

# FEDERAL OPPORTUNITIES FOR SMALL BUSINESS & NON-PROFIT SUPPORT:

## A CRASH COURSE ON COVID-19 RESPONSE

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April 2020

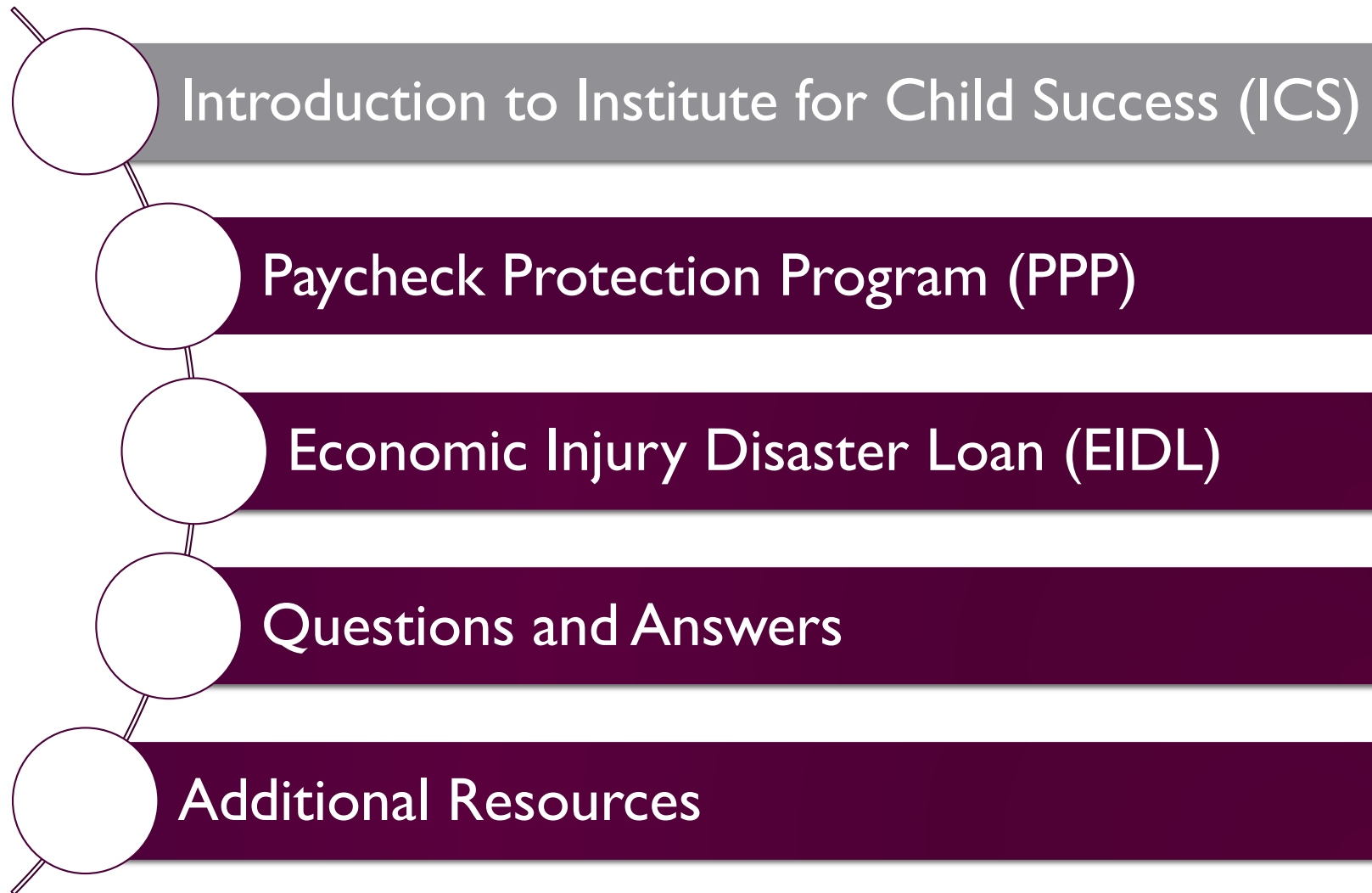


United Way of  
the Piedmont



INSTITUTE *for* CHILD SUCCESS

# Today's Agenda



# Today's Speakers



**Bryan Boroughs**

Vice President and General Counsel, ICS

Bryan handles ICS's federal and state legislative portfolio, as well as our in house general legal needs. The federal government's response to COVID-19 is one of the rare circumstances where those two roles interact, as Bryan has both been involved in following the legislation, and now also helping ICS navigate the new structures that were created.



**Natalma M. McKnew, JD**

Partner, Fox Rothchild LLP

Tami concentrates her practice in the areas of franchising, dealerships, antitrust, and intellectual property. She also handles franchise formation and compliance, distribution system reorganization, pricing issues, and trademark proceedings. She serves as Secretary on the Board of Directors for the Institute for Child Success.

