

## **Dear Cultural Call Attendee:**

We appreciate your attendance on Monday's cultural call. We apologize for the technical difficulties that made it challenging to answer questions. We promised you a summary of questions with our best responses and have prepared that document below. As a caveat, it's important to note that we are not lawyers or accountants, and we highly recommend you continue to seek the expertise of your board and advisors who may have professional expertise. A number of Department of Heritage and Arts, Division of Arts and Museums and Utah Cultural Alliance employees are being trained as a part of the rapid response team to answer questions.

Note: The SBA Enhanced 7a (PPP) Loans are not yet available. Expected availability is the end of this week or next week. EIDL grants and loans are available now.

Additional trainings are available:

The Utah Cultural Alliance is offering online workshops on various topics to assist during the COVID-19 outbreak.

SBA Loans for Nonprofits - Thursday, April 2, 2020 2:00 p.m.

<https://www.utahculturalalliance.org/events>

The Utah Nonprofits Association will be hosting four webinars this week about COVID-19 resources for nonprofits. Your organization does not need to be a member of UNA to attend.

[SBA and Disaster Relief Fund Webinar | NOW CFO and UNA](#)

**Apr 02, 2020 10:00 am - 11:00 am**

[Online Fundraising for Nonprofits](#)

**Apr 02, 2020 12:00 pm - 1:30 pm**

[New Families First Coronavirus Response Act \(FFCRA\) and Employer Actions](#)

**Apr 03, 2020 1:00 pm - 2:00 pm**

Marriner S. Eccles Institute for Economic and Quantitative Analysis offers

Navigating COVID-29: how to Save YOur Business

**April 3, 2020 11 - 1 p.m.**

Free Registration:

[https://eccles.utah.edu/programs/executive-education/product/mikeleavitt/?utm\\_source=none&utm\\_medium=eccleslink](https://eccles.utah.edu/programs/executive-education/product/mikeleavitt/?utm_source=none&utm_medium=eccleslink)

**Zions Bank's paycheck protection program through the CARES Act:**

[www.zionsbank.com/CARES](http://www.zionsbank.com/CARES)

## 3/30 Cultural Update Call Q&A:

### Questions regarding calculating Payroll costs in the Payroll Protection Program: ( there were a number of questions with specific organizational payroll challenges)

For assistance in calculating your specific payroll costs reach out to one of our trained team members: [https://wtcutah.formstack.com/forms/rapid\\_response\\_team\\_intake](https://wtcutah.formstack.com/forms/rapid_response_team_intake)

- What does the 500 person headcount apply to?  
In order to be eligible for Small Business Administration loans, there is a 500-employee limit. This is applicable to both for-profit and non-profit organizations. The limit is the average number of FTE, PTE, and 1099 employees your organization has employed in 2019.
- We have 150 full time employees, but during the past 12 months have hired extra and substitute musicians, guest artists, chorus, etc. We had thought they were contractors but from other orchestras we are hearing those infrequent performers count for the 500 employee maximum, disqualifying us from SBA loans. Is this true?  
Number of employees is determined by the average number of people employed for each pay period over the business's latest 12 calendar months. The number of employees of a concern in business less than 12 months is the average for each pay period that it has been in business.

Any person on the payroll must be included as one employee regardless of hours worked or temporary status. This includes part-time workers and independent contractors paid through payroll. We are checking on whether independent contractors paid through invoicing (1099) will count toward the number of employees and will confirm this shortly. Always check with the lender to make sure you are in compliance. Lenders will help with eligibility requirements.

- What if independent contractors apply for disaster relief for themselves - could an organization not include them in their employee count?  
Very generally, if they are considered a paid employee (paid through payroll rather than invoices) they would still have to be counted. Lenders will help with eligibility requirements, as every case is different.

### **SBA Loans - Payroll Protection Program:**

- Please clarify the loan forgiveness details for PPP loans.  
Eligible entities may apply for a loan equal to 2.5 times their average monthly payroll from 2019 or \$10 million, whichever is less.  
A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the

following items during the 8-week period, beginning on the date of the origination of the loan:

- Payroll costs (using the same definition of payroll costs used to determine loan eligibility)
- Interest on the mortgage obligation incurred in the ordinary course of business
- Rent on a leasing agreement
- Payments on utilities (electricity, gas, water, transportation, telephone, or internet)
- For borrowers with tipped employees, additional wages paid to those employees

The amount of loan forgiveness calculated above is reduced if there is a reduction in the number of employees or a reduction of wages paid to employees greater than 25% of the amount spent prior to the loan. The loan forgiveness cannot exceed the principal.

