



SBA SBA DISASTER LOAN GUIDE

EIDL & PPP FOR COLORADO ARTS, CULTURE &
FILM NONPROFIT ORGANIZATIONS



Yes, arts, culture and film
nonprofit organizations can
apply!

WHAT YOU NEED TO KNOW ABOUT THESE PROGRAMS:

Economic Injury Disaster Loan and Loan Advance (EIDL)

Low interest loans of up to \$2 million. The CARES Act includes a loan advance on EIDLs of up to \$10,000. The loan advance is forgivable and will not need to be repaid.

Available to: nonprofits, businesses, and independent contractors.

[Apply here](#)

Paycheck Protection Program (PPP)

The Paycheck Protection Program is a forgivable loan designed to provide a direct incentive for small businesses, including Colorado arts and culture nonprofits, to keep their workers on the payroll.

[Apply here](#)

For more Information visit choosecolorado.com/covid19/
Small Business Navigator Hotline: (303) 860-5881 | Hours: Monday - Friday, 8:00 a.m. - 5:00 p.m.
Email: oedit_sbnavigator@state.co.us

ECONOMIC INJURY DISASTER LOAN AND LOAN ADVANCE (EIDL)

WHAT IS AN EIDL?

EIDLs (also known as Economic Injury Disaster Loans and pronounced “idle”) are low interest loans of up to \$2 million that can help small businesses overcome temporary loss of revenue as the result of a natural disaster. The CARES Act includes a loan advance on EIDLs of up to \$10,000 (based on a calculation of \$1,000 per employee) that will be available to successful applicants. The loan advance will not have to be repaid (think of this as a grant).



Who is eligible?

Nonprofits, businesses operating as corporations, LLCs, sole proprietorships, and independent contractors. This also includes nonprofits and businesses that recently began operation.



When should I apply?

Lenders are accepting applications from small businesses and sole proprietors. The program is first come, first served and therefore timing for Colorado artists is critical.



Where should I apply?

[The quick, 15-minute application is available here.](#)

Unlike the PPP, which must be applied for through an SBA-approved credit union or bank, the EIDL application process is completed directly through the SBA.

What else should I know?

What do I need to apply?

Credit score, most recent federal income tax returns for the business, SBA Form 2202 or a similar schedule of liabilities listing all fixed debts.

How soon will I receive the loan advance?

SBA has been directed by the CARES Act to disburse the advance within three days of a business’s application submission. Due to the high volume of applications, SBA has reported a longer wait period, but they are working hard to meet the three-day requirement.

What can I do with this money?

EIDLs can be used to cover: fixed debts (eg. mortgages, rent, lease, or loan payments), payroll accounts payable (suppliers, utilities, accountants, etc.), and other bills that cannot be paid because of the disaster’s impact.

Do my future losses qualify for EIDL assistance if I’m a nonprofit organization, artist, or creative business that is experiencing cancellation of summer programming?

An applicant will need to show that it experienced a loss effective January 31, 2020, to the date of the application and/or will experience a loss in the future as compared against its 2019 financials.

Do I have to take on debt to obtain an EIDL loan advance?

Not necessarily. You will not have to pay back the loan advance even if you end up being denied a loan. If you do receive an EIDL loan, interest rates are 3.75% for businesses, 2.75% for nonprofits with a term duration of up to 30 years.

Will the money run out?

Yes, the money will run out and yes, the system is overwhelmed but there are already conversations in Congress about additional stimulus packages.

PAYCHECK PROTECTION PROGRAM (PPP)

WHAT IS THE PAYCHECK PROTECTION PROGRAM?

The Paycheck Protection Program is a [forgivable] loan designed to provide a direct incentive for small businesses, including Colorado artists and creative businesses, to keep their workers on the payroll. This includes sustaining personal income for sole proprietors and independent contractors.

SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.



Who is eligible?

- A small business with fewer than 500 employees
- 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



When should I apply?

