Paycheck Protection Program
Loans Overview: How to Apply

With Updates as of April 11, 2020 5:00pm EST
Continue to Check SBA’s Website

This information is provided for general informational and educational purposes only and does not constitute legal advice. Please note guidance is changing regularly and we encourage you to check with the SBA and your lender for updated information.
What are we covering today?

- Basics of the Program
- How to Apply, How to Estimate the Average Monthly Payroll and Total Loan Request, and Key Documents to Collect
- FAQs
- Resources Available
Thursday, 4/9 8:30 am UPDATE: We are continuing to update our guidance according to the latest information on the Paycheck Protection Program. Scroll down for time-stamped resources including an FMA guide for how to apply, our latest FAQs, and an average monthly payroll calculator. As of 8:30 am ET, space is still available in today’s free public PPP clinic at 4-5pm ET, and we have added daily clinics through April 17th from 4-5 pm ET, as well as 10am and 11am ET on some days.

The Small Business Administration’s Paycheck Protection Program provides potentially forgivable loans for nonprofits with 500 or fewer employees at 2.5x your average month payroll, up to $10M to 501(c)(3) nonprofits experiencing uncertainty in the current economic climate to help cover the costs of payroll and certain operational expenses.

SBA will forgive loans if all employees are kept on the payroll for eight weeks after the loan originates and the money is used for payroll, rent, mortgage interest, or utilities. Eligible nonprofits must have their materials ready as quickly as possible since the first come-first served application process opened on Friday April 3rd and is continuing.

**Federal Government Guidance:**
- Small Business Administration FAQs on PPP [Updated 4/6](https://fmaonline.net/ppptoolbox/)
- Fillable PPP Application (pdf) – [Updated 4/3 9:30 am ET](https://fmaonline.net/ppptoolbox/)
- SBA Interim Final Rule Guidelines as of 4/2/2020

**FMA Tools:**
- FMA email with our latest guidance as of [Tuesday, 4/7 2pm ET](https://fmaonline.net/ppptoolbox/)
How do we reach FMA with additional questions and support on PPP after today’s session?

Please reach out to 
FMACARES@fmaonline.net

One of our experts will assist you with your questions as soon as possible
Overview of the Program and How to Apply
Basics of the Program

The Paycheck Protection Program is a loan administered by the Small Business Administration designed to provide a direct incentive for small businesses and nonprofit organizations to keep their workers on the payroll.

SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.
Basics of the Program: 4 Questions

1) Can we apply?

2) How much can we borrow?

3) What can we use the loan for?

4) How much will be forgiven?
Basics of the Program

Can we apply?

• You must have 500 or fewer employees who principally reside in the US

• You must certify that the current economic uncertainty makes the loan request necessary to support your ongoing operations

• Nonprofits must be 501(c)(3) or 501(c)(19)

• You must have been in operation on February 15, 2020
Basics of the Program

How much can we borrow?

- 2.5X monthly payroll – salaries, severance, paid leave, some benefits, some payroll taxes
- Up to $10M max
- Lender will technically set the amount and you must attest to the accuracy of the calculations
- We have a calculator to estimate. Use your lender’s if they have one.
What can we use the loan for?

- **Payroll** for 8 weeks (total loan must be at least 75% for payroll)

- **Utilities, rent, mortgage interest** (with arrangements in place by 2/15/20)
Basics of the Program

How much will be forgiven?

• Up to 100% if you keep or increase your FTEs, maintain salaries of employees and spend the loan on what it is supposed to be spent for (payroll, rent, mortgage interest, utilities)

• **BUT** - if you have to decrease salaries of employees making less than $100,000 by more than 25% or reduce FTEs, you will get a reduction in forgiveness.
  
  o The loan for any unforgiven amount will be a 2-year loan at 1% interest.
What Nonprofits Need to Do Immediately if They’re Interested

1. Reach out to your bank to confirm they’re an SBA lender and will be processing PPP applications. If not, ask for a referral. Understand their application process and what documents they will require.

2. Get authorization from your board via a resolution to apply (or at least in writing).

3. Gather payroll information from the last 15 months (January 1, 2019 – March 31, 2020) to establish how much you can borrow and key documents shared latest in the deck.

4. Apply!
Digging into the Application & Calculations
What’s on the application?

This is what we know so far. Lenders will have their way of completing but organizations are encouraged to start with this.

