



Bridge Capital for Nonprofits —a 101 Primer

ABOUT LISC

SBA PAYMENT PROTECTION PROGRAM

The CARES Act –
Considerations for Nonprofits

BRIDGE FINANCING

Finance Options to respond to COVID-19

Q & A

What's on your mind?

AGENDA



Our Mission

With residents and partners,
LISC forges resilient and inclusive communities of
opportunity across America—great places to live,
work, visit, do business and raise families.



Los Angeles 2019 Impact

\$31M

in affordable housing lending

\$1.6M

in economic development and
small business lending

\$870K

in grants deployed to 19
community-based organizations

412

affordable housing units built due
to LISC funding

270

individuals supported through
trainings



About: Payment Protection Program (PPP)



SBA PPP

Is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll and to cover fixed costs through June 30, 2020.



THINK OF IT LIKE THIS

The PPP is like a restricted grant. The organization will provide a set services and in return gets to keeps the funds, otherwise, it will need to be repaid.

The Coronavirus Aid, Relief and Economic Security Action (CARES Act)



ELIGIBILITY

In operation on February 15, 2020

Either a 501c3 or a 501c19

Has 500 or fewer employees



**PAYCHECK
PROTECTION PROGRAM**



100%

GUARANTEED BY SBA AND 100%
OF THE PRINCIPAL CAN QUALIFY
FOR FORGIVENESS

Next Steps



1

ENGAGE
YOUR BOARD

Obtain a board
resolution

2

GATHER
DOCUMENTS
TO FIGURE
OUT YOUR
MAXIMUM
REQUEST

Financial Statements

3

APPLY NOW

This is a finite \$349B

Loan Amounts are based on "payroll costs"

The maximum loan amount is equal to 2.5 times the average monthly payroll costs during the 1-year period before the date of the loan.