Lenders are accepting applications from small businesses and sole proprietors. The program is first come, first served and therefore timing for Colorado artists is critical.



Where should I apply?

Any authorized Small Business Administration lender, which includes most banks, is eligible to process applications. You may save steps if you apply to the bank where you have your current bank accounts. One option is to contact your regular bank today to find out if they are participating and who is the contact for accepting applications. If your bank is not an SBA approved lender ([you can check here](#)), reach out to the SBA - they are facilitating relationships with banks that are SBA approved lenders

What else should nonprofits know?

Can Credit Unions administer the Paycheck Protection Program (PPP)?

SBA has been consistently updating the available lenders/bank on their website. Reach out to banks on that website and ask if they are accepting PPP applications from customers without a prior banking relationship with them.

How much can I qualify for and how are these loans calculated?

Loan amounts are based on previous payroll and covered cost amounts using the following calculation:

$$\left(\frac{\text{ANNUAL ELIGIBLE PAYROLL COSTS}}{12} \right) \times 2.5$$

Will I have to repay the PPP loan?

Up to eight weeks of eligible expenses may be forgiven. To be eligible for loan forgiveness, you must maintain all employees throughout the eight week period. Small business owners should not include independent contractors in this equation. Instead, independent contractors should file for either unemployment or PPP on their own. If a business has already furloughed or laid off employees, they should quickly rehire after receiving loan funds.

What can I do with this money?

Pay interest on mortgage obligations, rent, insurance, paid sick or medical leave, utilities, and payroll related costs incurred from Feb. 15, 2020 – June 30, 2020. 75% of this loan can be used to cover payroll and 25% can be used to cover other overhead, such as rent, mortgage payments, utilities, etc.

How will this money be distributed?

For this program, your money will be delivered directly into your bank account.

How will the loan be forgiven?

At the end of the two month period, you will need to return to your bank and submit documents demonstrating that you did spend the funds on payroll and overhead expenses. The bank will be able to help you with the loan forgiveness process. It is advised that loan recipients establish a separate bank account to hold and administer any PPP loan proceeds in order to clearly establish that the loan proceeds were used for a permissible purpose.

What do I need to apply?

Please [see here](#) for an overview of items you should have ready for your bank. You should be gathering them today.

I am part of a small arts group or collective that is not formally incorporated or is fiscally sponsored, can we apply?

Yes. You may qualify as either a sole proprietor or independent contractor. If you are fiscally sponsored, we suggest you contact your fiscal sponsor immediately to discuss options for applying to the PPP through the sponsor or independently.

Will we have to mortgage our building to get this loan?

No. The PPP does not contemplate the lender taking any security interests in real property.

I hire 1099 contractors year-round - can I apply for PPP to cover their expenses?

No. There are no current Federal programs that provide funding to businesses to pay 1099 contractors. Independent contractors should apply to the program on their own behalf.

My bank is not administering the PPP loan. What do I do?

Many banks are prioritizing current clients. [Reach out to your SBA district office](#) for support. They are working on a list of banks that are SBA approved lenders and open to taking on outside clients.

If you do not have a relationship with a lender, Community Reinvestment Fund [[link: https://crfusa.com/](https://crfusa.com/)] is accepting applications for PPP loans.

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ADDITIONAL RESOURCES AND ASSISTANCE

COVID-19 Small Business [Alternative Funding Resources List](#)

CO SBDC COVID-19 [Small Business Response Resources](#)

Small Business COVID-19 Disaster Response Hotline, open M-F 8AM-5PM: (303) 860-5581 *Get answers to your questions about applying for funding

Colorado Office of Film, Television, and Media recorded webinar ["COVID-19 Financial Support for Gig Workers & Small Businesses: How to Get Your Money"](#)

Colorado Office of Film, Television, and Media recorded webinar ["Demystifying Unemployment for 1099 and Gig Workers"](#)

[Colorado Creative Industries resources](#) to support the arts

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