

 Crescendo

**CARES Act**  
Saves 100,000  
**NONPROFITS**



By Charles Schultz  
*Crescendo Interactive President*



# Today's Roadmap

- Nonprofits at Risk
- Paycheck Protection Program Loan
- Qualified for a PPP Loan?
- PPP Loan Terms
- Permitted Expenses
- PPP Loan Forgiveness
- Documentation
- How to Apply for a Loan



# Nonprofits **At Risk**

- Coronavirus Peak in Late April?
- Major Unemployment, 10 Million, March 15-31
- Half of Nonprofits – One Month of Cash\*

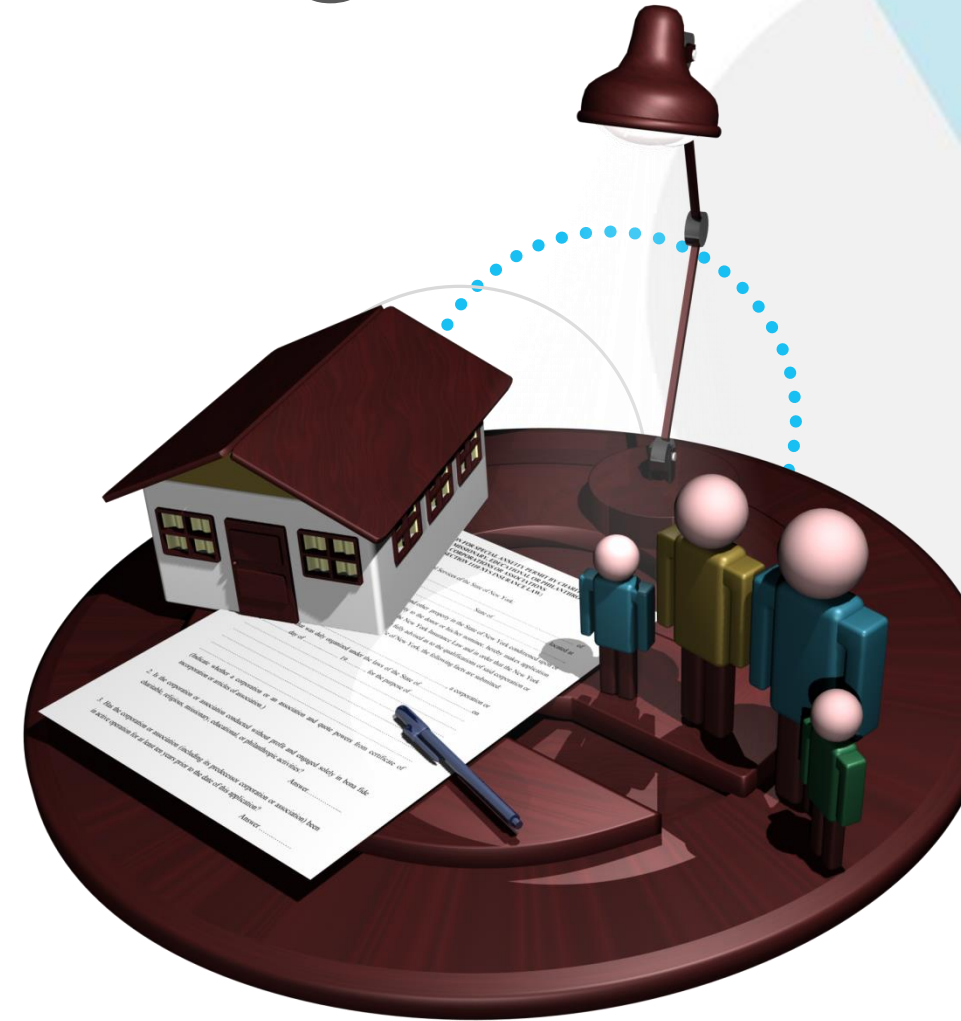


\*National Council of Nonprofits



# Paycheck Protection Program Loan-Grant

- Eight Weeks of Overhead
- Payroll and Benefits
- Rent, Lease or Mortgage Interest
- Potential Loan Forgiveness