- I'm a small consulting firm in Logan (5 employees) and several of our projects have been put on hold--two of these are federal contracts. Will I be potentially eligible for the paycheck protection program? Does this allow for paying rent? **Yes and Yes**
- Is it true that if you take the SBA loan, you can't lay anyone off until June 30th? **No**  
Is there a requirement to maintain a certain percentage of employees?  
The amount of loan forgiveness calculated above is reduced if there is a reduction in the number of employees or a reduction of wages paid to employees greater than 25% of the amount spent prior to the loan.

### **SBA Loans - Disaster Relief Program**

- Can you clarify what type of non-profit is eligible to apply for the EIDL loans?  
The loan definition states that private non-profit organizations are eligible for these loan types. This may exclude many public non-profits, but you should consult directly with the rapid response team if you are unsure of eligibility.
- Please clarify - will the first \$10,000 of the disaster relief program be forgiven? Is it possible that the \$10k emergency loan will need to be repaid?  
As you apply for an Emergency EIDL Grant, before entering the final information, you will be asked if you would like to be considered for a \$10,000 advance on your loan. This is the \$10,000 grant that is mentioned in the CARES Act. Businesses who request this \$10,000 advance on their loan (which is being called a grant) are expected to receive this amount within three days. This \$10,000 advance does not need to be paid back — though the rest of your disaster assistance loan will need to be paid back. Keep in mind that if you get an EIDL loan, the amount of the grant is an advance and will be subtracted from your loan amount.
- Can the \$10,000 grant be used to pay rent and insurance?  
Yes. Use of proceeds can include payroll, paid sick leave, rent, mortgage payments, and debt service.

- Where do you apply for the emergency loan and who would pay out the \$10k?  
You apply directly from the SBA: <https://covid19relief.sba.gov/#/> The SBA will pay out the \$10K - possibly within 3 days.

### **SBA Loans - General**

- Can we apply for both the Emergency Disaster Relief Loan and the PPP Loan, or do we need to choose one? The PPP Loan is likely to be a better tool for cultural non profits. You can apply to both, but you cannot use the funds from the loans for the same purpose. You can roll over the Emergency Disaster Relief Loan into the forgivable PPP loan.
- Are there loan/grant programs within the CARES Act for cultural organizations, such as a small theater, that is not non-profit? Do these loans apply to for-profit organizations?  
Both for-profit and non-profit small businesses are eligible.  
You are eligible if you are:
  - A small business with fewer than 500 employees
  - A small business that otherwise meets the SBA's size standard
  - A 501(c)(3) with fewer than 500 employees
  - An individual who operates as a sole proprietor
  - An individual who operates as an independent contractor
  - An individual who is self-employed who regularly carries on any trade or business
  - A Tribal business concern that meets the SBA size standard
  - A 501(c)(19) Veterans Organization that meets the SBA size standard
- We have no paid employees but need help keeping theater expenses paid (i.e. utilities, mortgage, etc). Do we qualify for emergency disaster relief funds to help with this?  
For eligibility requirements of the SBA Enhanced SBA 7a loan (PPP) please check with your lender. It can be used for:
  - Payroll costs
  - Salary, wages <= 100K, commissions
  - Vacation, sick leave, severance, health care benefits, retirement benefits
  - Employee salaries, commissions (capped at an annualized rate of \$100K per employee)
  - Mortgage interest payments
  - Rent
  - Utilities
  - Interest on pre-existing debt
  - Refinance of EIDL loan
  - Other normal 7(a) uses

Economic Injury Disaster Loan Info (if you are a private nonprofit or small business):

<https://www.sba.gov/funding-programs/disaster-assistance>

To apply: <https://covid19relief.sba.gov/#/>

- Is there a document that specifies what we need to bring to the lender to initiate the loan process?

(At a minimum:) Please check with your lender first.

- The legal and trade names of your business.
  - Your Federal EIN number or Social Security number.
  - Gross revenue and cost of goods sold for the 12 months leading up to January 31, 2020.
  - The date your business was founded.
  - The number of employees.
  - Payroll tax filings for 12 months
  - State filings
  - Certification from representative
- I own a talent agency, all of my musicians and DJs are paid as independent contractors. What loan would you recommend I apply for? I operate as a sole proprietor. You could apply for either the PPP or EIDL Disaster Relief loan. The PPL lender will walk you through to determine eligibility.

### **Additional Questions**

- For the National Paid Sick Leave Related to COVID-19, do you know how many days we need to cover if that applies to an employee? I know some of that may be offset by payroll tax credits. [Generally speaking, 2 weeks](#)
- This is a question regarding the Families First Coronavirus Act so it may not apply, but for the Emergency Paid Sick Pay and Emergency Family and Medical Leave Act, I believe that we can claim a credit against our Quarterly payroll taxes up to the limits of weekly pay - \$511 per week/employee for Sick Pay and \$200 per week/employee for Medical and Family Leave. Do you happen to know how we apply for this credit; is it on our quarterly 941 filings or on annual 940, etc.? [Quarterly 941 filings](#)