



Webinar Series Overview of Non-Profit Federal Financial Assistance Programs— COVID-19

MONDAY, APRIL 6, 2020





BEFORE WE BEGIN



You are muted upon entry into the webinar



Click the Q&A icon to submit your questions anytime.



Like submitted questions to ensure they get asked



Chat

Use chat for comments or to elaborate on surveys



We will send you the recording

W E L C O M E
OUR Disclaimer



This information is based on federal legislation recently signed into law to support non-profits affected by the COVID-19 pandemic. Federal and state agency rules and regulations for specified programs can be subject to change. For applications and updated information, please review the appropriate websites.

MEET OUR PRESENTERS



Frankie Miranda

President
Hispanic Federation



Manuel Chirig

Chief Operating Officer
Popular Bank



Lillian Rodríguez López

Consultant
Hispanic Federation

PROGRAMS AVAILABLE
UNDER
FAMILIES FIRST ACT & CARES ACT



Loan Programs



Payroll Tax Benefits



**Employee Paid Leave
& Unemployment**

Webinar Agenda

Overview of Non-Profit Federal Assistance Programs

Topic	Presenter
1. Welcome/Introduction	Frankie Miranda, President
3. Paycheck Protection Program	Manuel Chinaea, Chief Operating Officer, Popular Bank
4. Economic Injury Disaster Loan	Lillian Rodríguez López, Consultant
5. Industry Stabilization Fund	Lillian Rodríguez López, Consultant
6. Other Federal Assistance Programs	Lillian Rodríguez López, Consultant
7. Questions	Discussion

Which Federal Programs do You Plan to Participate In?

Poll #1

1. Which Federal Programs do You Plan to Participate In? (multiple choice)

- a) Paycheck Protection Program (PPP)
- b) Economic Injury Disaster Loan (EIDL)
- c) Industry Stabilization Fund
- d) Employee Retention Credit
- e) Deferred Payroll Taxes
- f) Paid Sick Leave
- g) Expanded Unemployment Insurance
- h) Other staff (Use chatroom  to specify)

Chat

Federal Loan Programs

Paycheck Protection Program (Emergency SBA 7(a) Loans)

- Processor: Local Financial Institutions
- Emergency Loan programs for certain, IRS-recognized non-profits and for-profit entities to secure funds to pay staff and operating costs for two months. Eligible for loan forgiveness if certain conditions are met.
- Can apply for the lesser of \$10 million or 2.5 times your average monthly payroll costs for a one-year period prior to the date of applications. **Example: Applications submitted on April 15th must calculate average total monthly payroll for April 15, 2019 – April 15, 2020.**
- You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating.
- Other regulated lenders will be available to make these loans once they are approved and enrolled in the program.
- **There is a fixed interest rate of 1.0% fixed rate.** All payments are deferred for 6 months; however, interest will continue to accrue over this period. The full loan will be due in 2 years.
- No collateral or personal guarantee required. Has a good faith certification that loan is based on economic conditions;
- Available through June 30, 2020
- You can apply for the emergency EIDL and PPP; amount awarded through Emergency EIDL will be deducted from PPP Loan.

Paycheck Protection Program

Eligibility Requirements

- In operation on 2/15/20 with paid employees
- 500 or fewer employees
- Charitable 501c3 non-profits
- Employees of affiliated non-profits can apply under one application if it does not exceed the cap of 500 employee and depending on the degree of control by parent entity.
- [Click here to apply](#)
- Click here to find your [local SBA Loan Centers](#)

Documentation

- Loan Application (SBA Form 2486)
- Payroll Tax reports
- List of all owners of Applicant with greater than 20% ownership stakes (or authorized officers of the tax-exempt organization)
- Organizational Documents
- Rent/Mortgage Interest Document
- Utility Documentation
- Most recent financial statements or tax returns might be required in certain instances

Paycheck Protection Program

Payroll and Operating Costs

You should use the proceeds from these loans on:

- Payroll costs, including benefits;
- Interest on mortgage obligations, incurred before February 15, 2020; can not be used to prepay mortgage interest or for the payment of principal on a mortgage.
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

• Payroll costs include:

- Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation.

