

# COVID-19 Resources for Non-Profits and Small Businesses (NJ, NY & CT)

Client Alert | March 31, 2020

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We have received many questions about aid to small businesses and non-profit organizations in the New York tri-state area. Below please find a compilation of Federal and state-specific resources that are available to assist eligible small businesses and non-profit organizations in the New York tri-state area related to the COVID-19 pandemic. For your convenience, where applicable, we have included links to the relevant third party's website so you can easily access more information about the resources being offered by that third party. This document provides you with a general outline of certain available resources, but please note that (i) this document does not purport to contain information on all Federal, state, and local resources available to small businesses and non-profits and (ii) there may be additional resources not listed below that are available to assist your small business or non-profit organization.

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## **I. Financial Assistance – Resources and Information**

### **A. Federal<sup>[1]</sup>**

1. Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")
  - **Small Business Administration ("SBA") Emergency Small Business Loans**: Provides funding for special emergency loans ("Emergency 7(a) Loans") for eligible nonprofits and small businesses, permitting them to cover costs of payroll, operations, and debt service, and provides that the loans be forgiven in whole or in part under certain circumstances. Other aspects of these loans include:
    - **General Eligibility**: Available to business concerns that existed on March 1, 2020 that employ not more than the greater of (i) 500 employees or (ii) if applicable, the size standard in number of employee established by the SBA for the industry in which the business concern operates.
    - **Loan Use**: Loan proceeds may be used to make payroll and associated costs, including health insurance premiums, facilities costs, and debt service.
    - **Loan Forgiveness**: Employers that maintain employment between February 15 and June 30 would be eligible to have their loans forgiven, essentially turning the loan into a grant. The loan forgiveness amount is excluded from taxable income.
    - **Loan Limitation**: The amount of an Emergency 7(a) Loan will typically equal the lesser of (i) **\$10 million** and (ii) **5x the average monthly payroll costs<sup>[2]</sup>**.
    - **Affiliation Rules**: The CARES Act allows certain business concerns that previously did not qualify for an SBA loan

because its affiliations caused the business concern to exceed the applicable employee thresholds to qualify for a covered loan.

- **Application Process:** To apply for Emergency 7(a) Loans, please use the following resources to contact a participating SBA lender:
  - SBA Resources:
    - SBA Lender Match Program: <https://www.sba.gov/funding-programs/loans/lender-match>
    - List of 100 most active SBA 7(a) lenders: <https://www.sba.gov/article/2020/mar/02/100-most-active-sba-7a-lenders>
  - Wells Fargo SBA Program: <https://www.wellsfargo.com/biz/sba/>
  - JPMorgan Chase SBA Program: <https://www.chase.com/business/loans/sba-loans>
  - TD Bank SBA Program: <https://www.td.com/us/en/small-business/sba-loan-programs/>
- **Economic Injury Disaster Loans (“EIDL”):** Eliminates creditworthiness requirements and appropriates an additional \$10 billion to the EIDL program so that eligible nonprofits and other applicants with 500 or fewer employees can get checks for \$10,000 within three days.
  - Please see Section I.A.2 below for more information on the application process for the EIDL program.
- **Self-Funded Nonprofits and Unemployment:** Only reimburses self-funded nonprofits for half of the costs of benefits provided to their laid-off employees. [\[3\]](#)
- **Charitable Giving Incentive:** Includes a new above-the-line deduction (universal or non-itemized deduction that applies to all taxpayers) for total charitable contributions of up to \$300. The incentive applies to contributions made in 2020 and would be claimed on tax forms next year. The bill also lifts the existing cap on annual contributions for those who itemize, raising it from 60% of adjusted gross income to 100%. For corporations, the bill raises the annual limit from 10% to 25%. The deduction for donations of food from corporations would be available to 25%, up from the current 15% cap.
- **Employee Retention Payroll Tax Credit:** Creates a refundable payroll tax credit of up to \$5,000 for each employee on the payroll when certain conditions are met. The entity had to be an ongoing concern at the beginning of 2020 and had seen a drop in revenue of at least 50% in the first quarter compared to the first quarter of 2019. The availability of the credit would continue each quarter until the organization’s revenue exceeds 80% of the same quarter in 2019. For tax-exempt organizations, the entity’s whole operations must be taken into account when determining the decline in revenues. Notably, employers receiving

emergency SBA 7(a) loans would not be eligible for these credits.