# Overview of Federal Options

- Congress has passed 3 rounds of emergency funding related to the COVID-19 crisis, ranging from funding for health care, to supports for individuals and families, to economic assistance for businesses.
- **Many nonprofit organizations *are* eligible for the small businesses benefits that the legislation provides**
  - Small childcare centers, which may be for-profits, are also eligible.

## **Two major streams to focus on:**

- 1) **Paycheck Protection Program (PPP)**
- 2) **Economic Injury Disaster Loan (EIDL)**

**Application Process – fast moving, still evolving, and - for PPP - first come first served**

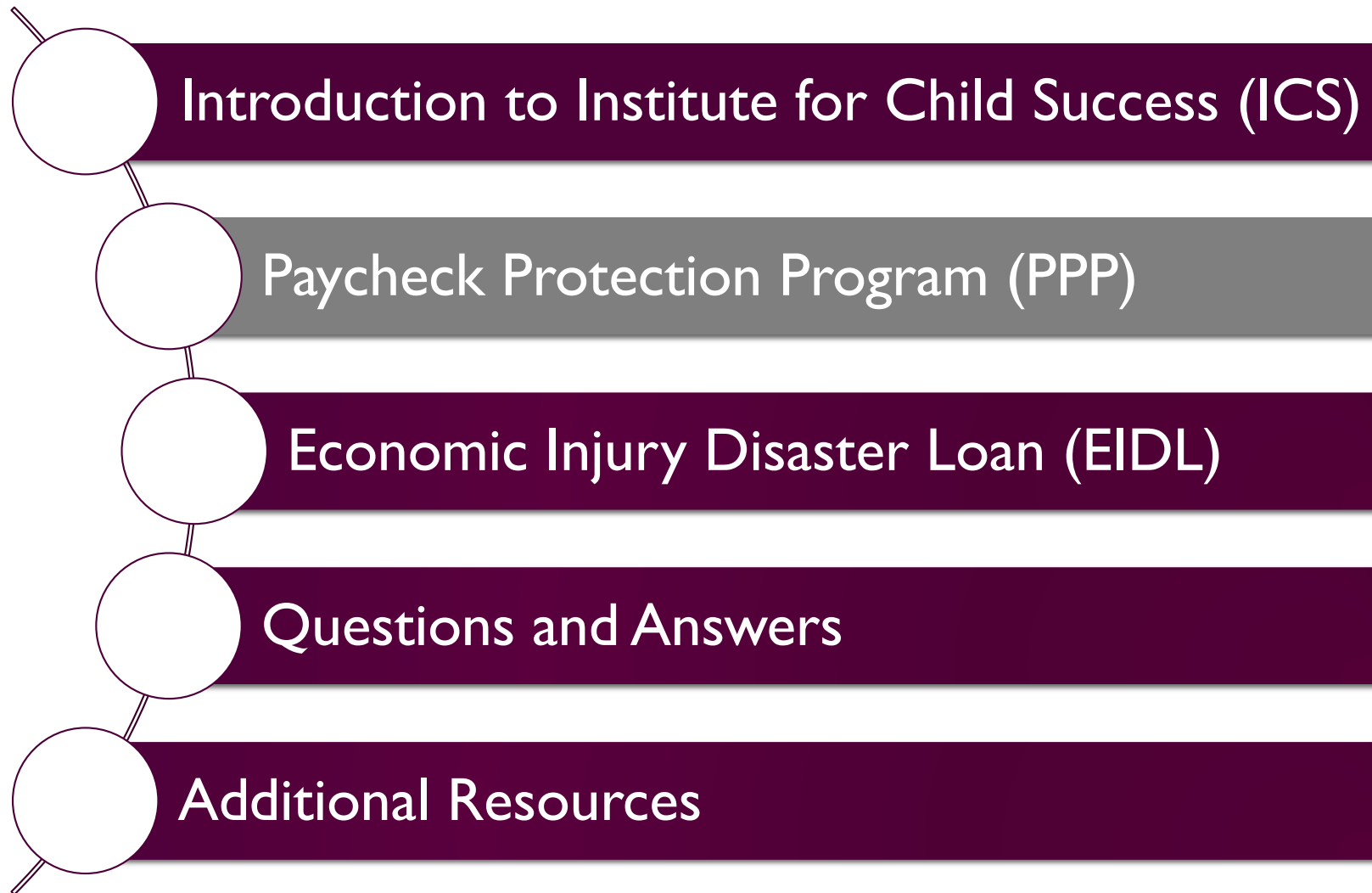
# A Note on Faith-Based Organizations

“Are faith-based organizations, including houses of worship, eligible to receive SBA loans under the PPP and EIDL programs?”

**YES**...faith-based organizations are eligible to receive SBA loans regardless of whether they provide secular social services. That is, no otherwise eligible organization will be disqualified from receiving a loan because of the religious nature, religious identity, or religious speech of the organization.

The CARES Act explicitly makes nonprofit entities eligible for the PPP program and it does so without regard to whether nonprofit entities provide secular social services.”