What about the question on Ownership?

Given this application is meant to be inclusive of for-profits and since nonprofits have not typically been included in programs like this, the Ownership question has left many nonprofits scratching their heads.

Consider taking this approach if forced to fill it out:

- **Owner First Name** = N/A
- **Owner Last Name** = 501(c)(3)
- **Title** = N/A
- **Ownership %** = 0% or 100%
- **TIN (EIN, SSN)** = Your Nonprofit EIN
- **Address** = Nonprofit’s Headquarters
- **DOB** = Nonprofit Incorporation Date
**What else is on the application?**

<table>
<thead>
<tr>
<th>Fields</th>
<th>Suggested Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Legal Name</td>
<td>Name on your Articles of Incorporation or what you put on your 990</td>
</tr>
<tr>
<td>DBA or Trade Name</td>
<td>If you go by a DBA on your 990</td>
</tr>
<tr>
<td>Business Address</td>
<td>Headquarters address or what you put on your 990</td>
</tr>
<tr>
<td>Business TIN (EIN, SSN)</td>
<td>EIN from your IRS letter of determination</td>
</tr>
<tr>
<td>Business Phone</td>
<td>Phone you maintain on your website, what you list on your 990, or phone number of your CEO</td>
</tr>
<tr>
<td>Primary Contact</td>
<td>Person who will manage banking relationship (Executive Director, CFO, Board Treasurer, etc.)</td>
</tr>
<tr>
<td>Email Address</td>
<td>Email address of Primary Contact who will manage banking relationship</td>
</tr>
<tr>
<td>Average Monthly Payroll</td>
<td>See next slide</td>
</tr>
<tr>
<td>x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request</td>
<td>See next slide</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>Average Monthly Headcount from each payroll in the 12 months period (total number of people on your payroll + employees obtained from a temporary employee ÷ 12)</td>
</tr>
<tr>
<td>Purpose of the Loan</td>
<td>Check all that apply</td>
</tr>
</tbody>
</table>
How do we calculate Average Monthly Payroll?

Let’s start with “Average Monthly” – there are options. You can pick #1 or #2. See if #3 or #4 apply to you.

1) **Calendar Year 2019**: January 1, 2019 – December 31, 2019 ÷ 12
   Why Use? Cleanest and most easily available data.

2) **Last 12 Months**: April 1, 2019 – March 31, 2020 ÷ 12
   Why Use? Organization has grown during this time period and/or increased wages and benefits. Use our calculator to compare #1 and #2.

3) **New Organization**: January 1, 2020 – February 29, 2020 ÷ 2
   *This is for organizations that not in existence 2/15/19 – 6/30/19*

4) **Seasonal**: February 15 or March 1, 2019 – June 30, 2019 ÷ 4.5 or 4
How do we calculate Average Monthly Payroll?

Calendar Year 2019 and Last 12 Months Calculation

Gross Salaries, Wages, Paid Leave + Health + Retirement Benefits + State + Local Taxes - Excess Wages for Salaries > $100k - 1099s & Employees Perm. Outside USA

12

Reminder: Lender will ultimately calculate after you apply but get as close as you can. You must attest to the accuracy of your data.
How do we calculate Average Monthly Payroll?

What counts as “Payroll”?

- **Compensation**: Gross Salary, wages, commissions, or tips
- Payments for vacation, parental, family, medical, or sick leave
- Allowance for separation or dismissal
- **Employee benefits** including
  - 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 (e.g., SUTA)

What doesn’t count as “Payroll”?

- Excess salaries for employees with annualized salaries that exceed $100k
- Employer share of Federal taxes, including FICA taxes
- Compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick or family leave wages which a credit is allowed under the Families First Coronavirus Response Act) which was already paid
- **1099** independent contractors
How do we calculate the Loan Request?