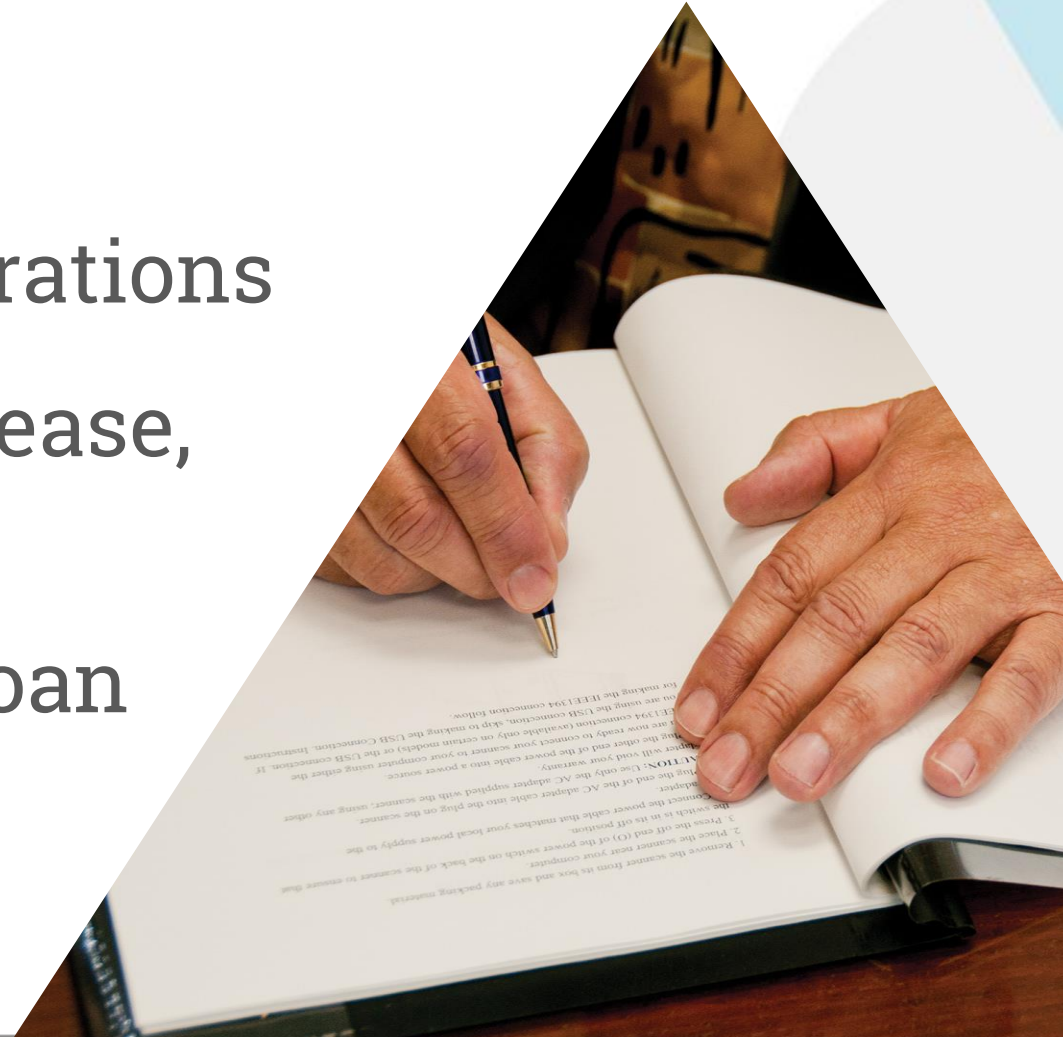
# Qualifications For **PPP Loan-Grant**

- SBA Section 7(a) Loan
- Up to 500 Employees
- Paid Employees on Feb. 15, 2020
- SBA Affiliation Rules



# Nonprofit **Good Faith Certification**

- PPP Loan **“Necessary”** For Operations
- Funds Used for Payroll, Rent, Lease, Interest and Utilities
- No Other SBA Application or Loan



# PPP Loan Terms

- PPP Loan 2.5 Times Payroll
- Maximum Loan \$10 Million
- Interest Rate SBA Final Rule 1%
- Nonrecourse & No Personal Guarantee
- No Collateral, No Prepayment Penalty
- No Need to Show Inability to Obtain Loan
- Payments Deferred Six to Twelve Months
- No Loan Fee for Nonprofit





# PPP Loan Permitted Expenses

- Payroll Costs
- Group Health Care
- Interest on Mortgage (Not Principal)
- Rent or Lease Payments  
(agreement in place by Feb. 15, 2020)
- Utilities