# Today's Agenda



# Paycheck Protection Program (PPP)

A **forgivable loan** to support small businesses with payroll and other expenses (rent/mortgage, utilities) over an 8-week period of this crisis, for businesses that were operating as of **February 15, 2020**

# Paycheck Protection Program

## Who is eligible?

- ✓ Any small business concern that meets SBA's size standards (either the industry based sized standard or the alternative size standard).
- ✓ Any business, 501(c)(3) non-profit organization, 501(c)(19) veteran's organization, or Tribal business concern (sec. 31(b)(2)(C) of the Small Business Act) with fewer than:
  - 500 employees, or
  - The SBA industry size standard if more than 500.
- ✓ Any business with a NAICS Code that begins with 72 (Accommodations and Food Services) that has more than one physical location and employs less than 500 per location.
- ✓ Sole proprietors, independent contractors, and self-employed persons.



# Overview of Paycheck Protection Program: Borrowing

## **How much can I borrow & how can I use it?**

- 250% of their “average monthly payroll expenses.”
- Intended to cover 8 weeks of payroll and other expenses, including debt obligations, in the time period of February 15 to June 20, 2020.

# Overview of Paycheck Protection Program: Forgiveness

## How does forgiveness work?

- If you retain *all* of your employees, the entire loan can be forgiven.
- Even if you lay off employees, or have already had layoffs, you can have full payroll costs forgiven if you rehire by June 30, 2020.
- Forgiveness requires that at least 75% of the forgiven amount be spent on eligible payroll costs. The remaining 25% of the forgiven amount must be spent on a combination of rent, mortgage interest payments, utilities, or eligible payroll costs.
- Forgiven amount of the debt must cover expenses between March 15 and June 30.

# Overview of Paycheck Protection Program: Forgiveness

## How does forgiveness work?

- Forgiveness becomes available at end of the 8-week period; borrower is not responsible for interest.
- If full principal is not forgiven, per the SBA, the maximum terms of the loan currently feature a 1% interest rate for a two-year term.
- Any required payments and interest are deferred, though for six months.
- The loan is guaranteed by the SBA.

# Paycheck Protection Program Use in Detail

“The amount of principal that may be forgiven is equal to the sum of expenses for payroll, and existing interest payments on mortgages, rent payments, leases, and utility service agreements. Payroll costs include employee salaries (up to an annual rate of pay of \$100,000), hourly wages and cash tips, paid sick or medical leave, and group health insurance premiums. If you would like to use the Paycheck Protection Program for other business-related expenses, like inventory, you can, but that portion of the loan will not be forgiven”

# Frequently Asked Questions

## Where do I apply?

- Applications are **not** going through a central SBA portal but rather existing lending institutions that participate in existing SBA 7(a) lending programs, and additional lenders approved by the Department of Treasury.
- Many banks are only working with businesses with whom they have an existing business relationship. Start the conversation with your current business bank
- If your business bank is not participating, nonprofits can consult
  - This list of Together SC (SC's nonprofit association) Business Partners Member Banks: <https://www.togethersc.org/blog/applying-for-sba-loans>.
  - All geographies and business types can search via SBA's Find A Lender portal: <https://www.sba.gov/paycheckprotection/find>

# Frequently Asked Questions

## ➤ **When do I apply?**

- There is a **Short** window for applications – while the official deadline for the program is June 30, each bank is handling their applications differently, and we're hearing some have already closed their submission window because they have received so many.
- This is because only \$349 billion was provided by the legislation and it is going fast.
- However, Congress is considering expanding that pool.

## ➤ **As the Executive Director/ President/ Owner, will this impact my personal credit?**

- **NO.** The PPP loan does not require collateral or personal guarantee. Also, previously SBA loans have required that businesses first try to secure loans from the private market before applying to SBA – that is not the case for the PPP.

# Frequently Asked Questions

## **I've never done an SBA loan application – help!**

- The application is meant to be quick and easy (we'll look at it on the next slide) but if you haven't taken a business loan before, it can feel like a lot. See our resources at the end of this slide deck.

# Application Process

- Access the application form online:  
<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>
- Two-page fillable PDF



# Application Process



## Paycheck Protection Program Borrower Application Form

OMB Control No.: 3245-0407  
Expiration Date: 09/30/2020

<b>Check One:</b> <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other		<b>DBA or Tradename if Applicable</b>  	
<b>Business Legal Name</b>  			
<b>Business Address</b>  		<b>Business TIN (EIN, SSN)</b>  	<b>Business Phone</b>  (   )   -
		<b>Primary Contact</b>  	<b>Email Address</b>  

Average Monthly Payroll: \$	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	\$	Number of Employees:
<b>Purpose of the loan</b> (select more than one): <input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain): _____			

### Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

# Application Process

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input type="checkbox"/>

If questions (5) or (6) are answered "Yes," the loan will not be approved.

Question	Yes	No
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? Initial here to confirm your response to question 5 → <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 6 → <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	<input type="checkbox"/>	<input type="checkbox"/>

# Application Process – Certifications

## CERTIFICATIONS

The authorized representative of the Applicant must certify in good faith to all of the below by **initialing** next to each one:

☐

The Applicant was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.

☐

Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.