Average Monthly Payroll \times 2.5 = \text{Loan Request}

Note: if you are refinancing an Economic Injury Disaster Loan (EIDL): Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under an EIDL COVID-19 loan, to the Loan Request.
# Calculator Option 1: Input All Employee Data (Preferred)

1) What time period are you calculating? (See Instructions) **Calendar Year 2019 (Default)**

<table>
<thead>
<tr>
<th>Time Period for Payroll Costs</th>
<th>1/1/2019 - 12/31/2019</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Average Monthly Payroll</th>
<th>$39,669</th>
</tr>
</thead>
<tbody>
<tr>
<td>EIDL Adjustment</td>
<td>$0</td>
</tr>
<tr>
<td>Loan Request</td>
<td>$99,173</td>
</tr>
</tbody>
</table>

2) Using an employee-detail payroll report, please complete the following table for all employees paid during the time period above. Do not include payments to sole-proprietors/independent contractors. **Please note if you have employees who started after 4/1/2019 with annual salaries above $100k, you will need to adjust the Salaries column to account for their annualized salary rather than what they were actually paid.**

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Gross Salary, Wages, Tips, Commissions</th>
<th>Paid Vacation, Parental, Family, Medical or Sick Leave</th>
<th>Group Health Benefits</th>
<th>Retirement Benefits</th>
<th>Employer Paid State Tax</th>
<th>Employer Paid Local Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>George</td>
<td>65,000.00</td>
<td>3,000.00</td>
<td>14,000.00</td>
<td>1,950.00</td>
<td>1,000.00</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Marica</td>
<td>103,000.00</td>
<td>3,000.00</td>
<td>14,000.00</td>
<td>3,090.00</td>
<td>2,000.00</td>
<td>2,000.00</td>
</tr>
<tr>
<td>Sally</td>
<td>98,000.00</td>
<td>3,000.00</td>
<td>14,000.00</td>
<td>2,940.00</td>
<td>1,500.00</td>
<td>1,500.00</td>
</tr>
<tr>
<td>Eloise</td>
<td>60,000.00</td>
<td>3,000.00</td>
<td>14,000.00</td>
<td>1,800.00</td>
<td>950.00</td>
<td>950.00</td>
</tr>
<tr>
<td>Ronnie</td>
<td>45,000.00</td>
<td>3,000.00</td>
<td>14,000.00</td>
<td>1,350.00</td>
<td>500.00</td>
<td>500.00</td>
</tr>
</tbody>
</table>

[https://fmaonline.net/ppptoolbox/](https://fmaonline.net/ppptoolbox/)
## Calculator Option 2: Simple Estimator

1) What time period are you calculating? (See Instructions Tab)

<table>
<thead>
<tr>
<th>Time Period for Payroll Costs</th>
<th>Calendar Year 2019 (Default)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2) What are your total employer paid payroll costs for the time period? Payroll costs includes: gross salary and wages, benefits, and employer-paid state and local taxes. Do not include payments to sole-proprietors/independent contractors.</td>
<td>$479,030</td>
</tr>
</tbody>
</table>

3) If you have employees that make $100,000 or more in annualized salary or wages, click the + and fill in the table*  

<table>
<thead>
<tr>
<th>Unallowable Compensation</th>
<th>$3,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Total Payroll Costs Net of Unallowable Payroll</td>
<td>$476,030</td>
</tr>
</tbody>
</table>

*If refinancing an EIDL: Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under an EIDL COVID-19 loan*

<table>
<thead>
<tr>
<th>Est. Average Monthly Payroll</th>
<th>$39,669</th>
</tr>
</thead>
<tbody>
<tr>
<td>Est. Total Loan Request (2.5x Average Monthly Payroll + EIDL Calc.)</td>
<td>$99,173</td>
</tr>
</tbody>
</table>

[https://fmaonline.net/ppptoolbox/](https://fmaonline.net/ppptoolbox/)
What documents do we need to apply?

You will need to check with your lender, but banks will likely request, at a minimum, the following information plus most likely what’s on the next slide:

- Completed SBA Loan Application

- Evidence of 12 months of payroll data via detailed payroll reports listing each employee and their compensation, benefits, and taxes details
What else should we be collecting?

- Copies of payroll tax reports filed with the IRS (including Forms 941, 940, state income and unemployment tax filing reports) for the entire year of 2019 and first quarter of 2020 (if available).

- Copies of payroll reports for each pay period for the preceding 12 months. Such reports should include gross wages including PTO (which might include vacation, sick, and other PTO). This includes payroll reports through the pay period preceding the origination of the SBA loan.

- Documentation reflecting the health insurance premiums paid by the company under a group health plan for the immediately preceding 12 months prior to the date of the SBA loan origination.

- Documentation of all retirement plan funding by the employer for the immediately preceding 12 months. Copies of workpapers, schedules and remittances to the retirement plan administrator should be sufficient.