- **Industry Stabilization Fund:** Creates a loan and loan guarantee program for industries like airlines to keep them solvent through the crisis. It sets aside \$425 billion for “eligible business” which is defined as “a United States business that has not otherwise received economic relief in the form of loans or loan guarantees provided under” the legislation. It is expected that charitable nonprofits qualify under that definition for industry stabilization loans. **Mid-sized businesses, including nonprofits, that have between 500 and 10,000 employees are expressly eligible for these loans.** Although there is no loan forgiveness provision in this section, the mid-size business loans would be charged an interest rate of no higher than **2%** and would not accrue interest or require repayments for the first six months. Nonprofits accepting the mid-size business loans must **retain at least 90%** of their staff at full compensation.

## 2. SBA Economic Injury Disaster Loan Program

- SBA is providing targeted, low-interest working capital loans of up to **\$2 million** to small businesses and non-profits affected by COVID-19. These loans carry an interest rate of 3.75% for small businesses and **75%** for non-profits. Loan repayment terms vary by applicant, up to a **maximum of 30 years**.
- Apply online at: <https://www.sba.gov/page/disaster-loan-applications>
  - Please use the following link for more information on the application process for the EIDL program: <https://www.sba.gov/disaster/apply-for-disaster-loan/index.html>. Alternatively, please call the SBA Disaster Assistance Customer Service Center at 1-800-659-2955 for additional information.
- See:
  - <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>
  - <https://www.forbes.com/sites/advisor/2020/03/20/list-of-coronavirus-covid-19-small-business-relief-programs/#dbf7a71e89dd>

## 3. SBA Consultants:

- Please note that there are consultants who are willing to assist in the SBA filing/application process for a fee. We would be happy to connect you with a SBA loan consultant if so desired.

## 4. Other Options to Consider:

- Develop a list of potential donors (grant-making organizations, family foundations, or major donors) that are known to support the same cause, and request a grant or donation. Consider requesting the donation as an interest-

free loan.

- Review force majeure clauses in the non-profit's major contracts to see if those clauses exempt the non-profit from performing its obligations on the grounds of a government order not to operate or the occurrence of a disease or pandemic.
- Even if there are no force majeure clauses in those contracts, ask the counterparties for a one or two month reprieve from making any obligated payments, or negotiate a payment plan that will result in the full amount being paid over time, after the pandemic.

## **B. New Jersey Specific**

### 1. New Jersey Government resources

- Small Business Fund  
(  
[https://www.njeda.com/financing\\_incentives/programs/small\\_business\\_fund](https://www.njeda.com/financing_incentives/programs/small_business_fund))
  - **Amount:** Up to \$500,000 with 1.0x historical debt service coverage.
  - **Uses:** Fixed assets or working capital.
  - **Eligibility:** Small businesses must have been in operation for at least one full year, and non-profits for at least three full years.
- Bond Financing  
(  
[https://www.njeda.com/financing\\_incentives/programs/bond\\_financing](https://www.njeda.com/financing_incentives/programs/bond_financing))
  - **Amount:**
    - \$500,000 to \$10 million in tax-exempt bonds for for-profit companies.
    - \$500,000 with no dollar limit in tax-exempt bonds for qualified non-profit organizations.
  - **Uses:** Capital improvements/expansions, working capital, debt refinancing, etc.
  - **Eligibility:** Borrowers must meet the eligibility requirements outlined in the Internal Revenue Code in order to qualify for tax-exempt bond financing.