☐

The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.

☐

The Applicant will provide to the Lender documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight-week period following this loan.

☐

I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 25% of the forgiven amount may be for non-payroll costs.

☐

During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant has not and will not receive another loan under the Paycheck Protection Program.

☐

I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

☐

I acknowledge that the lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge and agree that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

Signature of Authorized Representative of Applicant

Print Name

Date

Title

# Application Process – Additional Documents

## **Additional Paperwork May be Requested by the Lender**

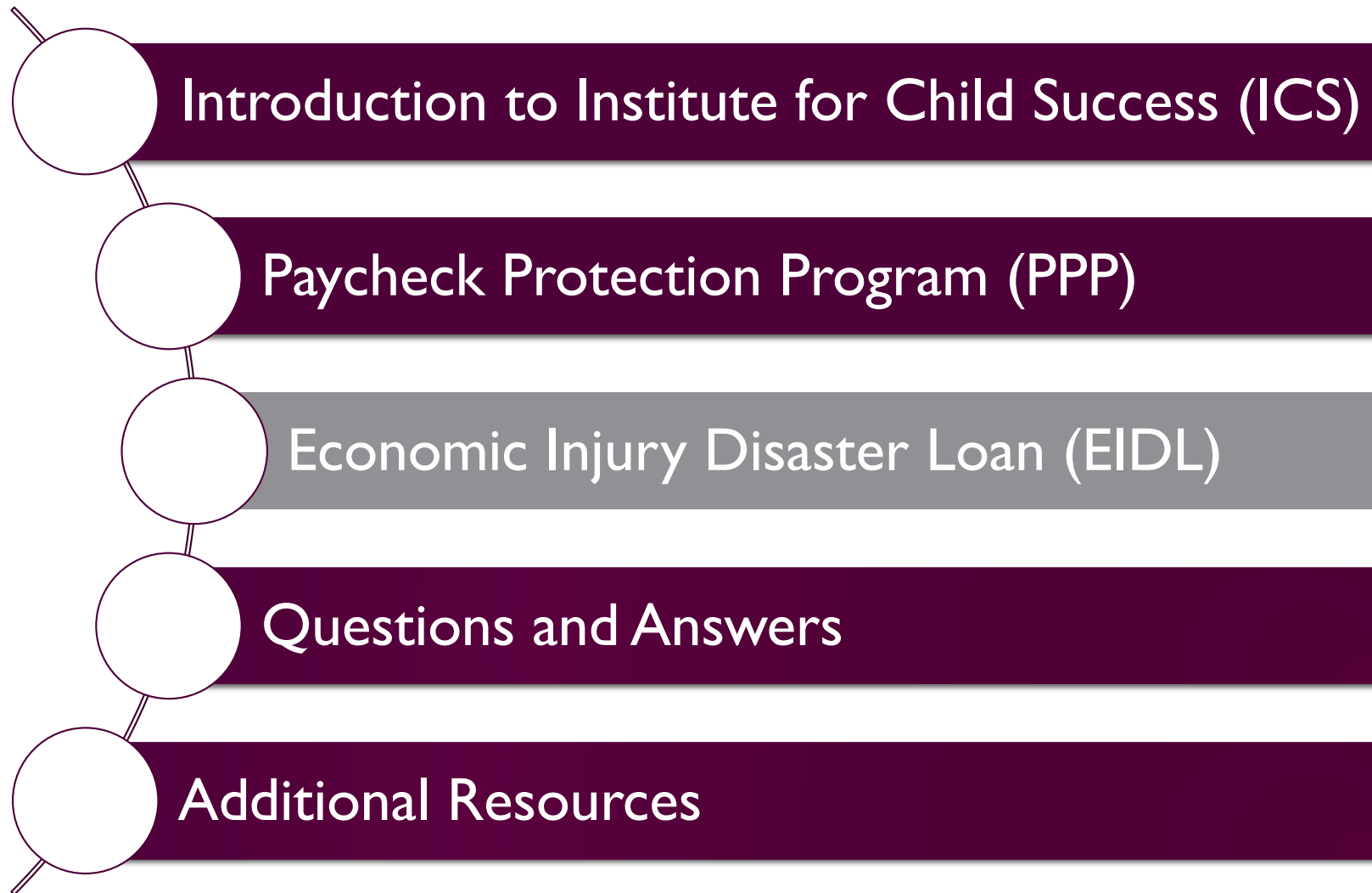
- ☐ 2019 IRS Quarterly 940, 941 or 944 payroll tax reports
- ☐ Monthly payroll reports for 2019 (Must show the following:)
  - ☐ Gross wages for each employee (including the officer(s) if paid W-2 wages)
  - ☐ Paid time off for each employee
  - ☐ Vacation pay for each employee
  - ☐ Family medical leave pay for each employee
  - ☐ State and local taxes assessed on the employee's compensation for each employee
- ☐ 1099s for 2019 if you are applying as an independent contractor
- ☐ Documentation showing total health insurance premiums paid by the company under a group health plan.
- ☐ Document the sum of all retirement plan funding that was paid by the company.

