

What Cook County Nonprofits Need to Know about Paycheck Protection Program

April 30, 2020



Hosts



The Cook County Bureau of Economic Development spearheads the County's regional economic development initiatives. It leverages resources, ensures cooperation and collaboration across departments; Strategic collaboration - sector and place driven; Further racial equity and inclusion; and Leverages additional public and private resources.

The CCCRI is a comprehensive response to provide economic relief to small businesses, non-profits, community service organizations, and independent contractors (1099 workers) in response to the COVID-19 pandemic.

NPNA represents the collective power and resources of the country's 37 largest regional immigrant and refugee rights organizations in 31 states. Our members provide large-scale services—from DACA application processing to voter registration to health care enrollment—for their communities, and they combine service delivery with sophisticated organizing tactics to advance local and state policy. We exist to leverage their collective power and expertise for a national strategy.

With chapters in Illinois, Texas, Florida, Colorado, & Massachusetts, ABIC works to promote sensible immigration reform that supports the economy of the United States, provides American companies with both the high-skilled and low-skilled talent they need, and allows the integration of immigrants into our economy as consumers, workers, entrepreneurs and citizens.

Nancy Flores

Deputy Director
National Partnership for
New Americans



Paycheck Protection Program Update

Toni Preckwinkle

President,
Cook County Board



Community Recovery Initiative Overview



- ❑ Assist businesses and 1099 workers in understanding the programs, process and resources available in response to COVID-19
- ❑ Build local capacity to support small business development
- ❑ Ensure access for all communities ,businesses, nonprofits and 1099 workers to resources
- ❑ Facilitate smooth and rapid submission of loan packages to SBA and other sources
- ❑ Help businesses understand the programs and resources available
- ❑ Target underserved and under-resourced communities: using an equity lens to help our most vulnerable

Non-Profit Success Stories

Anna Mann

Finance Secretary,
Pleasant Ridge Missionary Baptist
Church



Chris Brown

Director of Operations
Southwest Organizing Project
(SWOP)



What is the Paycheck Protection Program (PPP) for Non-Profits

Luis Garza

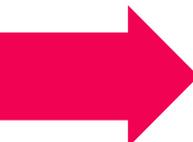
Family Protection Network Legal
Services Manager
National Partnership for New
Americans





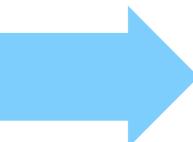
\$10 Billion

In Emergency Small Business grants up to \$10,000



\$350 Billion

For the “Paycheck Protection Act” program which provides forgivable loans through the Small Business Administration



\$17 Billion

To cover six months of payments for small businesses already using SBA loans

Paycheck Protection Program 2.0

- ❑ \$310B in forgivable loans
 - ❑ \$60 B set aside for small banks
- ❑ 100% federally backed
- ❑ Loans are administered by the Small Business Administration through Certified Lenders - **new lenders can become SBA certified**
- ❑ Period covered February 15, 2020 to June 30, 2020
- ❑ CARES Act includes other loan programs e.g. expanded SBA 7(b) and New Federal Reserve Mid-Size Business Assistance

PPP Eligibility - Is Your Non-Profit Eligible?

- ❑ 501(c)(3) & 501(c)(19) are eligible for PPP loans

How Do You Count 500 Employees?

- ❑ Includes **ALL** employees: FT, PT or other status **OR**
- ❑ If your organization is classified as a Small Business by the SBA (even if entity has more than 500 employees)

PPP Eligibility - Other Eligible Entities

- ❑ Small Businesses
- ❑ Sole Proprietors
- ❑ Independent Contractors - as evidenced by Form 1099-MISC
- ❑ Tribal business concern that meets SBA size standard

PPP Eligibility – What Will the Lender be Looking For?

- Applicant was in operation on 02/15/2020; **AND**
- Paid salary and payroll taxes.

NOTE:

No personal guarantee required

No collateral required for loan

Economic Injury Disaster Loan (EIDL)

EIDLs are lower interest loans with principal and interest deferment at the Administrator's discretion. Loans are available to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.

- ❑ Covered Period: **Jan 31, 2020 to Dec 31, 2020**
- ❑ **Additional \$60B in second round of funding**

NOTE: If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP.

