SBA EMERGENCY ASSISTANCE AVAILABLE TO NONPROFIT ORGANIZATIONS:

- Economic Injury Disaster Loan (EIDL)
- Paycheck Protection Program (PPP1 or PPP2)
- Grants for Shuttered Venue Operators

ECONOMIC AID TO HARD-HIT SMALL BUSINESSES, NONPROFITS AND VENUES ACT

The Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act is part of the Consolidated Appropriations Act of 2021. This Act provides designated funding to support small businesses and nonprofits impacted by COVID–19.

Key Components of the Act

- Second Draw of Paycheck Protection Program Loan (PPP2), now available to additional nonprofit organizations who do not employ more than 300 employees
- Targeted COVID–19 Economic Injury Disaster Loan (EIDL) Advance
- SBA Guaranteed Loan Debt Relief
- Creates a set–aside for small nonprofits with 10 or fewer employees and nonprofits located in distressed areas
- Targeted Programs for:
  - Hardest Hit Businesses and Nonprofits
  - Disadvantaged Businesses and Nonprofits
- Repeals the requirement of deducting an EIDL Advance from the PPP forgiveness amount

Second Draw of Paycheck Protection Program (PPP2)

Known as the Paycheck Protection Program (PPP), provides SBA 7(a) loans of up to $10 million to certain nonprofits, including those under Section 501(c)(3), Section 501(c)(6) and tax–exempt veterans' organizations under Section 501(c)(19). Nonprofits are eligible to have portions of these loans forgiven, effectively turning the loans into grants.

Qualifications Include:

- Must have experienced at least one quarter in 2020 in which revenues were at least 25% below corresponding 2019 quarter (based on section 6033 reporting definitions).
- No more than 300 employees
- Must have or will use full amount of initial PPP loan funds (PPP1)
Had to be in business on February 15, 2020
Cannot have more than 15% of its revenue from lobbying efforts

**Eligible Expenses:**

- Payroll
- Health benefits during sick or family leave
- Salaries or commissions
- Interest on mortgage payments (principal or prepayments excluded)
- Rent
- Utilities
- Interest on any debt incurred prior to February 15, 2020
- Operations Expenditures – software, cloud computing, HR and accounting expenses
- Property Damage Costs – repair expenses due to public disturbances not covered by your insurance
- Supplier Costs – supplier costs essential to your business
- Worker Protection Expenditure – cost incurred to protect workers from COVID-19
- Employer Provided Group Insurance – can be included as payroll costs
- Can request an increase in PPP1 loan if SBA updated regulations would have allowed it (e.g. Owner's Draw)

**Additional Terms:**

- Loans available through March 31, 2021
- The loan is for expenses incurred between February 15, 2020 and December 31, 2020
- Forgiveness is available for the portion of the loan used for qualified expenses during the covered period (no less than 8 weeks and no more than 24 weeks from date of origination). These expenses include:
  - Defined payroll costs
  - Interest on mortgage incurred before February 15, 2020
  - Rent obligation incurred before February 15, 2020 and
  - Utilities (electric, gas, water, transportation, phone, internet) for service that began before February 15, 2020
- At least 60% of loan proceeds must go toward payroll costs in order for the full loan to be forgiven (updated by the PPP Flexibility Act.)
- For loans under $150k – forgiveness application is now a one-page certification that identifies:
  - Number of employees you were able to retain
  - Estimate of amount spent on payroll
  - Total loan amount
- Payroll costs include salary, wages, sick leave (unless allowed for paid leave tax credit), health benefits, pension benefits and state taxes
- Payments for salary and wages are limited to $100,000, on an annualized basis. Independent contractors do not count as employees for this calculation
- Must attest to the use of funds for allowable expenses only
Economic Injury Disaster Loan (EIDL) Program

This loan provides economic relief to small businesses and nonprofit organizations that are currently experiencing a temporary loss of revenue and recovering revenue from declared disasters. It also establishes the Targeted EIDL Advance to allow an eligible nonprofit that has applied for an EIDL loan to request an advance on that loan, up to $10,000.

