



NonProfit Alliance

- Katy Davenport, *CommunityWorks*
- Pat Robertson, *Public Education Partners*
- Lane Rhodes, *Pinnacle Financial Partners*
- Kevin Thomas, *Greene Finney LLP*
- Ashley Hull, *Greene Finney LLP*
- Q&A and wrap up



NonProfit Alliance

- 21-Day Equity Challenge
- Boards and Commissions
- Upcoming County Webinar

Federal Funding for Small Businesses and Nonprofits

Economic Injury Disaster Loan (EIDL)- Reopen

- *Available online now SBA. Up to \$2M. Loan used for losses due to COVID 19.*

Paycheck Protection Program (PPP)- 6/30

- *Apply through local banking institutions or approved SBA partner*
- *(CW is approved Lender- CDFI set aside). Forgivable for payroll.*

Experiences

- CW closed over 140 in PPP loans@ 1.7M
- Banking relations were key to access PPP
- EIDL a loan – some concerns taking out a loan- but why NOT
- Short time to roll out the program; guidance issues
- Smaller businesses and nonprofits possibly left out (500 employees)
- Communication Gaps (Between SBA Banks and Client)
- Most needed \$5,000- \$50,000
- Minority and women led businesses limited access
- Each Business and Nonprofit is different (Sole proprietor; partnership; fiscal agent relationship; contractors, etc.)
- Funds still available; Banks may not offer; CW still offering



June 23, 2020

PPP Forgiveness Application



PPP Flexibility Act

- Last date to apply for PPP is June 30th 2020
- Giving borrowers 24 weeks to spend the funds instead of eight
- Allowing for up to 40 percent of funds to be spent on eligible non-payroll expenses instead of 25 percent
- Giving borrowers more time to rehire employees without losing forgiveness eligibility
- Extending the period of time during which borrowers can apply for forgiveness

PPP Forgiveness Applications

- Application Form 3508
 - Original 11 page application.
- Application Form 3508EZ
 - Self-employed and do not have any employees.
 - Did not reduce your employees' hours or did not reduce their salaries or wages by more than 25%.
 - Experienced reductions in business as a result of health directives related to the Coronavirus (COVID-19) **AND** did not reduce the salaries or wages of your employees more than 25%.

PPP Forgiveness Application



- Read the full forgiveness application before completing
- Make sure you have your original PPP application and loan documents to reference
- Make sure to keep all documentation for 6 years

Alternative Payroll Covered Period

- Borrowers with a biweekly or more frequent payroll schedule can elect to calculate payroll starting with the 1st payroll after receiving PPP funds.
- The Alternative Payroll Covered Period will begin on the first day of the borrower's first pay period following the date that they receive their first PPP loan dollars, and will end on the 56th day thereafter
- This assumes that all borrowers pay their employees in full on the last day of each pay period.

FTE Reduction Safe Harbor



To compute the FTE Reduction Safe Harbor compute one of the following:

Average # of FTE employees per month for the 8-week period following loan closing

Average # of FTE employees per month for the period of 2/15/19 through 6/30/19

OR

Average # of FTE employees per month for the 8-week period following loan closing

Average # of FTE employees per month for the period of 1/1/20 through 2/29/20

OR, for seasonal employers

Average # of FTE employees per month for the 8-week period following loan closing

Average # of FTE employees per month for any consecutive 12-week period between 5/1/19 and 9/15/19

For more information on Forgiveness visit:

www.pnfp.com/ppp-forgiveness



PPP Forgiveness Accountant's Perspective

Greene Finney LLP

Kevin Tomas

Ashley Hull

Payroll Calculations

- Full Time Equivalents (FTEs)
 1. No reduction in average pay or number of employees
 2. Safe Harbor 1
 - If you were unable to operate between February 15, 2020, and the end of the Covered Period at the same level of business activity as before February 15, 2020 due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020, by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19

Payroll Calculations

- Full Time Equivalents (FTEs)

- 3. Safe Harbor 2

- Goal is to maintain current level of FTEs
 - Analysis hours worked by employee
 - From Feb 16, 2020 – April 26, 2020
 - Compared to pay period including Feb 15, 2020
 - If Feb-April FTE is less, than Feb 15, need to compare Feb 15 FTE to either Dec, 31, 2020 FTE or FTE as of loan forgiveness application date (the earlier date)
 - Need to consider any employees hired/attempted to rehire/terminated
 - Need to figure any earners over \$100k into calculation
 - If there is a reduction, you do not qualify for the Safe Harbor 2 rule

Payroll Calculations

- Full Time Equivalent (FTEs)
 - If Safe Harbor 2 is not met
 - Need to calculate the reduction in FTEs
 - Analyze FTEs from 2/15/19 – 6/30/19 (full-time and hourly)
 - Compare to FTEs from 1/1/20 – 2/29/20 (full-time and hourly)
 - Chose the lower of these two numbers.
 - Then compare the lower FTE number to average FTEs for the PPP covered period
 - Need to consider any employees hired/attempted to rehire/terminated
 - Need to figure any earners over \$100k into calculation
 - If your PPP covered period FTEs are less, your loan forgiveness will be reduced
 - If your PPP covered period FTEs are more, no loan forgiveness reduction

Salary/Hourly wage reduction – amount needed

Payroll Calculations

- Total the payroll costs
 - Gross Salary
 - Health Insurances Costs
 - Retirement Costs
 - State/local taxes
- Total nonpayroll costs
 - Rent/lease payments
 - Mortgage interest
 - Utilities

Total of payroll and nonpayroll costs

Payroll Calculations

- Use any FTE reduction if required
- If you meet any of the three items (no reductions, Safe Harbor 1/2)
- Compute your 60%/40% ratio
- Calculate forgiveness amount
- Any EIDL advance amount received will reduce your PPP loan forgiveness amount
- Forgiveness will not be more than your loan amount

Recommendations

- Probably need an accountant's help or someone in your organization very familiar with PPP requirements and your payroll to perform these calculations
 - loan forgiveness application – lots of moving parts with FTEs
 - Lots of data to analyze so it can take some time
 - EZ application
 - Would be wise to review employee data to ensure no reductions
- Payroll provider may have some reports

Tax Implications

- There are not any income tax implications for nonprofits
- Any payroll taxes are due as normal (except following item)
- Employer share Social Security tax payment could be postponed
 - March 27, 2020 – Dec 31, 2020
 - Due dates Dec 31, 2021 and Dec 31, 2022 – half due (50%) each year
 - Revised June 2020 941

Can't Meet Requirements?

- 60/40 Payroll/NonPayroll Costs
 - Any amount under the 60% not spent on payroll becomes a loan – not forgiven
 - Loan 2 or 5 year term (June 5, 2020)
 - You have 10 months after the end of your 24 week period to submit loan forgiveness application – if not, would need to start making loan payments
 - Before June 5, 2020 – can opt 8 week period
- These are still federal funds
 - Need to follow the requirements on spending after the 24 week period
 - Or once you meet the 24 week period, stop spending unused PPP funds