NOTE: You cannot use your EIDL for the same purpose as your PPP loan.

EIDL Advance Grant

These grants provide an emergency advance of up to \$10,000 to eligible entities including **private non -profits** harmed by COVID-19 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL)

- ❑ Even if an applicant does not qualify for an EIDL loan, an applicant can still receive a grant.
- ❑ This advance grant will not have to be repaid
- ❑ Up to \$10,000 per eligible applicant

EIDL - Eligible Entities

- ❑ Private non -profit organizations - 501(c) (d) & (e) organizations are eligible
- ❑ A cooperative with no more than 500 employees
- ❑ Small agricultural cooperative
- ❑ Tribal business with no more than 500 employees
- ❑ Small Businesses & Employee Stock Ownership Plan with no more than 500 employees
- ❑ Sole Proprietor (with or without employees) & Independent contractors

Poll:

What best describes your organization's' current situation?

How to Apply for PPP as a Non-Profit

Magaly Arteaga

Programs & Training Manager
National Partnership for New
Americans



How Can Your Organization Apply 3 Steps



Prepare Internally



**Contact your
Financial Institution
& Lender**



**Submit
Application**

Prepare Internally

Connect with the person at your organization who runs payroll

Proof of Payroll Expenses

- Monthly average of payroll costs going back 1 -year

No Need to Show Revenue Loss

- Loan amount is determined by payroll expenses only - NOT loss of revenue

Calculating PPP Loan Amount

Up to 2.5 X average monthly payroll, not to exceed \$10M



STEP 1: CALCULATE TOTAL SALARY

STEP 2: CALCULATE TOTAL BENEFITS COMPENSATION

STEP 3: CALCULATE TOTAL ANNUAL PAYROLL

STEP 4: CALCULATE AVERAGE MONTHLY PAYROLL

STEP 5: CALCULATE MAXIMUM LOAN AMOUNT

1. CALCULATE TOTAL SALARY

Employee Whose principal place of residence is the U.S.A.	Compensation Annual gross salary, wages, commissions, tips	PPP Annual Payroll Costs If greater than \$100K, enter \$100K
Employee 1	\$ 120,000	\$ 100,000
Employee 2	\$ 50,000	\$ 50,000
Employee 3	\$ 45,000	\$ 45,000
	\$ 215,000	\$ 195,000

TOTAL PPP SALARY

Calculating PPP Loan Amount

Up to 2.5 X average monthly payroll, not to exceed \$10M

STEP 1: CALCULATE TOTAL SALARY



STEP 2: CALCULATE TOTAL BENEFITS COMPENSATION

STEP 3: CALCULATE TOTAL ANNUAL PAYROLL

STEP 4: CALCULATE AVERAGE MONTHLY PAYROLL

STEP 5: CALCULATE MAXIMUM LOAN AMOUNT

2. CALCULATE TOTAL BENEFITS COMPENSATION

	Benefit Amount
Employee benefits: group health coverage, insurance premiums	\$ 3,600.00
Retirement benefits	\$ 1,800.00
TOTAL BENEFITS COMPENSATION	\$ 5,400

Calculating PPP Loan Amount

Up to 2.5 X average monthly payroll, not to exceed \$10M

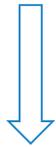
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STEP 5: CALCULATE MAXIMUM LOAN AMOUNT



3. CALCULATE TOTAL ANNUAL PAYROLL

Total PPP Salary	Total Benefits Compensation	Total Annual Payroll
\$ 195,000	+	\$ 200,400
\$ 5,400	=	

4. CALCULATE AVERAGE MONTHLY PAYROLL

Total Annual Payroll	12 (months)	Average Monthly Payroll
\$ 200,400	+	\$ 16,700
12	=	

5. CALCULATE LOAN AMOUNT

Average Monthly Payroll	2.5	Maximum Loan Amount
\$ 16,700	×	\$ 41,750
2.5	=	

Loan Proceeds

- ❑ Loan proceeds must be used over the eight -week period after the loan is made
- ❑ At least 75% of loan total should be used on payroll
- ❑ At most 25% can be used on eligible costs

Tell us how you will use your loan proceeds.

Total must equal the full loan amount.