### 2. Emergency relief funds providing support for eligible non-profits

- New Jersey Pandemic Relief Fund (<https://njprf.org/>)
  - As of March 28, 2020, the New Jersey Pandemic Relief Fund has not provided any information regarding grant requirements, eligibility, etc. This fund expects to post application information to its website in the near future.
- South Jersey COVID-19 Response Fund (<https://www.communityfoundationsj.org/>)

- **Amount:** One-time support grants of at least \$3,000.
- **Eligibility:** Non-profit organizations aimed at assisting South Jersey residents that otherwise meet one of the following three criteria:
  - **Triage:** Community-based non-profits that have increased demand for services from South Jersey residents due to COVID-19, including organizations that focus on providing economic security and related services to South Jersey residents.
  - **Treatment:** Human service non-profits that are modifying their delivery modes due to COVID-19.
  - **Recovery:** Non-profits facing extreme difficulty because of lost revenue due to closures and cancellations, as well as other business model challenges resulting from the pandemic.
- COVID-19 Rapid Response Fund (<https://www.nnjcf.org/2020/03/covid-19-rapid-response-fund/>)
  - As of March 28, 2020, the COVID-19 Rapid Response Fund has not provided any information regarding grant requirements, eligibility, etc. This fund expects to post application information to its website in the near future.
- Princeton Area Community Foundation COVID-19 Relief & Recovery Fund (<https://pacf.org/the-princeton-area-community-foundation-covid-19-relief-recovery-fund/>)
  - **Amount:** This fund is accepting requests for unrestricted support, although the fund also states on its website that non-profits should be “realistic in the amount of [its] request. While fundraising efforts are continuous, [the fund has] limited resources, and [it is] trying to meet as many needs as possible.”
  - **Eligibility:** No specific criteria is listed, but information located on the fund’s website suggests that this fund is aimed at assisting non-profits servicing the local community (i.e., Princeton, NJ and surrounding areas).
- OceanFirst Foundation Rapid Response Grants and Good Neighbor Grants (<http://www.oceanfirstfdn.org/covid-19-information-updates/>)
  - **Amount:** Up to \$5,000.
  - **Eligibility:** Non-profits are only eligible for these grants.
- PHL COVID-19 Fund (<https://www.phlcovid19fund.org/covid-19/>)

- Amount: Grant amounts will be calculated based on an organization's operating budget.
- Eligibility: Non-profits operating in Bucks, Chester, Delaware, Montgomery and Philadelphia counties in Pennsylvania and Atlantic, Burlington, Camden, Cape May, Cumberland counties in New Jersey.

## C. New York Specific

### 1. New York Government resources

- NYC Employee Retention Grant Program  
(<https://www1.nyc.gov/site/sbs/businesses/covid19-business-outreach.page>)
  - Amount: Grant amounts will cover 40% of payroll costs for two months.
  - Uses: Retention of employees.
  - Eligibility:
    - Be located within the five boroughs of New York City.
    - Demonstrate that the COVID-19 outbreak caused at least a 25% decrease in revenue.
    - Employ 1-4 employees in total across all locations.
    - Have been in operation for at least 6 months.
    - Have no outstanding tax liens or legal judgements.
  - NYC Small Business Continuity Loan Fund  
(<https://www1.nyc.gov/site/sbs/businesses/covid19-business-outreach.page>)
    - Amount: Interest-free loan in an amount up to \$75,000.
    - Eligibility:
      - Be located within the five boroughs of New York City.
      - Demonstrate that the COVID-19 outbreak caused at least a 25% decrease in revenue.
      - Employ 99 employees or fewer in total across all locations.
      - Demonstrate ability to repay the loan.
      - Have no outstanding tax liens or legal judgements.
    - New York State Nonprofit Security Grant Program  
(

<http://www.dhSES.ny.gov/grants/nonprofit/nsgp.cfm>)

- **Amount:** Up to \$100,000.
- **Eligibility:** Non-profit organizations who are prequalified in the NYS Grants Management system.