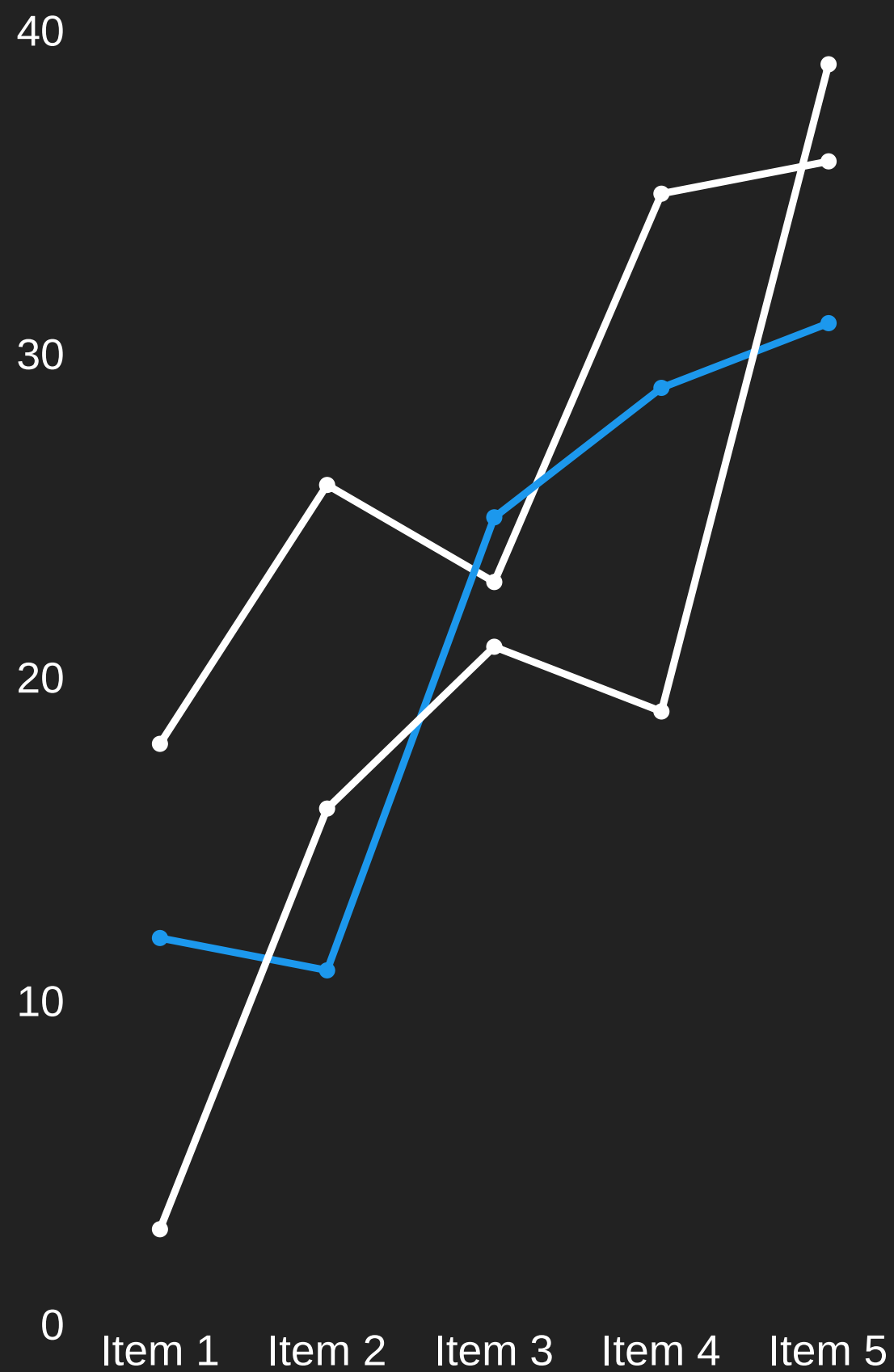
ALLOWABLE PAYROLL COSTS

1. Salary/Wage/Commission
2. Vacation/Parental/Family Medical/Sick Leave
3. Allowance for dismissal or separation
4. Group healthcare benefits
5. Retirement benefits
6. Payment of state or local taxes assessed on employee compensation



DIS-ALLOWABLE PAYROLL COSTS

1. Compensation for employees in excess of \$100K
2. Taxes imposed under chapters 21, 22, 24
3. An employee whose residence is outside of the US
4. Qualified sick leave that is receiving a credit under Section 7001 and 7003



Example #1

SMALL NONPROFIT AGENCY

No Employee makes over \$100K

Total Annual Payroll: \$120K

(Divide by 12) and Average Month Payroll: \$10K

(Multiply by 2.5): \$25K

Maximum loan amount: \$25K.

Example #2

MID-SIZE NONPROFIT AGENCY

Some employees makes over \$100K

Total Annual Payroll: \$1.5M

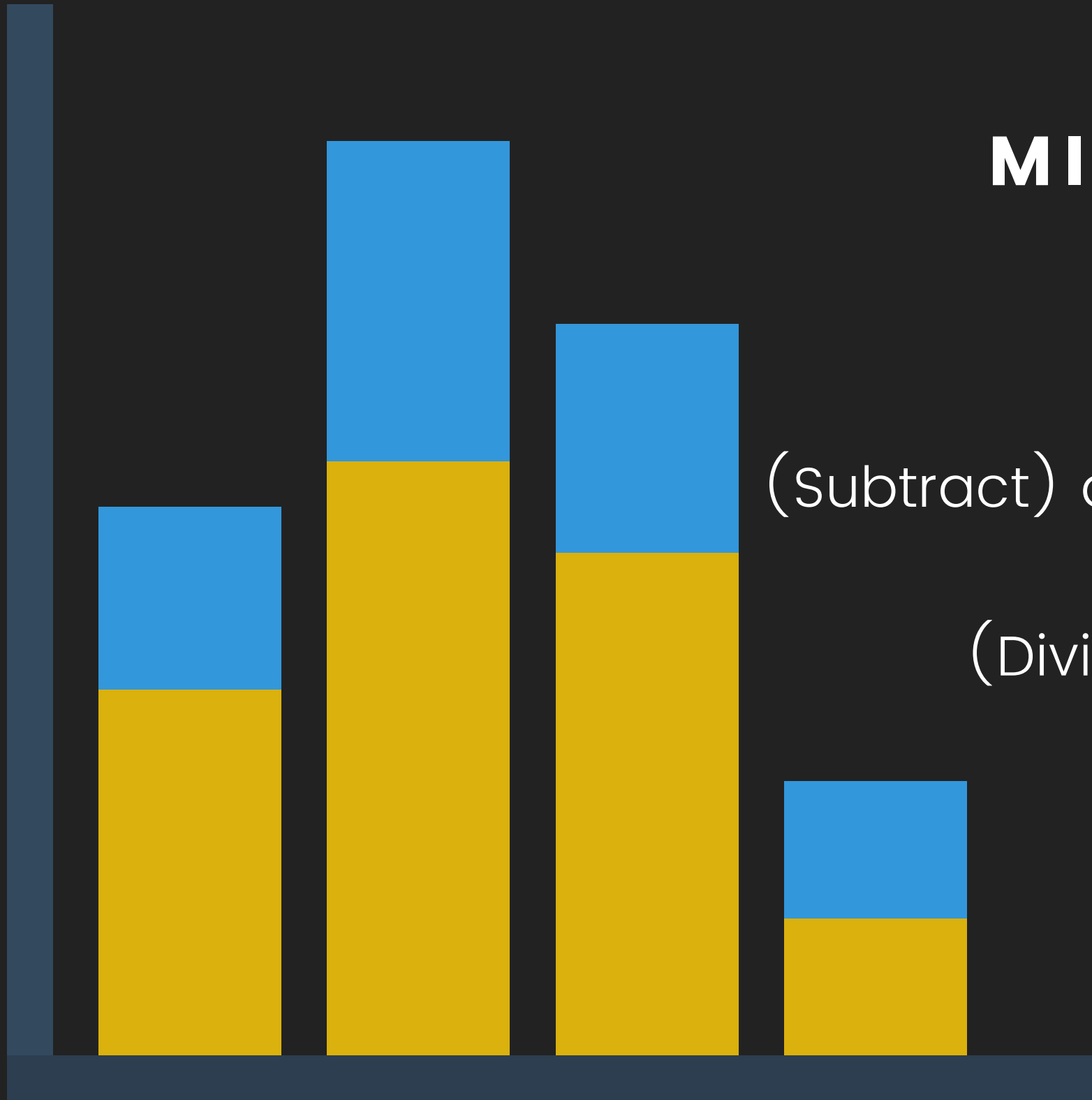
(Subtract) amount of compensation in excess of \$100K