Utilities	Rent
\$ 500	\$ 2,000
Payroll Costs	Mortgage Interest
\$ 38,650	\$ 0
Interest on debt incurred before February 15, 2020	Group health care benefits and insurance premiums
\$ 0	\$ 600
Refinance eligible EIDL	Total
\$ 0	\$ 41,750

Total must equal the full loan amount shown above.

Payroll=\$38,650 *or* 93% of loan ✓

Other eligible costs=\$3,100 *or* 7% of loan ✓

Ineligible Payroll Costs:

- ❑ Compensation of employee in excess of \$100,000, as prorated for the period of 2/15/2020 to 6/15/2020
- ❑ Payroll taxes, railroad retirement taxes, and income taxes
- ❑ Compensation of an employee whose principal place of business is outside the U.S.
- ❑ Qualified sick leave or family leave wages for which a credit is allowed under Families First Coronavirus Response Act

Loan Forgiveness

Amount equal to eligible expenses during 8 week period beginning on date of origination of loan:

- ❑ Payroll costs (see definition above)
- ❑ Costs related continuance of group health care benefits during periods of paid sick, medical and family leave, and insurance premiums
- ❑ Interest on a mortgage obligation incurred in ordinary course of business
- ❑ Interest on any other debt obligations that were incurred before the covered period
- ❑ Rent or lease agreement
- ❑ Utility payments (electricity, gas, water, transportation, telephone, internet)
- ❑ Borrowers with tipped employees, additional wages paid to those employees

****Loan forgiveness cannot exceed the principal.**

How Much Will Be Forgiven?

The amount of the loan that is forgiven will be reduced IF....

- ❑ There is a reduction in number of employees **OR**
There is a Reduction of greater than 25% in wages paid to employees

NOTE: Reductions in employment or wages that occurred between 02/ 15/ 2020 and ending 30 days after enactment of Act will **NOT** reduce forgiveness amount if borrower eliminates the reduction by 06/ 30/ 2020

Identify Your Financial Institution & Lender

Contact your Financial Institution

- Bank, Credit Union, etc.

Certified SBA Lenders

- Confirm that your lender is certified for Section (7)(a) loans through the Small Business Administration (SBA)
- The Secretary of Treasury and the SBA must facilitate certifying new lenders that are not currently SBA certified

Find out if your existing bank is providing the Paycheck Protection Program (PPP) loans

Paycheck Protection Application

- ❑ Application available on SBA website
- ❑ Review Eligibility: Sole proprietor, partnership, C -Corp, S-Corp, LLC, Independent contractor, Eligible self employed individual, 501c3 nonprofit, 501c19 veteran organization, tribal business of SBA
- ❑ Core evidence: IRS Form 941, Health insurance premium 2019; state and local payroll taxes for 2019 assessed on the compensation of employees
- ❑ Supplemental evidence: your bank

PPP Application

Application Form



Check One:	<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			DBA or Tradename if Applicable
Business Legal Name				
Business Address		Business TIN (EIN, SSN)	Business Phone	
		() -		
		Primary Contact	Email Address	
Average Monthly Payroll:	\$	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	\$	
			Number of Employees:	
Purpose of the loan (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

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="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="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"/>

Supporting Documentation

Examples of supporting payroll documentation include, but are not limited to:

- 2019 IRS Quarterly 940, 941, or 944 payroll tax reports
- Third party payroll processing summary reports
- Company prepared payroll summary reports
- 2019 company prepared financial statements
- 2019 business tax return
- 2019 W-3

Lender Troubleshooting

Randy Chambers

Self-Help Credit Union



Lender Perspective

- ❑ Get it done QUICKLY & CORRECTLY
- ❑ Common questions/mistakes when applying
- ❑ What is the lender looking for when reviewing applications before submitting to SBA
- ❑ What to do if Financial Institution/Lender is not responsive

Q & A

Panelists



Xochitl Flores

Cook County Bureau
of Economic
Development



Magaly Arteaga

Programs &
Training Manager
NPNA



Irakere Picon

Director of Legal
Services
IBIC



Randy Chambers

Self Help
Credit Union

THANK YOU CO-HOSTS THANK YOU PRESIDENT PRECKWINKLE



NPNA: partnershipfornewamericans.org/covid19resources

Cook County: cookcountyil.gov/recover_y

ABIC: abic.us/covid19