Paycheck Protection Program

Excluded Payroll Costs

Payroll costs do **not** include:

- Compensation of an individual employee in excess of a \$100K annual salary, prorated for the covered period;
- Taxes imposed or withheld under chapters 21 (FICA), 22 (Railroad Retirement Tax), and 24 (payroll taxes) of the Code;
- Compensation of employees whose principal place of residence is outside of the United States;
- Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act

Paycheck Protection Program

Loan Forgiveness

- Borrowers are eligible to have loan amounts completely forgiven (with exception of interest) to the extent that the amounts borrowed are used for Permitted Uses during the 8-week period after receiving the loan.
- The amount of loan forgiveness may not exceed the principal amount of the loan (you'll still owe the accrued interest even if the loan is completely forgiven).
- Loan forgiveness is subject to reduction if there is a reduction in the organization's number of employees or a reduction in wages through June 30, 2020.
- A reduction in FTE's between February 15th and April 27th, 2020 is disregarded if the reduction is eliminated by June 30, 2020 for purposes of the reduction in number of employees and/or compensation.
- Compensation Reduction does not apply to any employee who, during any pay period in 2019, wages or salary at an annualized rate of pay in an amount of more than \$100,000.

Paycheck Protection Program

Loan Forgiveness

- Loan forgiveness is not automatic. The federally tax-exempt organization will need to submit an application to the lender that is servicing the loan that includes:
 - documentation verifying the number of full-time equivalent employees on payroll and pay rates;
 - state income, payroll, and unemployment insurance filings;
 - documentation, including cancelled checks, payment receipts, transcripts of accounts, or other document verifying payments on covered mortgage and lease obligations and utility payments;
 - certification from an authorized representative that the documentation is true and correct and the amount for which the forgiveness is requested was used for Permitted Uses;
 - and any other documentation the SBA Administrator requires.
- No forgiveness is permitted without providing the above documentation.
- The lender is required to issue a decision on the loan forgiveness application within 60 days of its submission.

Paycheck Protection Program

Loan Forgiveness Calculation

Loan Forgiveness Amount	
<i>Represents the maximum amount a qualified borrower may have forgiven.</i>	
LOAN AMOUNT	\$ 400,000
Costs Incurred During the "Covered" Period (8 weeks following loan origination):	
Payroll Costs (defined above)	\$ 310,000
Earnings from Self-Employment (if applicable)	\$ 30,000
Rent	45,000
Utilities	15,000
Interest on Covered Mortgages (on real or personal property)	6,000
Tentative Loan Forgiveness (before required reductions)	\$ 406,000
LESS: Required Reductions in Loan Forgiveness:	
<i>Number of Employees:</i>	
Monthly Average Full Time Equivalent ("FTE") Employees for the Covered Period (8 weeks following origination of the covered loan)**	32
<i>Lesser of (at borrower's choice):</i>	
Monthly Average FTE's for the period February 15 to June 30, 2019	41
Monthly Average FTE's for the period January 1 to February 29, 2020**	38
% Reduction	15.79%
	(64,105)
<i>Compensation Reduction:</i>	
Individual Employee Compensation Reduction in Excess of 25% Compared to the Most Recent Full Quarter Before Origination of Loan***	(30,000)
<i>Tentative Loan Forgiveness</i>	<i>c) \$ 311,895</i>
TOTAL LOAN FORGIVENESS [lesser of b) or c) above]	d) \$ 311,895
BALANCE OF LOAN NOT FORGIVEN (if any)	\$ 88,105

Timing and Process

- Time is of the essence. High demand is expected to deplete program funding quickly
- Primary bank might provide fastest processing time
- Popular Bank's process:
 - Popular's Relationship Officer or Branch Manager will initiate digital process
 - E-filing and E-signatures supported
 - Can upload all supporting documents
- Once complete application and supporting documents are submitted, bank underwrites and submits approval to SBA
- SBA approves and provides guarantee number to bank
- Bank disburses proceeds to client

Questions?



Q&A



Federal Loan Programs

Expanded EIDL & Emergency Advance Grant SBA 7(b) Loans

- Processor: Small Business Administration
- Economic Injury Disaster Loan (EIDL) provides up to \$2 million of financial assistance (actual loan amounts are based on amount of economic injury) to private, non-profit organizations or small businesses suffering substantial economic injury as a result of the declared disaster, regardless of whether the applicant sustained physical damage.
- EIDL is available to 501(c)3 non-profits or nonprofits recognized by their State
- EIDL advances \$10,000 within 3 days for the operation of the organization. Loan advance will not have to be repaid.

