CARES ACT & LOCAL LOAN SUPPORT FOR NONPROFITS

WITH PATRICK CLEARY
MONDAY APRIL 13 1-2:30PM
Provide general education for nonprofit leaders about available federal and local resources for responding to the COVID-19 pandemic.

Answer questions about how to access resources.
We are in unprecedented times due to the Covid-19 public health emergency.

This has created uncertainty—when will this be over?

Thinking in timeframes

• What will your organization need—in 3 weeks? 3 months?
• Are you ready?
• Cash is king—why this is important
• Don’t panic—plan!
5 Things To Do Now:

1. Consolidate as many liquid financial resources as possible
2. Prepare and update a crisis budget for the next weeks/months, cash burn-rate analysis
3. Develop an employment strategy
4. Track information on available resources; Evaluate CARES ACT options
5. Bring your team of advisors together
The PPP is the Federal loan forgiveness program.

- Designed to assist employers in maintaining their workforce; up to 25% can be used for utilities, rent, debt payments.

- The size of the loan is 2.5 times the average monthly payroll.

- This is a 2-year loan. No payments for 6 months.

- Loan is forgiven if at least 75% is spent on payroll for the two months after received. Staffing must be maintained at pre-COVID levels (by 6/30/20).

- Open to businesses and 501c3 nonprofit organizations and churches.
PAYCHECK PROTECTION PLAN ("PPP")

The PPP is administered by SBA 7A lenders. Locally, they are:
- Redwood Capital Bank
- Umpqua Bank
- Tri-Counties Bank
- Chase
- Wells Fargo
- US Bank
- Arcata Economic Development Corporation (AEDC)

None of the local credit unions, Coast Central, Compass, Vocality, and Northern Redwood Federal are SBA Lenders.

Coast Central is working with AEDC and referring its customers to them.
The PPP applications are simple and online.

Necessary documents:
- 941 Quarterly Payroll Reports for all four quarters of 2019
- Complete W-2 reports for 2019
- Payroll report for period ending February 15, 2020

Nonprofits should apply to their existing banks, or AEDC if their bank is not eligible or is no longer accepting applications.

ECONOMIC INJURY DISASTER LOANS (EIDL) THROUGH US SMALL BUSINESS ADMINISTRATION

Employers with fewer than 500 employees (includes nonprofits)

$2 million maximum loan. Up to $10,000 typically funded within a few days (EIDL Emergency Advance)

No personal guarantees for loans under $200,000

2.75%, 30 year term, available through 12/31/20
• First payment due in 12 months

Apply directly to SBA at https://covid19relief.sba.gov/#

Learn about and consider applying for both PPP and EIDL.
MID-SIZED LOAN FUND

Largely undefined loan program to be created by the Treasury Department to fill the gap between the Paycheck Protection Program for smaller employers and the industry stabilization loans to big business.

500-10,000 employees

Expressly applies to “nonprofit organizations”

Legislation is vague, no details have been released. Stay tuned, or not.
EMPLOYEE RETENTION PAYROLL TAX CREDIT

- A refundable payroll tax credit of up to $5,000 for each employee

- The entity had to be an ongoing concern at the beginning of 2020, experienced a whole or partial shutdown, and had seen a drop in revenue of at least 50 percent in the first quarter compared to the first quarter of 2019.

- The availability of the credit would continue each quarter until the organization’s revenue exceeds 80 percent of the same quarter in 2019.

- Employers receiving Paycheck Protection Program loans are not eligible for these credits.
• A new above-the-line deduction (universal or non-itemizer deduction that applies to all taxpayers) for total charitable contributions of up to $300.

• Applies to cash contributions made in 2020 and can be claimed on tax forms next year.

• Lifts existing cap on annual contributions for those who itemize, raising it from 60% of adjusted gross income to 100%.

• For corporations, the annual limit expanded from 10% to 25%.

• Food donations from corporations are available up to 25%, up from 15% cap.
UNEMPLOYMENT WORK SHARING PROGRAM

The Work Sharing Program helps employees whose hours & wages have been reduced:

- Receive UI benefits.
- Keep their current job.
- Avoid financial hardships.

Work Sharing Program helps employers:

- Minimize or eliminate the need for layoffs.
- Keep trained employees and quickly prepare when business conditions improve.
- Avoid the cost of recruiting, hiring, and training new employees.
UNEMPLOYMENT WORK SHARING PROGRAM

Requirements

• At least 10% of the employer’s regular workforce (a minimum of 2 employees) must be affected by a reduction in hours and wages.

• Hours and wages must be reduced by at least 10% and not exceed 60%.

• Health benefits must remain the same as before, or they must meet the same standards as other employees who are not participating in Work Sharing.

• Retirement benefits must meet the same terms and conditions as before, or they must meet the same as other employees not participating in Work Sharing.

APPLY at https://edd.ca.gov/pdf_pub_ctr/de8686.pdf
Business Resilience Emergency Loan Program ("BRELP"): Emergency bridge loan for entities whose revenues have declined more than 25% (Should launch tomorrow)

Redwood Region Economic Development Commission ("RREDC") lead lender
Headwaters Fund, City Of Fortuna and Humboldt Area Foundation are funders

$25,000 maximum loan - open to nonprofits and businesses in Humboldt County

2.5%, no payments for 6 months, then 5 year repayment

Information at https://rredc.com/
Arcata Economic Development Corporation – Nonprofit Loan Fund

Under development

$500,000 funded by Humboldt Area Foundation

Open to nonprofits only

- $25,000 maximum loan
- 0% rate for 2020, 1% thereafter, up to 5 years.
- AEDC will screen to see if eligible for PPP
- Humboldt, Del Norte and Trinity County
Established to collect contributions and then provide grants to charitable organizations in Del Norte, Curry, Humboldt and Trinity counties.
WE’LL GET THROUGH THIS TOGETHER