Paycheck Protection Program
Loans Overview: How to Apply

April 3, 2020

With Updates as of 9:00am EST
Continue to Check SBA’s Website
What are we covering today?

- Basics of the Program
- How to Apply and How to Estimate the Average Monthly Payroll and Total Loan Request
- Resources Available
Overview of the Program and How to Apply
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)(9)
- You must have been in operation on February 15, 2020
How much can we borrow?

- 2.5X payroll – salaries, severance, paid leave, benefits, some payroll taxes
- Up to $10M max
- Lender will technically set the amount
- We have a calculator to assist
Basics of the Program

What can we use the loan for?

- Payroll for 8 weeks (total loan must be at least 75% for payroll)
- Utilities, rent, mortgage interest
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

• 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
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. Determine arrangements to submit an application.

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

3. Gather payroll information from the last 12 months and calendar year 2019 to establish how much you can borrow.
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:

- Completed SBA Loan Application
- Completed Tax Information Authorization (IRS Form 4506T)
- Evidence of 12 months of payroll data
What else should we be collecting just in case?

From Jewish Federations of North America:

- 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 P&L)
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’s on the application?

There is no definitive guidance as of today, but here are suggestions:

<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 Person 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>Headcount (total number of people on your payroll)</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” – you have 2 options:

1) **Default**: Last twelve months from before you apply. Use April 1, 2019 – March 31, 2020.

2) **New Organization**: January 1, 2020 – February 29, 2020

*If you are seasonable, check latest guidance and with your lender.*

Please note there have been some discrepancies as of 4/3 whether to provide information for the “last 12 months” or calendar year 2019. Please check with what your lender is asking for. If you have already gathered estimates for calendar year 2019 and are otherwise ready to submit, we advise you can submit what you gathered and should have 2020 data available if needed.
How do we calculate Average Monthly Payroll?

What counts as “Payroll”?  

• Compensation: 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

What doesn’t count as “Payroll”?  

• Excess compensation for employees with annualized salaries that exceed $100k*  
• Employee and employer portion of FICA taxes  
• Federal income taxes withheld  
• 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  
• Probably long-term disability and Accidental Death & Dismemberment

*Please note there is lack of clarity if compensation is just salary/wages, or if it is full payroll costs (inclusive of benefits, taxes, etc.)
How do we calculate Average Monthly Payroll?

Total Allowable Payroll Costs During the Calculated Period

\[ \frac{\text{Total Allowable Payroll Costs During the Calculated Period}}{\text{Number of Months In the Calculated Period}} = \text{Average Monthly Payroll} \]

Reminder: Lender will ultimately calculate after you apply but get as close as you can.
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) Is your organization less than a year old? No

<table>
<thead>
<tr>
<th>Time Period for Payroll Costs</th>
<th>Average Monthly Payroll</th>
<th>EIDL Adjustment</th>
<th>Est. Total Loan Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/1/2019 - 3/31/2020</td>
<td>$ -</td>
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3) 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.

2) 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, Commission</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>
<th>Total Payroll (Up to $100k)</th>
<th>Allowable Salary (Up to $100k)</th>
<th>Total Allowable Payroll Amount</th>
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</table>

Do not include federal taxes/FICA

https://fmaonline.net/ppptoolbox/
### Calculator Option 2: Simple Estimator

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Is your organization less than a year old?</td>
<td>No</td>
</tr>
<tr>
<td>Time Period for Payroll Costs</td>
<td>4/1/2019 - 3/31/2020</td>
</tr>
<tr>
<td>2) What are your total employer paid payroll costs for the time period?</td>
<td>Payroll costs includes: salary and wages, benefits, and employer-paid state and local taxes. Do not include payments to sole-proprietors/independent contractors.</td>
</tr>
<tr>
<td>3) If you have employees that make $100,000 or more in annualized salary or wages, click the + and fill in the table</td>
<td></td>
</tr>
<tr>
<td>Unallowable Compensation</td>
<td>$ -</td>
</tr>
<tr>
<td>Total Payroll Costs Net of Unallowable Compensation</td>
<td>$ -</td>
</tr>
<tr>
<td>4) 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</td>
<td></td>
</tr>
<tr>
<td>$ -</td>
<td></td>
</tr>
<tr>
<td>Est. Average Monthly Payroll</td>
<td>$ -</td>
</tr>
<tr>
<td>Est. Total Loan Request (2.5x Average Monthly Payroll + EIDL Calc.)</td>
<td>$ -</td>
</tr>
</tbody>
</table>

[https://fmaonline.net/ppptoolbox/](https://fmaonline.net/ppptoolbox/)
# Introduction to Audited Financial Statements

## Jewish Federations of North America Tool

This tool calculates the estimated amount of Payroll Protection Program Loan eligibility. Here are the instructions:

1. Loans amounts will be based on the 12-month period prior to the date on which the loan is made (i.e., if the loan is made on April 1, 2019 - March 31, 2020).
2. For seasonal employees, the calculation should be based on the average total monthly costs beginning Feb 15, 2019 and ending June 30, 2019.
3. For new businesses, average monthly payroll may be calculated using the time period from Jan 1, 2020 through Feb 29, 2020.

Whose payroll costs should be included in this calculation? All employees (including full-time, part-time and any other status) plus independent contractors paid.

<table>
<thead>
<tr>
<th>Included Payroll Costs</th>
<th>Input numbers in all highlighted blue cells</th>
<th>Using the 12 month period</th>
<th>employer calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total salaries &amp; wages</td>
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<td>Total commissions</td>
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<td>Total other compensation (including parsonage)</td>
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<tr>
<td>Total cash tips or equivalents</td>
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</tr>
<tr>
<td>Total salaries, wages, commissions and other compensation</td>
<td></td>
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<tr>
<td>Money paid by Employer</td>
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<tr>
<td>Sick leave (including Covid 19 leave costs)</td>
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<tr>
<td>Medical leave (including Covid 19 leave costs)</td>
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<tr>
<td>Vacation pay</td>
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<tr>
<td>Parental pay</td>
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<tr>
<td>Family leave (including Covid 19 leave costs)</td>
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</tr>
<tr>
<td>Total leave calculation</td>
<td></td>
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</tr>
<tr>
<td>Severance payments (including dismissal or separation)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Group health care benefits paid by employer (including insurance premiums) (Note: is not expected to include Long Term Disability or Accidental Death and Dismemberment premiums)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employer paid retirement benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State or local taxes assessed on the compensation of the employee and paid by the employer</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For more information, visit [https://www.jewishtogether.org/sba-loan-information](https://www.jewishtogether.org/sba-loan-information)
What can I begin applying?

Some lenders are starting to accept applications Friday April 3, 2020.

Several major lenders have indicated they will be waiting until Monday April 6, 2020.

Either way: be prepared and act quickly.
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.
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.
Resources Available
Payroll Protection Program Toolbox

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

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

**FMA Tools:**

**FMA PPP Calculator** (xls) — 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.

**Additional Resources:**

**Paycheck Protection Program Application** (pdf)

**List of SBA Lenders** (pdf)

**PPP Borrower Information Fact Sheet** (pdf)

“Everything you need to know to access the funds” – from the Jewish Federations of North America

**JFNA Payroll Protection Loan Calculator** (xls)
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 the same for everyone.

The loan amounts will be forgiven as long as:

- The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and
- Employee and compensation levels are maintained.

Payroll costs are capped at $100,000 on an annualized basis for each employee. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.

Loan payments will be deferred for 6 months.

When can I apply?

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
Remember: 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. Determine arrangements to submit an application.

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

3. Gather payroll information from the last 12 months to establish how much you can borrow.
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