

# Top 3 Questions Nonprofits Ask About Applying for a Paycheck Protection Loan



## 1. How do I calculate my loan amount?

12 consecutive months reported payroll ÷ 12 x 2.5 = eligible loan amount.

<b>Items Eligible in Reported Payroll:</b>	<ul style="list-style-type: none"><li>• Employee and Owner Wages (up to \$100,000 per person)</li><li>• State and local taxes shown on one of the reports above</li></ul>
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You can download our Excel spreadsheet to help you calculate your Second Draw PPP loan amount here: [Lead Bank PPP Calculator](#)

## 2. What do gross receipts really mean for my nonprofit?

For nonprofits the SBA has specified, per the Economic Activity Act that authorized the Second Draw PPP Round 2.0 Loans, that "gross receipts has the meaning in section 6033 of the Internal Revenue Code of 1986," Gross receipts is really just **the total amount of revenue your organization received from all sources.**

**Items to include from 990 definition of revenue:**

Include:	Do Not Include:
<ul style="list-style-type: none"><li>• Donations</li><li>• Membership Dues</li><li>• Government Contracts</li><li>• Sponsorships</li><li>• Donated Goods</li></ul>	<ul style="list-style-type: none"><li>• Interest</li><li>• Revenue</li><li>• Grants</li><li>• Fundraising Expenses</li><li>• Cost of Goods Sold</li></ul>
	<ul style="list-style-type: none"><li>• In-kind services and use of facilities</li><li>• Unrealized gains/losses on investments</li><li>• Unsatisfied Conditional Contracts/Grants</li><li>• PPP Funds</li><li>• EIDL Grant Funds</li></ul>

*Gross Receipts = Total Revenue from All Sources – Any Revenue Excluded on the 990*

See page 1 of SBA guide here for more information: [How to Calculate Revenue Reduction](#)

## 3. How do I show proof of 25% revenue decline?

You should use one of the following to document your 25% revenue decline:

- 1. Quarterly or annual financial statements.** If the financial statements are not audited, you must sign and date the first page of the financial statement and initial all other pages, attesting to their accuracy. If the financial statements do not specifically identify the line item(s) that constitute gross receipts, then you must annotate which line item(s) constitute gross receipts.
- 2. Quarterly or monthly bank statements showing deposits from the relevant quarters.** If it is not clear which deposits listed on the bank statement constitute gross receipts (e.g., payments for purchases of goods and services) and which do not (e.g., capital infusions), then you must annotate them.
- 3. Annual IRS income tax filings** (required if using an annual reference period). If you have not yet filed a tax return for 2020, then you must fill out the return forms, compute the relevant gross receipts value and sign and date the return, attesting that the values entered into the gross receipts computation are the same values that will be filed on your nonprofit's tax return.

*This information is provided for general informational and educational purposes only and does not constitute legal, accounting or financial advice. Please note guidance from the SBA is changing regularly. Therefore, please consider consulting your auditor, accountant and/or 990 preparer regarding how 990-related rules apply to your organization.*