Qualifications Include:

- No more than 300 employees
- An individual who operates under a sole proprietorship, with or without employees, or as an independent contractor; or a private nonprofit or small agricultural cooperative
- The business must have been in operation by January 31, 2020
- The business must be directly affected by COVID–19

Eligible Expenses:

- Payroll
- Materials
- Rent
- Mortgage or other debt payments

Additional Terms:

- For the Targeted EIDL Advance, expenses related to “economic loss” which means, with respect to a covered entity:
  - (A) the amount by which the gross receipts of the covered entity declined during an 8-week period between March 2, 2020, and December 31, 2021, relative to a comparable 8-week period immediately preceding March 2, 2020, or during 2019; or
  - (B) if the covered entity is a seasonal business concern, such other amount determined appropriate by the Administrator The SBA is extending the deadline for EIDL loan applications to December 31, 2021 or until funds are exhausted
- Emergency EIDL grants are extended through Dec. 31, 2021 or until funds are exhausted
- Targeted Advances to eligible entities:
  - “Grosses-up” the difference between what was granted earlier and $10k
  - Provides $10k grant to those who did not get grants because funding had run out
- To qualify for the full $10,000 EIDL grant, a nonprofit must:
  - Be located in a low-income community, and
  - Have suffered an economic loss greater than 30%, and
  - Employ no more than 300 employees

Shuttered Venue Operators Grant (SVOG)

The Shuttered Venue Operators Grant (SVOG) allocates $15 billion for SBA grants to live venues, independent movie theaters and other cultural institutions and independent talent organizations. The legislation also includes additional small business loans and unemployment benefits for those businesses and nonprofits that continue to financially struggle due to the pandemic.

Qualifying Recipients:

- Theatrical producers and talent representatives
- Operators of:
  - Live venues
  - Live performing arts organizations
  - Museums
  - Independent motion picture theaters
Additional Terms:

- Must demonstrate a 25% reduction in revenue
- $2B is set-aside for those with less than 50 employees
- Grants will be up to 45% of 2019 gross earned revenue
- Supplemental funding up to 50% may be available
- Total amount granted cannot exceed $10m

Additional Information:

The expansion of Charitable Contributions Deductions suspends the limitation on deductions for cash contributions to most charities for individuals who itemize. Increases the limitation on deductions for similar contributions by corporations from 10% to 25% of taxable income. Also increases the limitation on deductions from 15% to 25% for contributions of food inventory. The Consolidated Appropriations Act of 2021 extends the above limitations through tax year 2021.

Other Considerations:

- In the initial 14 days, grants will be exclusively made to those with 90% or greater revenue loss
- In the second 14 days, grants will be to those with 70% or greater revenue loss
- After these two rounds – all other qualifying entities will receive awards
- If you receive a Shuttered Venues grant, you cannot participate in PPP2
- Expenses paid by PPP funds can be claimed as business expenses
- Debt relief payment of P&I will not be treated as income
Next Steps

- Contact your primary banking partner to apply for PPP. Your bank must be an SBA-approved lender to submit your application for assistance.
- When in doubt if your organization qualifies for a loan program, file for relief and let the SBA determine eligibility. There is no penalty for submitting an application to multiple loan programs.
- Keep your board informed and engaged in steering your organization through the application progress. Consult the CPAs and bankers on your board for specific loan guidance.
- Consult the SBA website for updates and additional guidance: SBA.gov
- Learn more with webinars from the University of Georgia SBDC. Visit the website for upcoming live and on-demand webinar opportunities: www.georgiasbdc.org
- To check the status of your EIDL application, email answerdesk@sba.gov or visit SBA.gov. For PPP loan application status, contact your SBA approved lender.
- For further nonprofit leadership and community development information, contact the J.W. Fanning Institute for Leadership Development.

Contact Info:

- Fanning Institute Nonprofit Economic Aid Act Phone Line: 706.363.0926
- Email: info@fanning.uga.edu

ABOUT THE J.W. FANNING INSTITUTE

The J.W. Fanning Institute for Leadership Development, a unit of Public Service and Outreach at the University of Georgia, is dedicated to strengthening communities, organizations, and individuals through leadership development, training, and education.

We strive to provide nonprofit leaders with information that enhances organizational decision making.

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