Others to Consider Having On Hand

- Articles of incorporation
- By-laws
- Financial statements (trailing 12 months Profit & Loss)
- Three years of 990s
What will the process be like once I start my application?

Sample Process You Might See

1. **Complete Informational Inquiry**
   - Be Ready by Pre-Filling Out the Standard SBA PDF Application

2. **Be Invited to Upload Documents**
   - Be Ready by Having Documents Discussed Ready

3. **Lender Verifies Info & May Have Questions**
   - Be Persistent, Respectful, and Responsive

4. **Lender Sends to SBA and SBA Reviews**
   - Be Persistent, Respectful, and Responsive

5. **Lender Notifies You. If Approved, Note Sent for Signature**
   - Read Note Carefully. If Denied, Inquire Why & If Can Resubmit
How do I find a lender if my bank isn’t accepting applications from organizations like us right now?

- Ask your bank for a referral
- Tap your network and ask your board and funders if they have relationships with lenders
- Share with others once you learn
- Cold call SBA approved lenders in your zip code

Apply for the Paycheck Protection Program

https://www.sba.gov/paycheckprotection/find
Tips & Tricks

• The program is first come, first served. If in doubt, at least reach out to your bank and board to discuss.

• There is no fee to apply and no obligation to accept the loan if it is offered to you.

• Guidance is evolving daily. Be prepared to pivot.

• Do not assume you will get approved. Continue monitoring your cash flow, connecting with your funders, and going through scenario planning.

• Expect glitches when applying online. Sites have been crashing and were built very quickly, so not well tested.
FAQs
# FAQs in the FMA PPP Toolbox

Paycheck Protection Act FAQ  
Last Updated: 4/7/20

<table>
<thead>
<tr>
<th>Completing the Application - Question of Ownership</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How does a nonprofit with a board of directors complete the &quot;Applicant Ownership&quot; section, listing owners with greater than 20% interest?</strong></td>
<td>Indicate &quot;n/a - nonprofit organization&quot; and leave the section blank otherwise. If you are forced to fill out more fields after First Name + Last Name, use the nonprofits own info (address, EIN, date of incorporation etc.)</td>
</tr>
<tr>
<td><strong>Do all board members have to sign the application?</strong></td>
<td>Application should be signed by President, CFO or the primary fiscal agent, in accordance with your organization's approved authorization procedures.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Completing the Application - Question of Need</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Is there a level of revenue reduction required before we are eligible for the loan?</strong></td>
<td>Applicants need to attest that current economic uncertainty makes this loan request necessary to support the ongoing operations.</td>
</tr>
<tr>
<td><strong>Will having reserves or an endowment affect loan forgiveness?</strong></td>
<td>Forgiveness is based on the number of FTEs during the eight week period and pay reductions for employees making less than $100,000. Having reserves or an endowment do not enter the calculation. However, the guidance around forgiveness is still developing so keep an eye out for further information.</td>
</tr>
</tbody>
</table>

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FAQs

• Are independent contractors part of “Average Monthly Payroll”? No.

• Beyond the application and document requests from the lender, what else might they want to know? It will vary. You should be prepared to discuss the impact the economy has had on your cash flow and your ability to deliver programs, your mix of revenue and expenses and what decisions you are making about how you need to adjust your operations in this climate.
• If we receive restricted government or foundation funding that cover positions, does this affect how much we can apply for? It does not affect how much you can apply for, but it is worth discussing after you submit your application how forgiveness would affect how you allocate, track and report your funding.
FAQs

• What happens to how much we can get forgiven if we have reduced employee levels since February 2020 or may need to do this in the coming weeks?

The rules are still being issued. Initial guidance indicates that employee levels will be measured based on whether there has been a reduction in FTEs (e.g. 1FT plus .5PT = 1.5FTE).

The comparison will likely be made by comparing the Average # of FTEs for the 8 week period after the loan is made vs. the Average # of FTEs during either i) the period 2/15/19-6/30/19 or ii) the period Jan-Feb 2020, whichever is lower. FTEs will likely be measured on a gross basis, which means that new staff will count, whether they are filling existing positions or new positions.
FAQs: How Do I Calculate Forgiveness?

From Jewish Federations of North America

**NOTE:** The calculation of how much you can borrow is based on payroll costs, and the forgiveness calculation uses modified payroll costs and other qualified costs.