Mitchell, C. (2020). *Paycheck Protection Program Loan Applicants: Gather These Important Documents*. Fox Rothschild.  
<https://www.foxrothschild.com/publications/paycheck-protection-program-loan-applicants-gather-these-important-documents/>

# Application Process – Additional Documents

- ❑ Business entity documentation (e.g. operating agreement, certificate of organization, bylaws, articles of incorporation)
- ❑ 2017, 2018 and 2019 business tax returns, if applicable, and 2019 internal financial statements
- ❑ 2020 interim financial statements (balance sheet, income statement, accounts receivable aging and accounts payable aging)
- ❑ Debt schedule for operating business
- ❑ List of owners of the business if not included in tax return
- ❑ Copy of driver's license for signers of business. (This is likely for 20%+ owners)

# Today's Agenda



# Economic Injury Disaster Loan (EIDL)

## ➤ What is it?

### ➤ There are two components to EIDL:

- 1) An advance up to \$10,000 that does not need to be repaid
- 2) A loan up to \$2M that must be repaid, and is based on the applicant's ability to repay

## ➤ Who is eligible?

- Any business <500 employees (including sole proprietorships, independent contractors and self-employed persons), private non-profit organization or 501(c)(19) veterans organizations affected by COVID-19.
- Businesses in certain industries may have more than 500 employees if they meet the SBA's size standards for those industries.



# Economic Injury Disaster Loan (EIDL)

## ➤ **How much can I apply for and how can I use it?**

- Both advance and loan depends on “economic injury” as determined by SBA

## ➤ **How does repayment work?**

- Advance funds do not have to be repaid
- Loan interest rates:
  - Non-profits: 2.75%
  - For-profits: 3.75%
- Maximum term of 30 years
- Repayment can be deferred for 6 months
- Cannot be used to cover the same costs as PPP – if received, you must list in PPP application.



# EIDL Application Information

- EIDL is administered through one portal via SBA:  
<https://covid19relief.sba.gov/#/>
- The estimated time for completing the form is 2 hours and 10 minutes, though not all questions apply to all applicants.
- Required Questions:
  - Gross revenues for the 12-month period prior to the date of the disaster.
  - Cost of goods Sold for the 12-month period prior to the date of the disaster .

# EIDL Application Information

## Depending on your business:

- ✓ Rental Properties (Residential and Commercial) only: Lost Rents Due to the Disaster
- ✓ Non-Profits only: Cost of Operation for the Twelve(12) Month Prior to the Date of the Disaster
- ✓ Faith-Based Entities only:
  - ✓ Combined Annual Operating Expenses for the Twelve(12) Months Prior to the Date of the Disaster for All Secular Social Services Provided by the Faith Based Entity
  - ✓ List the Secular Social Services Provided by the Faith Based Entity
- ✓ Compensation From Other Sources Received as a Result of the Disaster
- ✓ Provide Brief Description of Other Compensation Sources
- ✓ Checking account routing/account #s (for the \$10,000 advance)

**(“Date of the Disaster” is defined as January 31, 2020)**

# EIDL Application Process

**There are 4 sections:**

## **1. Disclosures**

- Type of business
- Affirmations

## **2. Business Information**

- General info
- Revenues (**related to 2019**)
- Operating Costs

## **3. Owner Information (general)**

## **4. Additional Information** (this is where you select if you want advance (!!!!))

# Application Sample Page 1

## Disaster Loan Assistance

Federal Disaster Loans for Businesses, Private Non-profits, Homeowners and Renters

### COVID-19 ECONOMIC INJURY DISASTER LOAN APPLICATION



DISCLOSURES



BUSINESS INFORMATION



BUSINESS OWNERS INFORMATION



ADDITIONAL INFORMATION



SUMMARY

#### Summary

##### Business Information

Edit

Business Legal Name  
Institute for Child Success

Trade Name  
Institute for Child Success

EIN/SSN for Sole Proprietorship  
000000000

Organization Type  
Other

Is the Applicant a Non-Profit Organization?  
Yes

Is the Applicant a Franchise?  
No

Gross Revenues for the Twelve(12) Month Prior to the Date of the Disaster (January 31, 2020)  
\$1.00

Cost of Goods Sold for the Twelve(12) Month Prior to the Date of the Disaster (January 31, 2020)  
\$1.00

Rental Properties (Residential and Commercial) Only - Lost Rents Due to the Disaster  
\$0.00

Non-Profit Cost of Operation for the Twelve(12) Month Prior to the Date of the Disaster (January 31, 2020)  
\$0.00

Combined Annual Operating Expenses for the Twelve(12) Months Prior to the Date of the Disaster (January 31, 2020) for All Secular Social Services Provided by the Faith Based Entity  
\$0.00