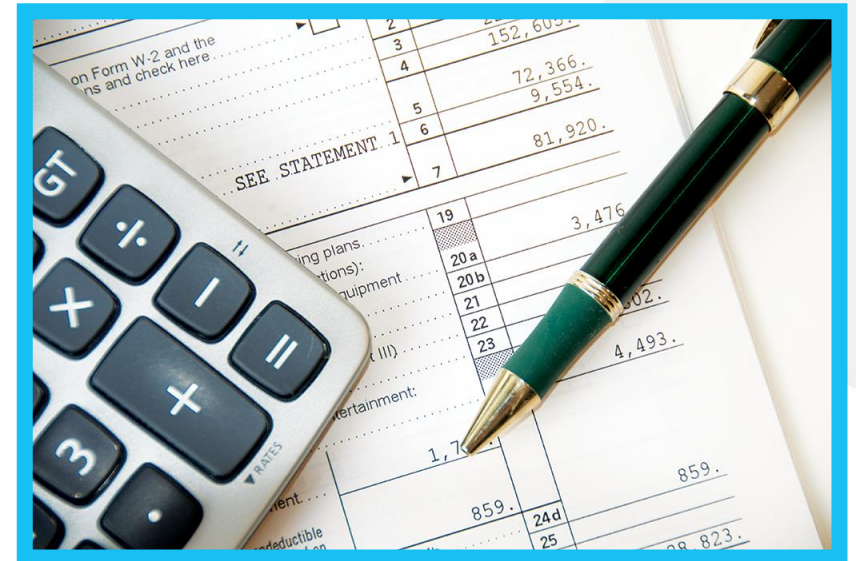
# PPP Loan Forgiveness

- Eight Weeks of Payroll Costs
  - Salaries (Limit of \$100,000)
  - Vacation, Medical, Family Leave
  - Separation Agreement
  - Group Health Care
  - Retirement Plan Benefits
  - State or Local Tax on Employees
- Interest on Mortgage (Not Principal)
- Rent or Lease Payments (agreement in place by Feb. 15, 2020)
- Utilities