$\$1.5\text{M} - \$300\text{K} = \$1.2\text{M}$

(Divide by 12) and Average Month Payroll: \$100K

(Multiply by 2.5): \$250K

Maximum loan amont: \$250K.



Permitted uses of loan proceeds



1. Payroll
2. Employer Healthcare Benefits
3. Interest on Mortgage
4. Rent
5. Utilities
6. Interest on other debt incurred before Feb 15, 2020

Loan Terms



Interest rate:
1%



Due in 2 Years
No loan fee or
prepayment fee



No collateral
No
repayment
for 6 months
Non-recourse



Apply to an SBA Lender

SBA GUIDELINES:

Loan underwriting is based on COVID-19 and its impact on the organization and NOT its ability to repay the loan.



to be
point of view
Forgive
give up all
sometimes
objective

Loan Forgiveness is not automatic

1. Apply
2. Produce documentation verifying loan was spent on allowable uses
3. Loan forgiveness can be reduced

Reduction in loan forgiveness



PAYROLL

Reduction in staff could
reduce your loan
forgiveness amount



DON'T EXCEED 25% IN NON- PAYROLL EXPENSES

The program is designed
with paycheck
protection in mind



SALARY REDUCTION

Salary reductions in
excess of 25%



75%

PAYROLL COSTS



25%

NON PAYROLL COSTS



The Board should be prepared to certify that the documentation is true, correct and used in accordance with SBA guidance.



bridge capital

FINANCE OPTIONS
DURING COVID-19
PANDEMIC

when is the right time to access bridge capital?



A CONFIRMED RECEIVABLE SOURCE

Seek to bridge a source of receivables associated with continuing to provide services during COVID-19 Pandemic.



Municipal Partner Opportunities



HOUSING SERVICES

Providing services and support to temporary housing shelters

SMALL BUSINESS SUPPORT

Reaching out to small businesses to connect to capital and capacity building resources

FOOD SERVICES

Procurement and/or distribution of food services

EMPLOYMENT AND SOCIAL ENTERPRISE

This can take on a variety of forms including construction, cleaning, or other social services.

Bridge Loan Program Highlights

LOAN AMOUNT
INTEREST RATE



Up to \$5 million
5-7% Fixed

TERM
REPAYMENT



Up to 36 months
Interest-only
payable monthly.

Bridge Loan Program Highlights

LOAN FEES

Up to 1.5%
of loan amount, plus legal fees



COLLATERAL

Bridged receipts and/or
real estate collateral



Contact Us



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