List the Secular Social Services Provided by the Faith Based Entity  
0

Compensation From Other Sources Received as a Result of the Disaster  
0

Provide Brief Description of Other Compensation Sources  
0

Primary Business Address (Cannot Be P.O. Box)  
613 E McBee Ave

City  
Greenville

State  
South Carolina

County  
Greenville

ZIP  
29601

# Application Sample Page 2

Business Phone (864)-287-8063
Alternative Business Phone
Business Fax
Business Email jcoacklin@instituteofchildsuccess.org
Date Business Established 01/01/2010
Current Ownership Since 01/01/2010
Business Activity Educational Services
Business Sub Activity Seminars
Number of Employees (As of January 31, 2020) 10

### Business Owners Information

Edit

#### Owner/Agent 1

First Name Jamie
Last Name Moon
Mobile Phone (888)-888-8888
Title / Office CEO
Email jmoon@instituteofchildsuccess.org
Ownership Percent 100%
SSN 000-00-0000
Birth Date 01/01/1985
Place Of Birth Moonville
U.S. Citizen Yes
Residential Street Address 613 E McBee Ave
City Greenville
State South Carolina
Zip 29601

### Additional Information

Edit

In the past year, has the business or a listed owner been convicted of a criminal offense committed during and in connection with a riot or civil disorder or other declared disaster, or ever been engaged in the production or distribution of any product or service that has been determined to be obscene by a court of competent jurisdiction?  
No

Is the applicant or any listed owner currently suspended or debarred from contracting with the Federal government or receiving Federal grants or loans?  
No

# Application Sample Page 3

a. Are you presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction? b. Have you been arrested in the past six months for any criminal offense? c. For any criminal offense - other than a minor vehicle violation - have you ever been convicted, plead guilty, plead nolo contendere, been placed on pretrial diversion, or been placed on any form of parole or probation (including probation before judgment)?  
**No**

Individual Name

Name of Company

Phone Number

Street Address, City, State, Zip

Fee Charged or Agreed Upon

I give permission for SBA to discuss any portion of this application with the representative listed above.