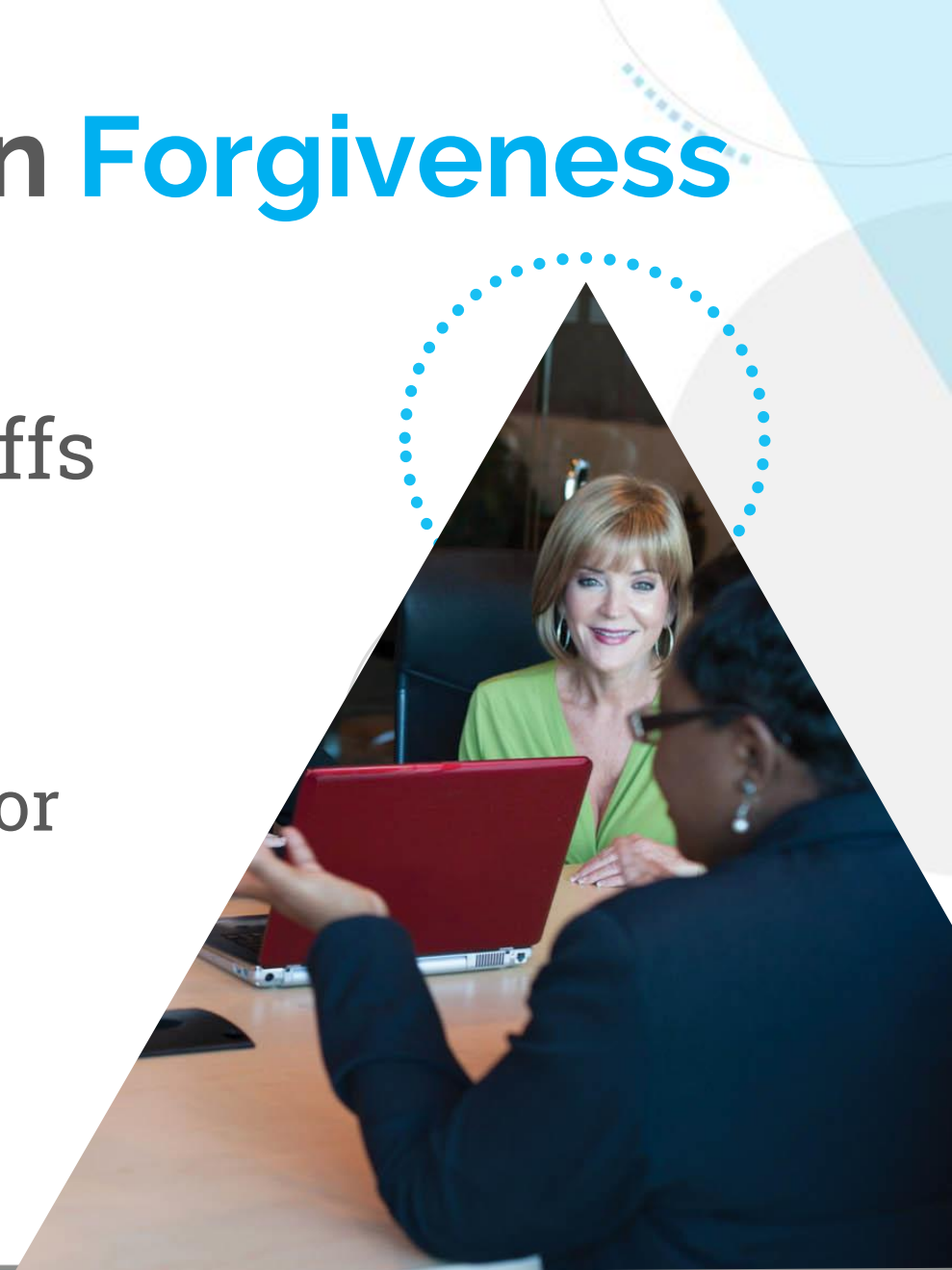
# Documentation For Loan Forgiveness

- Payroll Tax Filings
- Checks for Interest on Mortgage
- Checks for Rent or Lease Payments
- Checks and Bills for Utilities
- Certification – Necessary for Retaining Employees and Other Payments



# Employee Limits For Loan Forgiveness

- Goal is to Retain Employees
- Reduced Loan Forgiveness if Layoffs
- Employee Number Decline
  - FTEs During Eight Week Period /
  - FTEs From Feb. 15 to June 30, 2019 or
  - FTEs From Jan. 1 to Feb. 29, 2020
- Employee Salary Decline of 25%



# Faith Based Organization FAQ

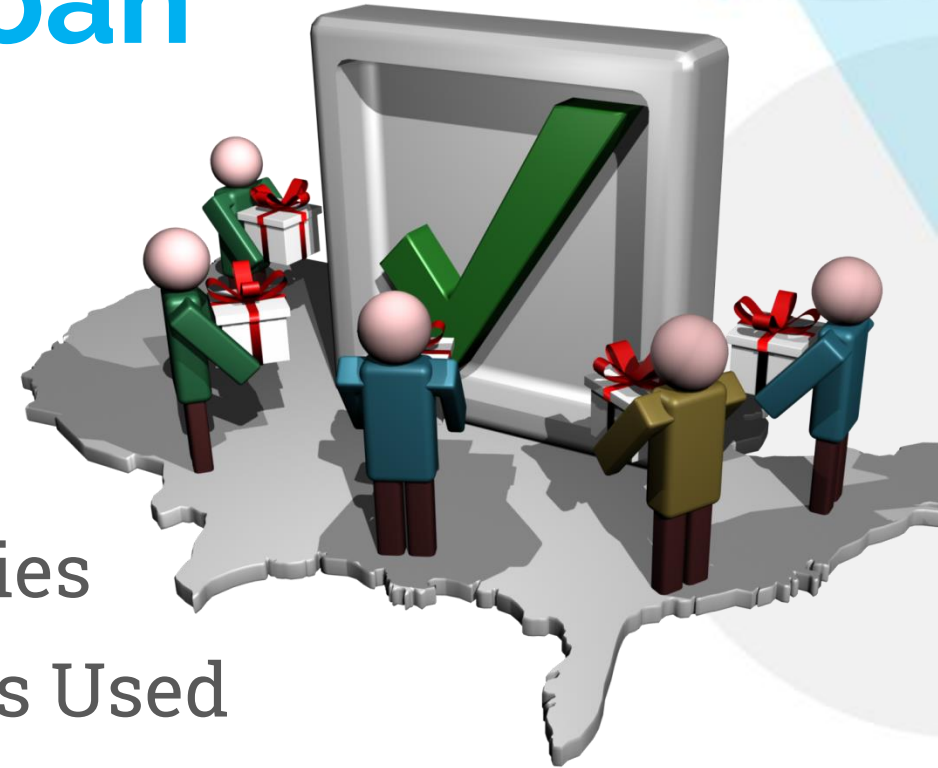
- SBA Rules Exclude – PPP Includes
- Same Rules on Expenditures
- Houses of Worship Permitted
- No Discrimination Housing or Services
- May Serve Own Faith Community
- Affiliation with Religious Belief Permitted





# How to Apply For **PPP Loan**

- PPP Loan Application on SBA.gov
- Contact and Ownership Information
- Payroll Times 2.5 = PPP Loan
- No Other SBA Loans or Illegal Activities
- Certified by Nonprofit Officer – Funds Used for Payroll, Rent, Utilities
- IRS Form 990 to Lender – Some May Require
- Acknowledge Potential Criminal Penalties



# Banks Respond To SBA Final Rule

- 30 Million Small Businesses
- 1.3 Million Nonprofits
- Lenders Rely on Documentation
- Loans for Two Years
- Forgiveness 25% Non-Payroll
- First Come – First Served
- Banks – Challenged by Applicants



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