Eligibility Requirements

- In operation before 1/31/20
- Funding received through Emergency Advance program will be deducted from funds received from approved Paycheck Protection Program loans.
- Based on credit rating
- Applicant has fewer than 500 employees
- Excludes religious institutions and certain other non-profits
- Click [here to apply](#)
- Apply through December 31, 2020

Industry Stabilization Fund

Low Interest Loans for Nonprofits with 500 to 10,000 Employees

- Industry Stabilization Fund allocates \$454B to “nonprofit organizations” and businesses
- For 500 and 10,000 employees (deemed “mid-sized businesses”).
- Treasury Department and Federal Reserve plan will provide more details on loan process
- Suited to large nonprofit employers, including hospitals and universities.
- Subject to annualized interest rates of no more than 2% per year.
- No principal or interest is due for at least first six months.
- The term “nonprofit organizations” is not defined for purposes of the Fund, so it is unclear whether nonprofits other than those exempt from tax under section 501(c)(3) of the Code are eligible.
- Pending - procedures for application and minimum requirements for making loans and providing loan guarantees.

Industry Stabilization Fund

Low Interest Loans for Nonprofits with 500 to 10,000 Employees

- Eligible nonprofit organizations will be required to certify, among other things, that:
 - uncertainty of economic conditions makes the loan request necessary to support ongoing operations;
 - funds received will be used to retain at least 90% of the recipient's workforce, at full compensation and benefits, through September 30, 2020.
- Intends to restore not less than 90% of its February 1, 2020, workforce and to restore all compensation and benefits to the workers no later than four months after the termination date of the public health emergency declared by the Secretary of Health and Human Services in response to COVID-19;

Industry Stabilization Fund

Low Interest Loans for Nonprofits with 500 to 10,000 Employees

- US created, organized and domiciled with significant operations and a majority of employees located/based in the United States;
- No outsourcing or offshore jobs for the term of the loan plus an additional two years;
- Not a debtor in a bankruptcy proceeding;
- No abrogating existing collective bargaining agreements for the term of the loan plus an additional two years.
- Will remain neutral in any union organizing effort for the term of the loan.

Loan Forgiveness

- Unlike the Paycheck Protection Program loans, this loan is not eligible for forgiveness.