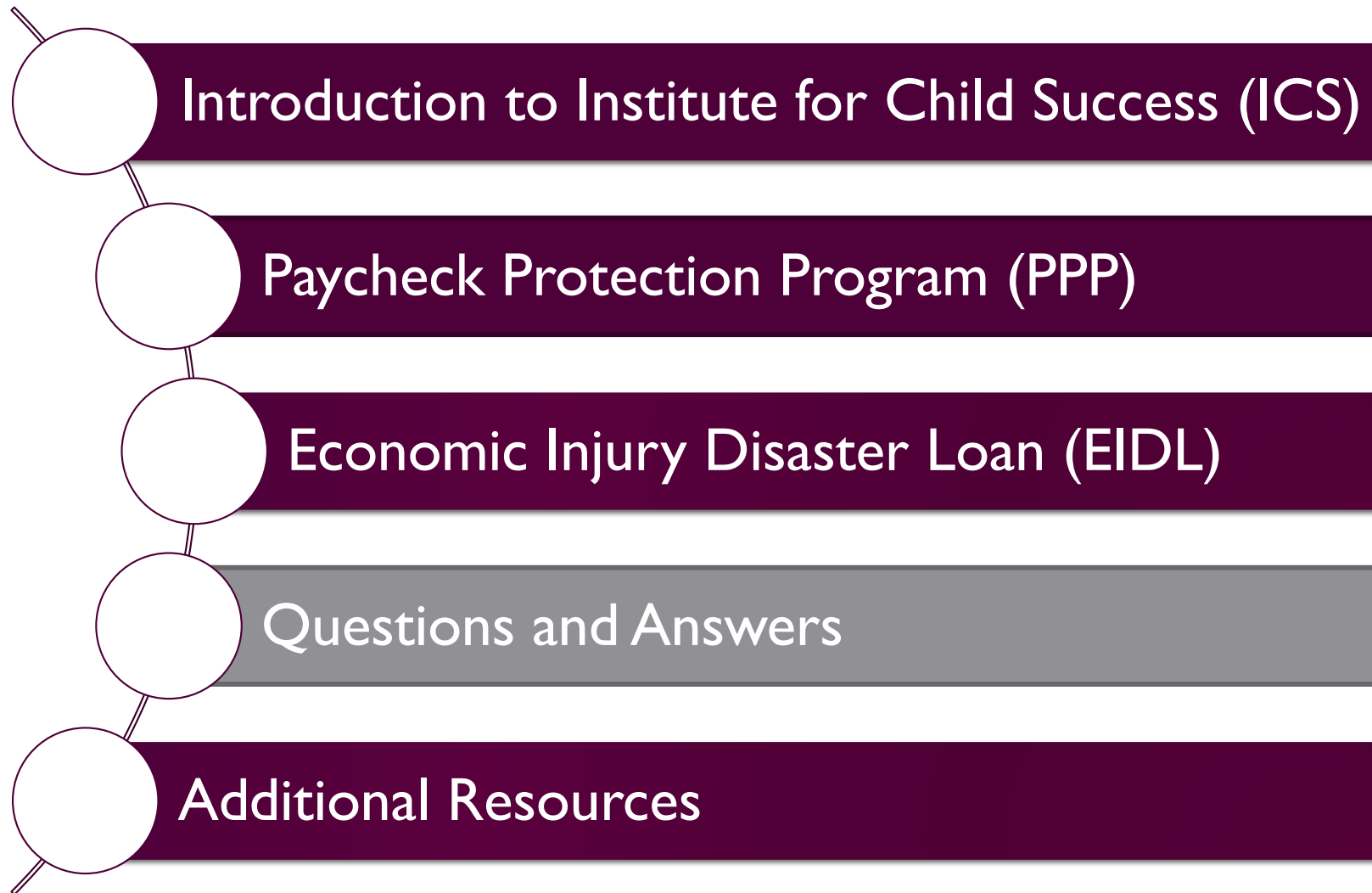
☐ I'm not a robot

reCAPTCHA  
Privacy - Terms

✓ Submit

SBA Office of Disaster Assistance | 1-800-658-2855 | 409 3rd St, SW, Washington, DC 20416  
[Privacy Policy](#) (<https://www.sba.gov/about-sba/open-government/about-sba-website/privacy-policy/>)

# Today's Agenda

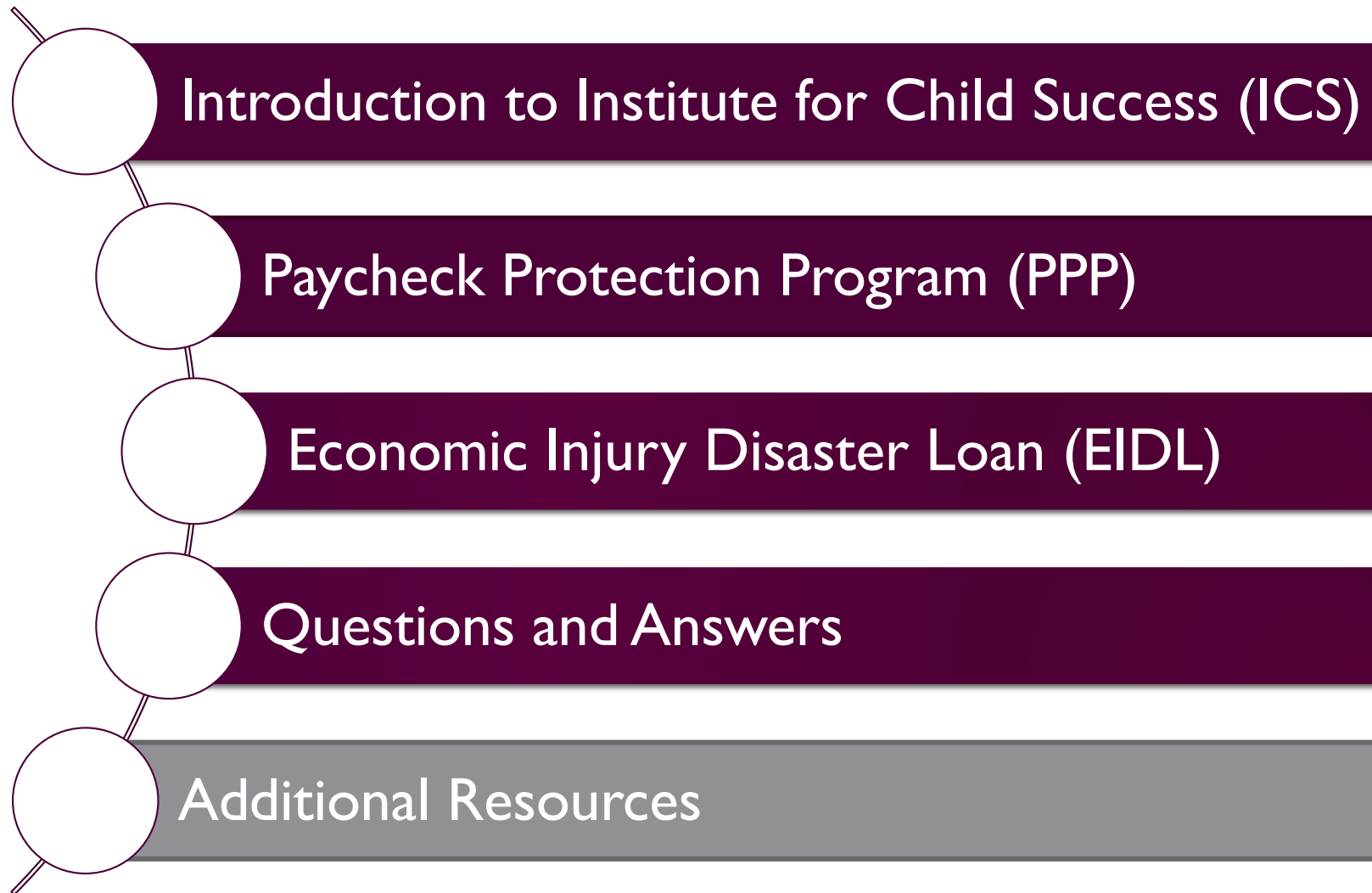


# Questions and Answers

- Submit your questions via chat box to the Host (Institute for Child Success)
- Note that while we have attorneys on the call, the information you receive is neither financial nor legal advice.
- We aim to provide information on navigating this process to all registrants, not to address the specific situations of any one business.



