



Navigating Government Relief Opportunities

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What we will cover

- Overview of emergency funding programs for nonprofit employers at federal, state, county level
- Focus on federal funding through CARES Act (stimulus package)
- Your Questions

What's available?

- Federal
 - CARES Paycheck Protection Program, \$350 Billion -
Senate considering another \$200+ billion this week
 - Economic Injury Disaster Loans
- Maryland
 - COVID-19 Small Business Emergency Relief Grants, \$50 million - **this fund no longer taking new applications as of 4/6**

What's available

- Montgomery County
 - Public Health Emergency Grant, \$20 million to replace operating losses
 - Services Funding, \$6 million
 - \$5 million to provide direct cash assistance to individuals
 - \$1 million to nonprofits for expanded safety net programs

Payroll Protection Program

- Why is this valuable?
- Key elements
 - 500 or fewer employees (full and part-time)
 - Loan amount based on 2.5 monthly payroll, maximum is \$10 million, minimum is \$25,000
 - Can cover payroll, mortgage, rent and utilities
 - Interest rate is 1%, loan term is 2 years, payment deferred six months

Payroll Protection Program

- Criteria for loan forgiveness
 - Must request loan forgiveness
 - Non payroll costs must be limited to 25% of loan
 - Employers must maintain employment for the 8 weeks after origination of loan, or if wages or employment were reduced between 2/15/20 and 4/26/20, the borrower must eliminate the reduction by 6/30/20

Sample Application

- <https://www.sba.gov/document/sba-form--paycheck-protection-program-borrower-application-form>

Application Process

- Short, straightforward form
 - Documentation of payroll costs and costs projected for loan period
 - Certification of need and plans for use of loan
- Submit to lender approved by SBA. **Note that most lenders are requiring a prior relationship in order to support a loan request.**

Loan Amount Calculation

- Step 1: Aggregate payroll costs from the last twelve months for employees whose principal place of residence is the United States.
- Step 2: Subtract any compensation paid to an employee/independent contractor in excess of an annual salary of \$100,000.
- Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).
- Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.

Example 1

No employees make more than \$100,000

Annual payroll: \$120,000

Average monthly payroll: \$10,000

Multiply by 2.5 = \$25,000

Maximum loan amount is \$25,000

Example 2

Some employees make more than \$100,000

Annual payroll: \$1,500,000

Subtract compensation amounts in excess of an annual salary of \$100,000: \$1,200,000

Average monthly qualifying payroll: \$100,000

Multiply by 2.5 = \$250,000

Maximum loan amount is \$250,000

Fine Print

- Affiliated organizations can be counted towards total employees, e.g. branches of Red Cross.
- Faith based organizations are eligible and do not have to prove they provide secular services
- Loan forgiveness will be reduced if staff cut or if salaries reduced by more than 25%
- Borrower may not have two PPP loans simultaneously

Economic Injury Disaster Loans

- Require disaster declaration, currently applicable for MD. Apply directly to SBA
- < 500 employees
- Up to \$2 million, may be used for operational costs.
- Not forgivable, max 2.75% interest for nonprofits

Emergency Advance

- \$10,000 advance
- SBA commitment is to pay advance within three days of application
- Does not need to be repaid, whether loan is approved or not
- Same purposes as general EIDL loan

Mid-Size Loans

- Meant to fill gap between PPP and industry stabilization loans, terms not confirmed
- General directive to Treasury to provide loans to nonprofits and small businesses with 500 – 10,000 employees
- Interest rate capped at 2% for nonprofits, payments deferred for six months

Proposed Terms

- Certification that loan is needed for ongoing operations
- Loan will be used to retain at least 90% of recipient workforce till 9/30/20.
- Recipient intends to restore at least 90% of workforce that existed on 2/1/20 within four months after current crisis.

Maryland Funds

- \$50 million Small Business COVID-19 Emergency Relief Grant Fund—**as of 4/6 fund is closed to new applications**
 - Under 50 employees, revenues under \$5 million
 - Up to \$10k grant, not to exceed 3 months of operating expenses
 - May be used for payroll, rent, mortgage, utilities and other operating expenses
 - Demonstrate disruption due to COVID-19

Montgomery County Funds

- Public Health Emergency Grant
 - Principal place of business in the county, 50% of employees or revenue based in county
 - Demonstrate financial loss due to health emergency
Fundraising losses are not eligible
 - 25% of \$20 million total set aside for retail and restaurants

County Funds contd.

- Grants up to \$75,000 for wages, benefits, taxes, debt, rent or other operating costs
- Grants up to \$2,500 for costs related to teleworking

• Q & A

Links

- National Council of Nonprofits
<https://www.councilofnonprofits.org/nonprofits-and-coronavirus-covid-19>
- US Small Business Administration
<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>
- Maryland Department of Commerce
<https://commerce.maryland.gov/fund/maryland-small-business-covid-19-emergency-relief-grant-fund>
- Montgomery County DHHS
<https://montgomerycountymd.gov/HHS/RightNav/Coronavirus-biz.html>

Nonprofit Montgomery

<https://www.nonprofitmoco.org/covid19/>

Thank you!

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