Loan forgiveness will be reduced to reflect a reduction in head count based on the following formula.

\[
\frac{\text{Payroll Costs + Interest on mortgage + Rent + utilities expended in the 8-week period after loan origination}}{\text{the quotient of Average # of FTEs per month for the 8 weeks after loan origination}} \times \frac{\text{Option 1: Average # of FTEs per month from 2/15/2019 to 6/30/2019 OR}}{\text{Option 2: Average # of FTEs per month from 1/1/2020 to 2/29/2020}}
\]

**For Seasonal Employers:**
Average # of FTEs per month from 2/15/2019 to 6/30/2019

Borrowers should use the measurement period providing the best result compared to average FTEs during the covered period.

Level of Payroll: Loan forgiveness will also be reduced if you decrease salaries and wages during the 8-week period after loan origination by more than 25 percent for any employee that earned less than $100,000 annualized in 2019.

Re-Hiring: You have until June 30, 2020 to restore your FTEs and salary levels for any changes made between February 15, 2020 and April 26, 2020.

**NOTE:** At least 75% of the loan amount must be used for payroll costs.

**NOTE:** Please refer to JFNA’s loan calculator to estimate your loan and forgiveness amounts.
Resources Available
Paycheck Protection Program Toolbox

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https://fmaonline.net/ppptoolbox/
FMA Paycheck Protection Program Toolbox

FMA Tools:

- FMA email with our latest guidance as of **Tuesday, 4/7 2pm ET**
- FMA Frequently Asked Questions (FAQs) **Updated Thursday 4/10 1:30 pm ET**
- FMA guide to the Paycheck Protection Program and How to Apply (pdf) **Updated Tuesday 4/7 11 am ET**
- FMA PPP Calculator (xls) — **Updated Tuesday, 4/7 11 am ET** — This calculator will help you estimate the average monthly payroll and loan amount for your application.
- FMA Template for Board Resolution Authorizing Loan (docx) — This template will allow you to quickly get approval from your board to apply for a PPP loan.
- FMA Script for talking to a Bank about PPP (docx) — This script provides you with key questions you can use to call a bank immediately.
SBA and Department of Treasury Official Guidance

As of April 7, 2020

PAYCHECK PROTECTION PROGRAM LOANS
Frequently Asked Questions (FAQs)

The Small Business Administration (SBA), in consultation with the Department of the Treasury, intends to provide timely additional guidance to address borrower and lender questions concerning the implementation of the Paycheck Protection Program (PPP), established by section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act or the Act). This document will be updated on a regular basis.

Borrowers and lenders may rely on the guidance provided in this document as SBA’s program interim final rule that conforms to this guidance in effect at the time of their application.

PAYCHECK PROTECTION PROGRAM (PPP) INFORMATION SHEET:
BORROWERS

The Paycheck Protection Program ("PPP") authorizes up to $349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis. All loan terms will be forgiven as long as:

• The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utilities payments over the 8-week period after the loan is made, and
• Borrowers maintain an average employment level over the 8-week period after the loan is made that is not less than 90% of the average employment level in the prior calendar year.

Loans that have an average employment level that is greater than 90% of the prior calendar year will have a 60% forgiveness calculation.

SMALL BUSINESS ADMINISTRATION
[Docket No. SBA-2020-0015]
13 CFR Part 120
Business Loan Program Temporary Changes; Paycheck Protection Program
RIN 3245-AH34
AGENCY: U. S. Small Business Administration.
ACTION: Interim Final Rule.

https://home.treasury.gov/policy-issues/top-priorities/cares-act/assistance-for-small-businesses
Small Business & Nonprofit Loans

Everything you need to know to access the funds

https://www.jewishtogether.org/sba-loan-information
How do we reach FMA with additional questions and support on PPP after today’s session?

Please reach out to

FMACARES@fmaonline.net

One of our experts will assist you with your questions as soon as possible.
Established in 1999 to serve not-for-profit organizations around the country

Provides customized financial management, accounting, software, organizational development, and other consulting services

Works directly with organizations or through funder-supported management and technical assistance programs

FMA exists to build a community of individuals with the confidence and skills to lead organizations that change the world

Reach us at FMACARES@fmaonline.net

@FMA4Nonprofits

www.fmaonline.net/linkedIn

www.fmaonline.net