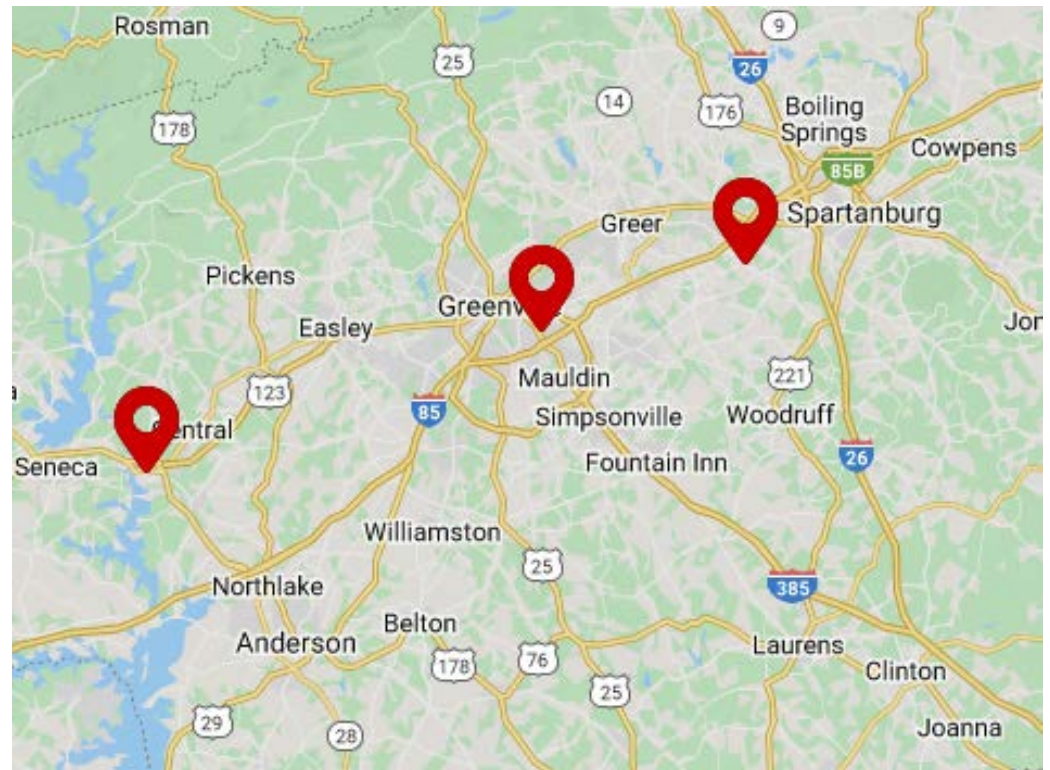
# Today's Agenda



# Talk to An Expert - Small Business Development Centers

- SBA-supported entities which can provide free consulting
- Full state list:  
<https://americassbdc.org/small-business-consulting-and-training/find-your-sbdc/>
- Zip Code search:  
<https://www.sba.gov/local-assistance/find/>

## Greenville/Spartanburg Results



# Resources on PPP *and* EIDL

- Together SC (SC's Nonprofit Association) guide to SBA loan applications: <https://www.togethersc.org/blog/applying-for-sba-loans>
- U.S. Senate Committee on Small Business & Entrepreneurship. The Small Business Owner's Guide to the CARES Act [https://www.sbc.senate.gov/public/\\_cache/files/2/9/29fc1ae7-879a-4de0-97d5-ab0a0cb558c8/1BC9E5AB74965E686FC6EBC019EC358F.the-small-business-owner-s-guide-to-the-cares-act-final-.pdf](https://www.sbc.senate.gov/public/_cache/files/2/9/29fc1ae7-879a-4de0-97d5-ab0a0cb558c8/1BC9E5AB74965E686FC6EBC019EC358F.the-small-business-owner-s-guide-to-the-cares-act-final-.pdf)

# Resources for More Info - PPP

- Paycheck Protection Program official website from the Small Business Administration: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>
- FAQs document provided by Linchpin Strategies, available via the Alliance for Early Success:  
<http://earlysuccess.org/sites/default/files/FAQonSBAPaycheckProtectionProgramLinchpinStrategies.pdf>
- Bipartisan Policy Center & CED. U.S. Small Business Administration (SBA) Support The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) March 26, 2020 <https://bipartisanpolicy.org/wp-content/uploads/2020/03/SBA-Assistance-CARES-Act-March-26-2020-BPC-and-CED.pdf>
- Mitchell, C. (2020). *Paycheck Protection Program Loan Applicants: Gather These Important Documents*. Fox Rothschild.  
<https://www.foxrothschild.com/publications/paycheck-protection-program-loan-applicants-gather-these-important-documents>

# Resources for More Info – EIDL

- EIDL Official Website from the Small Business Administration - <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance>

# Questions

## **Contact:**

Bryan Boroughs

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Tami McKnew

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