## 2. Emergency relief funds providing support for eligible non-profits

- NYC COVID-19 Response & Impact Fund – Grants (<https://www.nycommunitytrust.org/covid19/>)
  - **Amount:** No specific amounts are specified on the fund's website.
  - **Eligibility:** Non-profits that generally meet the governance and financial standards of the Better Business Bureau, including a board of directors with at least five members, and no more than one paid board member.
- Nonprofit Finance Fund (NFF) - NYC COVID-19 Response & Impact Fund – Loans (<https://nff.org/nyc-covid-19-recovery-fund>)
  - **Amount:** Unsecured loans ranging from \$100,000 to \$3 million.
  - **Eligibility:**
    - 501(c)(3) nonprofit organization.
    - Based in New York City.
    - Annual non-governmental revenue of \$20 million or less.
    - Receive New York City or New York State government funding.
    - History of delivering effective programs and services equitably for New York City residents.
  - North Star Fund (<https://northstarfund.org/apply/>)
    - **Amount:** Grants typically range from \$5,000 to \$10,000.
    - **Eligibility:** Non-profits that are:
      - Located in at least one of the five boroughs of New York City, or in Westchester, Rockland, Putnam, Orange, Dutchess, Ulster, Sullivan, Columbia, Greene, Delaware, Rensselaer, Albany and Schoharie counties.
      - Operating with a budget of less than \$800,000.
    - Northern New York Community Foundation: Community Support Fund for COVID-19 (<http://www.nnycf.org/recent->

[news/community-support-fund/](#)

- **Amount:** The fund's website does not specify the amount that will be awarded for each grant, but the amount of the entire fund is \$50,000.
- **Eligibility:** Non-profits that are located in Jefferson, Lewis and St. Lawrence counties and that work to support essential needs the local community.
- Robin Hood Relief Fund  
(<https://www.robinhood.org/relief-fund-application/>)
  - **Amount:** The average grant will equal \$45,000.
  - **Eligibility:** Non-profits that provide services to low-income communities in New York City.
- Adirondack Foundation: COVID-19 Special and Urgent Needs Fund  
(<https://www.adirondackfoundation.org/press/special-and-urgent-needs-fund-activated-help-adirondack-communities-respond-covid-19>)
  - **Amount:** Up to \$10,000, but the fund reserves the right to provide grants in excess of \$10,000.
  - **Eligibility:** Non-profits that are located in the Adirondack region, which includes all of Clinton, Essex, Franklin and Hamilton counties as well as the parts of Herkimer, St. Lawrence, Warren, and Washington counties within the Adirondack Park boundary and the Saint Regis Mohawk Reservation.
- Central New York Community Foundation: COVID-19 Community Support Fund  
(<https://cnycf.org/covid19#.XnKELahKg2w>)
  - **Amount:** Up to \$50,000.
  - **Eligibility:** Non-profits that are located in Central New York and that are working with communities who are disproportionately impacted by COVID-19 and the economic consequences of this outbreak.

## **D. Connecticut Specific**

### 1. Connecticut Government resources

- Connecticut Recovery Bridge Loan Program  
(<https://portal.ct.gov/DECD/Content/Coronavirus-Business->



## [Recovery/CT-Recovery-Bridge-Loan-Program](#)

- Amount: The lesser of (i) \$75,000 and (ii) three months of operating expenses.
- Uses: Working capital.
- Eligibility:
  - Have no more than 100 employees.
  - Be in good standing with the Department of Revenue Services & Department of Economic and Community Development.
  - Have been profitable prior to March 10, 2020— with no adverse personal credit reports 60 days past due the past six months.
  - Not be involved in real estate, multi-level marketing, adult entertainment, cannabis or firearms; nor be a state elected public official or state employee.

## 2. Emergency relief funds providing support for eligible non-profits

- William Caspar Graustein Memorial Fund (<http://www.wcgmf.org/home>)
  - Amount: The fund website does not specify the typical amount of each grant.
  - Eligibility: Non-profits located in Connecticut.
- Community Foundation of Eastern Connecticut: Neighbors for Neighbors Fund (<https://www.cfect.org/Our-Initiatives/Response-to-COVID-19>)
  - Amount: The fund website does not specify the typical amount of each grant.
  - Eligibility: Non-profits that serve communities in Eastern Connecticut.
- Hartford Foundation for Public Giving: COVID-19 Response Fund (<https://www.hfpg.org/nonprofits>)
  - Amount: The fund website does not specify the typical amount of each grant.
  - Eligibility: Non-profits that serve communities in the Hartford, Connecticut region.

