

# THE COVID-19 OUTBREAK AND CHARITABLE ORGANIZATIONS IN NEW HAMPSHIRE

## EMERGENCY FUNDING RESOURCES AND OTHER INFORMATION

New Hampshire charitable organizations face tremendous challenges as a result of the COVID-19 outbreak. Health care and social service organizations are seeing new demands for their services. Arts, education, and other organizations have been forced to close. All are dealing with a loss of revenue. The following are some resources available to New Hampshire charities that are experiencing financial hardship as a result of the COVID-19 pandemic. Please note the information in this document pertaining to federal laws is subject to change as the situation continues to evolve.

Before applying for loans or grants, charitable organizations should carefully consider whether they meet the qualifications for the grants or loans, whether they are able to comply with the conditions, and whether they truly are in financial need as a result of the COVID-19 pandemic.

### Local Resources

**NH Center for Nonprofits ([www.nhnonprofits.org](http://www.nhnonprofits.org)):** The NH Center for Nonprofits has compiled a list of funding and other resources to assist charities in navigating the implications of the COVID-19 pandemic.

**NH Charitable Foundation ([www.nhcf.org](http://www.nhcf.org)):** The NH Charitable Foundation has established both a Community Action Crisis Fund and an express grant program. The deadline for applications to the express grant program is May 29, 2020. For more information, visit the NH Charitable Foundation website.

### National Resources

**National Council of Nonprofits (<https://www.councilofnonprofits.org/nonprofits-and-coronavirus-covid-19>):** The National Council of Nonprofits has published on its website a number of articles and other resources for nonprofits related to the COVID-19 outbreak, including analyses of federal laws offering loans, grants, and other assistance to nonprofits.

**Federal CARES Act (<https://www.congress.gov/116/bills/hr748/BILLS-116hr748eas.pdf>):** On March 27, 2020, Congress passed, and the President signed, the Coronavirus Aid, Relief, and Economic Security Act (“CARES” Act) (Pub. L. 116-136), a \$2 trillion economic stimulus law that is intended to provide immediate relief for individuals, businesses, nonprofits, and state and local governments. The CARES Act offers some funding for charitable nonprofit organizations.

**Paycheck Protection Program (“PPP”) Loans (Emergency Small Business Administration (“SBA”) 7(a) Loans):** This is an emergency loan program for nonprofits and for-profit entities to obtain funds to pay staff and operating costs for two months. Full loan forgiveness is available under certain circumstances. PPP is intended to provide incentives to employers to continue to employ staff.

**Eligibility:** Employers with 500 or fewer employees (counting full and part-time employees). The employer must have been in operation on February 15, 2020. Charitable nonprofits (including religious employers) are eligible.

**Loan Amount:** The amount of the organization’s average monthly payroll costs for the previous 12 month period multiplied by 2.5, up to \$10 million. (Payroll costs include

salary, wage, sick leave, health benefits, pension benefits, state taxes, and payments to independent contractors.)

Loan Use: Payroll costs, mortgage interest payments, rent, utilities, and interest on prior debt during the 8 week period following loan origination.

Loan Terms: 4% interest rate for up to 10 years. The first 6 months of payments are automatically deferred.

Loan Forgiveness: Loans will be forgiven for employers that maintain employment for employees who were employed 8 weeks prior to the loan origination for 8 weeks after origination of the loan. If employees were furloughed in the 8 week period prior to loan origination, the employees must be rehired by June 30. Loans may be forgiven in part if not all of the employees were maintained or rehired.

Application: Available beginning on April 3, 2020. Apply at any lending institution approved to participate in SBA's 7(a) lending program (more than 1,800 banks and credit unions are approved). A sample application form is available on the SBA website: <https://www.sba.gov/document/sba-form--paycheck-protection-program-ppp-sample-application-form>.

Additional information: <https://www.sba.gov/funding-programs/loans/paycheck-protection-program-ppp#section-header-4>

**Emergency Economic Injury Disaster Loans (EIDL) and Grant (SBA 7(b) Loans):** EIDLs are low-interest loans offered through the SBA disaster loan program to help businesses and homeowners recover from declared disasters. The CARES Act expands eligibility for access to the loans and offers an emergency advance/grant of up to \$10,000.

Eligibility: Includes "private" nonprofits with 500 or fewer employees that were in operation before January 31, 2020. Does not include religious institutions but may apply to food banks, nursing homes, or other charities operated by religious organizations.

Types of Loans: There are two types of loans: a normal EIDL and an Emergency Advance EIDL

Normal EIDL: Up to \$2 million loan.

Loan Terms: 2.75% interest rate for nonprofits.

Loan Forgiveness: Not available

Emergency Advance EIDL: Up to \$10,000, which the SBA must distribute within 3 days.

Loan Use: The \$10,000 advance may be used for paid sick leave, payroll costs, increased costs due to disrupted supply chain, rent, mortgage, or other debt payments.

Loan Forgiveness: Applicants are not required to repay the advance payment, even if they are denied for an EIDL, but advanced payments

would be counted toward the loan forgiveness amount under a 7(a) PPP loan.

Application and More Information: Application can be made prior to December 31, 2020 through the SBA: <https://covid19relief.sba.gov/#/>. For more information, visit the SBA website:

**Mid-Size Loan Program:** This program largely has been undefined but will be created by the Treasury Department to fill the gap between the PPP for smaller employers and the industry stabilization loans to very large employers.

Eligibility: Includes nonprofit organizations with between 500 and 10,000 employees.

Loan Use: To retain 90% of the workforce at full wages and benefits through September 30, 2020 and intention to restore 90% of workforce in place on February 1, 2020.

Loan Terms: Interest capped at 2% with no principal or interest paid for the first 6 months.

Loan Forgiveness: Not available

Application: Not yet available.

**Employee Retention Tax Credit:** This is a refundable tax credit intended to encourage employers to keep employees on their payroll. The credit is 50% (up to \$10,000) in wages paid by an employer whose business is fully or partially suspended because of COVID-19 or whose gross receipts decline by more than 50%. *Note that employers who accept PPP loans are not eligible for these tax credits.*

Eligibility: Includes nonprofit organizations regardless of size.

Calculation of the Credit: The amount of the credit is 50% of qualifying wages (including costs of health care). The definition of qualifying wages depends upon whether the employer had on average more or less than 100 employees in 2019.

Payment: Employers can immediately be reimbursed for the credit by reducing the amount of payroll taxes they have withheld from employees' wages that they are required to deposit with the Treasury.

For Information: Visit the IRS website: <https://www.irs.gov/newsroom/faqs-employee-retention-credit-under-the-cares-act>.