Payroll Tax Benefits

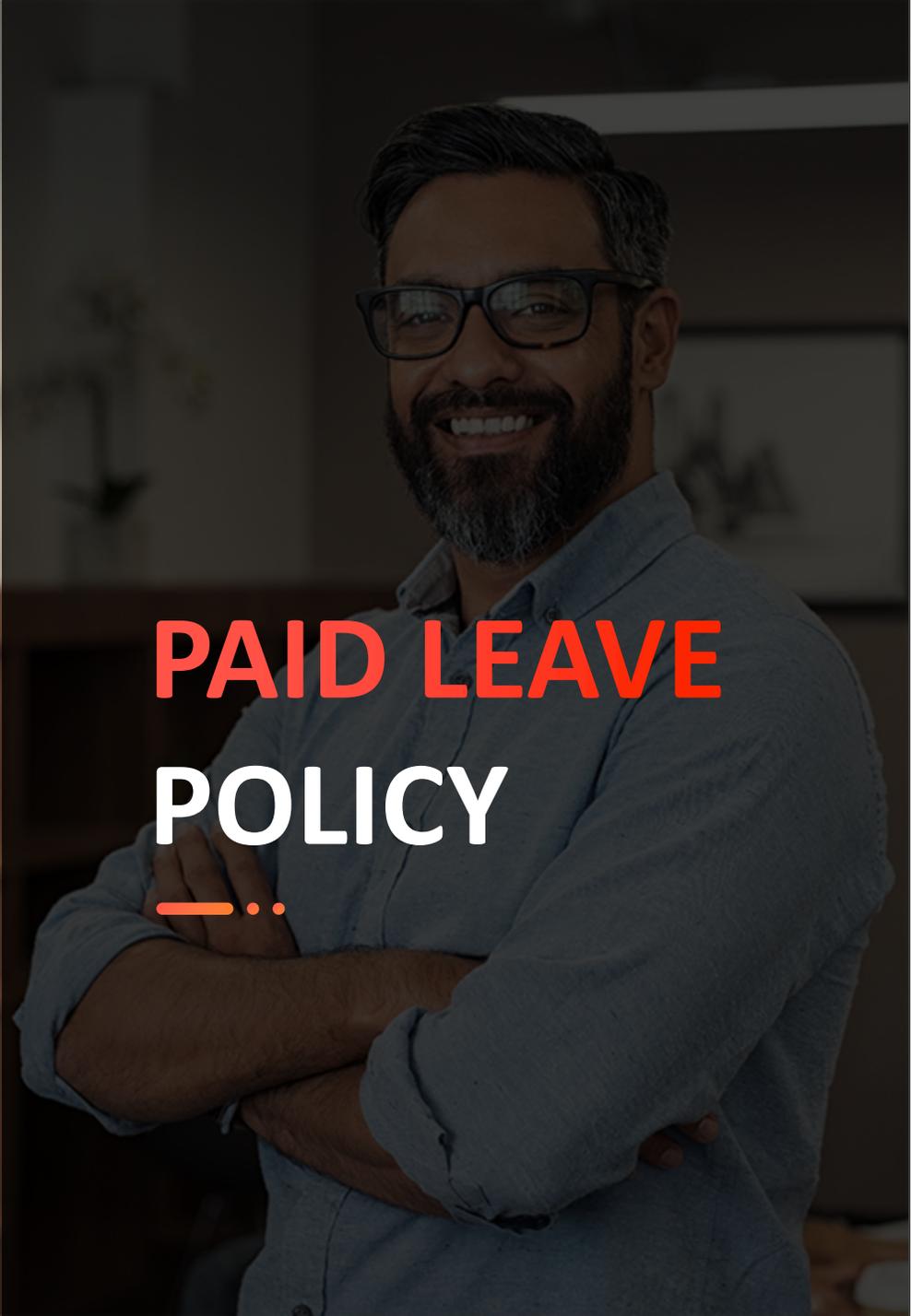
Employee Retention Credit

- Eligible employers including nonprofits can apply for a fully refundable credit against employment taxes equal to 50% of the qualified wages paid to employees between March 12, 2020 and January 1, 2021 that are not working because the nonprofit has partially or completely ceased operations.
- For eligible employers with more than 100 employees, those are wages paid to an employee even though the employee is unable to work due to a full or partial suspension of operations due to a governmental “stay at home” or other order.
- For eligible employers with 100 or fewer employees, “qualified wages” include all wages paid whether the employer is open for business or subject to a shutdown order.
- Qualified wages includes health plan expenses.
- Credit limit is \$10,000 in the aggregate per employee.
- Up to \$5,000 per employee per quarter
- Conditions:
 - Experienced a whole or partial shutdown, and
 - Experienced a drop in revenue of at least 50 percent in the first quarter compared to the first quarter of 2019.
- **Employers receiving the Paycheck Protection Plan Loan are ineligible for the credit.**

Payroll Tax Benefits

Deferred Payroll Taxes

- Qualifying companies will be able to delay **their share** of Social Security payroll taxes to the IRS.
- They would be delayed until Jan. 1, 2021, with 50% owed by the end of 2021 and the other half due Dec. 31, 2022. Companies' share of the Medicare payroll tax will still be due as usual.
- Employee share must still be collected and paid to authorities.



PAID LEAVE POLICY

- Paid Leave available through December 31, 2020
- Applies to businesses with less than 500 employees (including non-profit organizations)
- Businesses with fewer than 50 employees can apply for a waiver based on economic hardship due to school closings or childcare provisions
- Businesses with 500 or more employees are exempt
- Employers face no payroll tax liability

Paid Sick Leave for Workers

Caring for Your Workers During the COVID-19 Crisis

- Employee is unable to work remotely or caring for a child whose school is closed or whose childcare provider is unavailable because of coronavirus.
 - Employee is in mandatory "shelter in place" due to a state or municipal mandate.
 - Employee is ill, quarantined or seeking diagnosis for coronavirus, or caring for a sick family member. (Requires medical verification)
 - For employees, up to \$511 per day or \$5110 for entire paid sick leave period.**
 - Two weeks of full pay (up to 80 hours) followed by 2/3 of pay for 10 additional weeks in certain circumstances.
- **Note: See [DOL regulations](#) for other specifications on paid sick leave, family leave and other benefits

UNEMPLOYMENT INSURANCE



- Regular unemployment benefits expanded by 13 weeks.
- Includes flat weekly benefit of \$600 per week in addition to ordinary benefits.
- Available through July 31, 2020 for added benefit.
- Expanded eligibility to freelancers (gig economy workers), contract workers, furloughed employees.
- Immigrant workers who have a valid work authorization and social security number can apply for benefits. (check with state)



Questions?



Q&A





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