## **II. Other Guidance**

### **A. New Jersey Specific**

1. Center for Non-Profits – COVID-19 Resource Center (<https://www.njnonprofits.org/COVID-19.html>)
  - Free webinars addressing non-profit governance, operations, and fundraising during the COVID-19 pandemic.
  - Links to emergency relief funds for eligible non-profits and others.

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- Access to other resources, including information related to: insurance, fundraisers, payroll/employee matters, telecommuting, etc.
2. Invest Newark – COVID-19 Resource Center (<https://investnewark.org/covid-19/>)
    - Free webinar and other resources devoted to helping small businesses and non-profits address the current pandemic.
    - Access to local, state, and national resources designed to assist small businesses during the COVID-19 outbreak.

## **B. New York Specific**

1. New York Council of Nonprofits – COVID-19 Resources (<https://www.nycon.org/resources/covid-19-resources-for-nonprofits>)
  - Registrations to participate in weekly webinars to discuss pertinent topics.
  - Access to other state and national resources designed to assist non-profits during the COVID-19 outbreak.

## **C. Connecticut Specific**

1. Connecticut Non-Profit Alliance - COVID-19 Response Resource Center (<http://ctnonprofitalliance.org/>)
  - Links to federal and state resources that have been established in connection with the COVID-19 outbreak.

## **D. General**

1. Navigating Non-Profit Leadership During COVID-19 Webinar (<https://www.youtube.com/watch?v=8fiRE6nutr0>)
  - Webinar designed to provide insights for non-profit leaders leading their organizations during the COVID-19 pandemic.
  - Topics include:
    - Donor Engagement
    - Remote Staffing
    - Financial Strategy & Planning
    - Technology Tools
    - Virtual Events & Fundraising
    - Program Impact
    - Communications Strategy
    - Self-Care
  - Webinar (short-hand) notes available at: <https://theideationinc.app.box.com>
2. Miller Center for Social Entrepreneurship – Crisis Management Resources (<https://www.millersocent.org/covid19/>)

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- Navigating the Crisis – A Survival Checklist for Your Enterprise.
  - COVID-19 Webinars.
  - Links to relief funds for eligible non-profits and others.
3. To assist with staff working remotely, Zoom Discount Program at TechSoup provides discounted video and web conferencing as well as webinar software to eligible non-profits.  
(<https://www.techsoup.org/zoom>)

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[1] The SBA is expected to issue additional regulations on some of the topics discussed below. Once available, please review those materials as they will provide further guidance on the implementation of the provisions referenced in this section.

[2] Payroll costs are defined to include payments for salary, wage, commission, or similar compensation; payments for cash tips or equivalent; payments for vacation, parental, family, medical, or sick leave; allowance for dismissal or separation; payment required for the provisions of group health care benefits; payment of any retirement benefit; payment of state or local tax assessed on the compensation of employees; payments of any compensation or income of a sole proprietor or independent contractor that is an amount not more than \$100,000 in one year, as prorated for the covered period. "Payroll costs" do not include the compensation of an individual employee in excess of an annual salary of \$100,000, as pro-rated for the covered period; taxes imposed or withheld under chapters 21, 22, or 24 of the Internal Revenue Code; compensation of an employee whose principal place of residence is outside of the United States; and qualified sick leave wages or qualified family leave wages for which a credit is already allowed under the Families First Coronavirus Response Act.

[3] For more information on Self-Funded Nonprofits and Unemployment, please refer to the following article:  
<https://www.councilofnonprofits.org/thought-leadership/self-insured-nonprofits-and-unemployment-insurance>.

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Gibson Dunn's lawyers are available to assist with any questions you may have regarding developments related to the COVID-19 outbreak. For additional information, please contact any member of the firm's Coronavirus (COVID-19) Response Team.

Gibson Dunn lawyers regularly counsel clients on the issues raised by this pandemic, and we are working with many of our clients on their response to COVID-19. Please also feel free to contact the Gibson Dunn lawyer with whom you usually work, any member of the firm's Public Policy Group, or the authors:

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