Can We Talk?

March 31, 2020 By Paul Kawata

These are scary times. Can we talk? NMAC wants to hold an online hangout with a purpose, to talk about Coronavirus Emergency Loans for Nonprofits. We are not experts on the topic, but we wanted to make sure that everyone has information about this program.

NMAC will hold two webinars on Thursday, April 2.

- 10 AM (EST) for the east coast (register here)
- 2 PM (EST) for the west coast (register here)

The purpose of the webinars is to discuss relief for nonprofits via the Coronavirus Aid, Relief, and Economic Security (CARES) Act. There is $350 billion to help small businesses and nonprofits. We specifically want to discuss the Paycheck Protection Program because of the loan forgiveness component of this program. This program will be administered by the Small Business Administration. Loans will be guaranteed by the federal government, nonprofit need to apply at one of the approved banks.

Who Is Eligible?
A 501©(3) with fewer than 500 employees

How Much Can A Nonprofit Borrow?
Loans through this program can be up to 2.5 times the nonprofit's average monthly payroll costs, not to exceed $10 million. Your average monthly payroll is the sum of salary, or wages. It includes vacation and/or sick leave, healthcare benefits including insurance premiums, retirement benefits, and state or local tax assessed on the compensation. Compensation of an individual employee in excess of $100,000 annually will be prorated for the period from February 15 to June 30, 2020.

The Loan Can Be Forgiven
Nonprofits are eligible for loan forgiveness equal to the amount they spent on the following items during the two-month period starting on the loan's origination date:

- Payroll (prorated up to $100,000 per employee)
- Rent or Mortgage Interest
- Utilities (electricity, gas, water, transportation, telephone or internet)

However, loan forgiveness can be reduced if the nonprofit has a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees. These details are still to be worked out.

Registration will be limited to 100 people per session. If the demand exceeds the spaces, NMAC will add additional sessions. NMAC is NOT an expert on this program or the SBA; however, we felt it was important for the HIV infrastructure to consider these loans. We want to thank the US Chamber of Commerce for the information we shared in this e-newsletter.

Yours in the struggle,
Paul Kawata

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