid* within *8-weeks* of receiving the loan

* 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
Navigating Covid-19 – PPP Loan Forgiveness

What reduces my loan forgiveness?

Just remember...

- No Layoffs
- No Pay Cuts

... No Reduction in Forgiveness %
## Navigating Covid-19 – PPP Loan Forgiveness %

<table>
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<tr>
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<th>Base Period</th>
<th>8-Week Loan Period</th>
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<tbody>
<tr>
<td></td>
<td>Feb 15 - June 30, 2019</td>
<td>Jan 1 - Feb 29, 2020</td>
</tr>
<tr>
<td>Ave. Full Time</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Ave. Half Time</td>
<td>6</td>
<td>5</td>
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<tr>
<td>Number of FTE's</td>
<td>7.00</td>
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### 8-Week Loan Period

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<th>Jun-2020</th>
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<tr>
<td>Ave. Full Time</td>
<td>4</td>
<td>4</td>
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<tr>
<td>Ave. Half Time</td>
<td>2</td>
<td>2</td>
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<td>Number of FTE's</td>
<td>5.00</td>
<td>5.00</td>
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- **Ave FTE for 8-Week Period**: 5.00
- **Ave FTE for Feb 15 - Jun 30**: 7.00

### Forgiveness %

- **71%**

Select the lower of the two

Average the two
Navigating Covid-19 – PPP Loan Forgiveness %

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71% Forgiveness %
Navigating Covid-19 – PPP Loan Forgiveness %

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**Staffing Forgiveness %**

Select the lower of the two 71% Forgiveness %
Navigating Covid-19 – PPP Loan Forgiveness %

<table>
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<tr>
<th>PPP Funds Spent During 8-Week Period (May - 1 to June 26)</th>
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<tbody>
<tr>
<td>Payroll</td>
<td>$40,000</td>
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<tr>
<td>Rent</td>
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<td><strong>Forgiveness %</strong></td>
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<tr>
<td><strong>Loan Forgiveness</strong></td>
<td><strong>$32,214</strong></td>
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- **PPP Loan Amount** $50,000
- **Payroll** $40,000
- **Rent** $4,000
- **Utilities** $1,000
- **Interest** $100

**PPP Funds Spent During 8-Week Period (May - 1 to June 26):**

- Payroll $40,000
- Rent $4,000
- Utilities $1,000
- Interest $100

**PPP Funds Spent:** $45,100

**Forgiveness %:** 71%

**Loan Forgiveness:** $32,214

**Unforgiven Loan Balance:** $17,786

**Less: Unspent PPP Funds:** $4,900

**Loan Balance:** $12,886
# Navigating Covid-19 – PPP Loan Forgiveness %

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**Forgiveness %** 71%

**Loan Forgiveness** $32,214

**Unforgiven Loan Balance** $17,786

**Less: Unspent PPP Funds** $4,900

**Loan Balance** $12,886
Navigating Covid-19 – PPP Loan Forgiveness

Remember...

➢ No Layoffs
➢ No Pay Cuts

... No Reduction in Forgiveness %

One good exception
Navigating Covid-19 – PPP Loan Forgiveness

When calculating your Forgiveness %

Ignore layoffs and pay cuts if:

- They occurred between Feb 15th and April 26th
- Rehire staff at full pay by June 30th (restore FTE’s)
Navigating Covid-19 – Economic Injury Disaster Loans (EIDL)

What are EIDL Loans?

- Low-interest SBA working capital loans (not forgivable)
- Maximum Loan: $2M
- Loan Fees: Apply
- Collateral: None for loans under $25,000
- Personal Guarantee: None for loans of $200,000 or less
- Interest Rate: 2.75%
- Term: Up to 30 years
- Prepayment Penalties: Yes (3-years)
Pause for Questions
Navigating Covid-19 – Emergency Economic Injury Grant (EEIG)

What are EEIG Grants?

- Grant of $1,000 per employee ($10,000 maximum)
- Funds can be used for:
  - Payroll
  - Materials
  - Rent
  - Mortgage/debt payments
Navigating Covid-19 – Eligibility for EIDL & EEIG

Eligibility requirements for both EIDL & EEIG:

- 500 or fewer employees (full and part-time)
- Operating on January 31, 2020
Navigating Covid-19 – Applying for EIDL & EEIG

Apply for both EIDL & EEIG using online application:

- [https://covid19relief.sba.gov/#/](https://covid19relief.sba.gov/#/)

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**COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION**

**STREAMLINED PROCESS REQUIREMENTS**

SBA is collecting the requested information in order to make a loan under SBA’s Economic Injury Disaster Loan Program to the qualified entities listed in this application that are impacted by the Coronavirus (COVID-19). The information will be used in determining whether the applicant is eligible for an economic injury loan. If you do not submit all the information requested, your loan cannot be fully processed.

The Applicant understands that the SBA is relying upon the self-certifications contained in this application to verify that the Applicant is an eligible entity to receive the advance, and that the Applicant is providing this self-certification under penalty of perjury pursuant to 28 U.S.C. 1746 for verification purposes.

The estimated time for completing this entire application is two hours and ten minutes, although you may not need to complete all parts. You are not required to respond to this collection of information unless it displays a currently valid OMB approval number.
Navigating Covid-19 – Applying for EIDL & EEIG

Only financial information required on this “pre-application”

<table>
<thead>
<tr>
<th>Field</th>
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<tbody>
<tr>
<td>Business Legal Name</td>
<td>Required</td>
</tr>
<tr>
<td>Trade Name</td>
<td>Required</td>
</tr>
<tr>
<td>EIN/SSN for Sole Proprietorship</td>
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<tr>
<td>Organization Type</td>
<td>Required</td>
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<tr>
<td>Is the Applicant a Non-Profit Organization?</td>
<td>Required Yes: Use 990 if don't have Feb 2019 - Jan 2020  No</td>
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<tr>
<td>Is the Applicant a Franchise?</td>
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<td>Gross Revenues for the Twelve(12) Month Prior to the Disbursement Date</td>
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<tr>
<td>Cost of Goods Sold for the Twelve(12) Month Prior to the Disbursement Date</td>
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Gross Revenue: Use 990 if don't have Feb 2019 - Jan 2020

Cost of Goods Sold: Zero if don't provide a product.
Navigating Covid-19 – Applying for EIDL & EEIG

Apply for the EEIG at the end of this online pre-application

Check this box

I would like to be considered for an advance of up to $10,000.

Where to Send Funds

Bank Name *

Account Number *

Routing Number *

Insert Bank Information
## Navigating the Covid-19 Programs

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- **Apply for the PPP Loan**
- **Complete the online EIDL loan pre-application and request the advance of up to $10,000 (EEIG)**
Pause for Questions

Discussion Question (use question box to respond):
What specific resources do you need?
What topics do you need more support in?
Government Grant and Loan Programs for Nonprofits Resources

- Small Business Owner’s Guide to the CARES Act
- Paycheck Protection Program Calculator *(updated)*
- EIDL and EEIG Application
  https://covid19relief.sba.gov/#/
- Paycheck Protection Program Fact Sheet
- SBA’s frequently asked questions on Paycheck Protection Program
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 3: Impact of FFCRA and CARES on Nonprofit Operations**
*Friday, April 17, 2020 at 10:00 AM*
Connect on Social Media

@MNAonline

Join 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.