



## COVID-19 Federal Resources for the Arts

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## Zoom Office Hours with Nina

[ArtsActionFund.org/OfficeHoursNina](https://ArtsActionFund.org/OfficeHoursNina)

Every Friday at 11:00am ET



# Nina Ozlu Tunceli

**AMERICANS FOR THE  
ARTS ACTION FUND**

**Executive Director**

**[ArtsActionFund.org/join](https://ArtsActionFund.org/join)**

***It's FREE***



## Arts and Culture Sector: Federal Policy Actions

[AmericansfortheArts.org/events/national-arts-action-summit](https://AmericansfortheArts.org/events/national-arts-action-summit)

April 5--9, 2021 (Virtual Conference)

# Shuttered Venue Operators Grants

## **Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act enacted into federal law on 12/27/20.**

- SBA will administer the \$15 billion SVOG program.
- SBA is experienced with processing loans, not grants.
- SBA will not publish regulations, only [FAQs](#) (last updated 2/28/21). SBA considers SVOG a one-time program.
- Application portal unlikely to open before 3/31/21
- SBA experiencing tech and implementation issues.

# Six Types of Eligible Entities

- Live Venue Operators or Promoters
- Theatrical Producers
- Live Performing Arts Organization Operators
- Museum Operators
- Motion Picture Theatre Operators
- Talent Representatives

# Talent Representative Definition

- Can be a for-profit or nonprofit Corporation, LLC, Partnership, Governmental, or Sole Proprietorship that serves as an agent or manager for artists and entertainers;
- Have at least 70% of its principal business operations involved in representing or managing artists and entertainers;
- Book or represent artists and entertainers at live events in venues or at festivals; and
- Represent performers that are paid.

# Theatrical Producer Definition

A theatrical producer is an eligible individual or entity (including the entity that employs the performers in a theatrical production) which has the responsibility for creating, producing, or operating live theatrical productions and that have either a non-passive profit (net income or loss) interest in a theatrical production (other than as a vendor or service provider) or sole or joint rights to control a theatrical production. Theatrical producers are responsible for functions such as negotiating debt or equity financing with lenders or investors, financial and tax reporting, and closing the production. The term “theatrical producer” does not include individuals or entities that provide financial support for a theatrical production without either a non-passive profit (net income or loss) interest or the control described above.



# Promoter Definition

A promoter is an entity or individual that organizes live events by performing artists and carries out tasks (other than as a vendor or service provider) such as renting a performance site, contracting with artists or a production company for the performance, marketing events, and collecting gate receipts.

A promoter must have: (1) a profit (net income or loss) interest in the live event's presentation; and (2) sole or joint rights to control the financial terms of the live event's presentation, use of the venue, and/or marketing of the event. Promoters may own and/or operate live venues or contract for space and may include festival promoters or the promotion of live performing arts events at outdoor, festival spaces that have all the required characteristics of a qualifying venue.

# Performing Arts Organization Operator

A performing arts organization operator is any entity (including a theatrical management business) which meets the criteria established under the Economic Aid Act and whose principal business activity is to create, produce, perform, and/or present live performances for audiences in qualifying venues, including amphitheaters, concert halls, auditoriums, theatres, clubs, festivals, and schools.

# Eligible Entity Requirements

- Entity was operational (earning revenue) as of 2/29/20
- 25% or more **gross earned revenue** loss between one quarter of 2019 and the corresponding quarter of 2020.
- Upon the applicant being awarded an SVOG grant, the entity needs to show that it has resumed or intends to resume its principal business activity (live venue operations, managing artists, etc).



# Eligible Entity Disqualifications

- Entity does not operate primarily in the U.S. or located in the U.S.
- Entity cannot be a publicly traded corporation, or majority--owned or controlled by a publicly traded corporation.
- Entity cannot present live performances or sells products or services of a prurient sexual nature.
- Entity cannot own or operate venues, theaters, museums or talent agencies in more than one country.
- Entity cannot own or operate venues, theaters, museums or talent agencies in more than ten states - AND- cannot have more than 500 employees as of February 29, 2020.

# Disqualifications (con't)

- Entity cannot apply/receive for a PPP loan on/after December 27, 2020, unless SBA rejected your PPP application.
  - **Note**: It's fine if you received a PPP previously.
- Entity cannot have more than 10% of its 2019 gross revenue come from the federal government (federal disaster assistance is excluded in the calculation)
  - **Note**: Public Universities and State/Local Gov't Entities have been exempted from this rule.

# Artist's Venue Requirements

- Venues must have defined performance and audience space.
- Venues must have mixing equipment, a public address system, and a lighting rig;
- At least one paid person must carry out no less than 2 of these roles:
  - Sound Engineer
  - Booker
  - Promoter
  - Stage Manager
  - Security Personnel
  - Box Office Manager

# Artist's Venue Reqs (con't)

- There is a paid ticket or cover charge to attend most performances
- Artists are paid fairly based on formal agreements
- Artists do not perform for free or solely for tips, except for fundraisers or similar charitable events.
  - Nonprofit exception: If producing events for free, then at least one paid individual produces and/or manages the event.
- Performances are marketed to the public in advance
- Tickets are available for purchase by the public not less than 60 days in advance

# SVOG Grant Distribution SBA Website as of 3/3/21 @ 9:00am

<b>First Priority</b> <i>1st 14 days of grant awards</i>	Entities that suffered a <b>90% or greater</b> revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
<b>Second Priority</b> <i>Next 14 days of grant awards</i>	Entities that suffered a <b>70% or greater</b> revenue loss between April 2020 through December 2020 due to the COVID-19 pandemic.
<b>Third Priority</b> <i>Beginning 28 days after First &amp; Second Priority Awards are made</i>	Entities that suffered a <b>25% or greater</b> earned revenue loss between one quarter of 2019 and the corresponding quarter of 2020.
<b>Supplemental Funding</b> <i>Available after all Priority Periods have passed</i>	Recipients of First, Second, and Third Priority round awards who suffered a 70% or greater revenue loss for the most recent calendar quarter (as of 04-01-21 or later)



# SVOG Grant Distribution - Details

- **1st Priority** - First 14 days for eligible entities that suffered a **90%** or greater **gross revenue** loss between April 2020 through December 2020 due to COVID.
- **2nd Priority** - Second 14 days for eligible entities that suffered a **70%** or greater **gross revenue** loss between April 2020 through December 2020 due to COVID.
- No more than **\$12 billion** can be used for these priorities.
- Grants can be used to pay costs incurred from 3/1/20 thru 12/31/21.



# Grant Distribution (con't)

- **3rd Priority/Grants After Priority Period** - After the 28th day (days 29 to 59), all other eligible entities can be considered, who suffered a 25% or greater "**earned revenue**" loss between one quarter of 2019 and corresponding quarter of 2020.
- **Set-Aside for Small Businesses** - During the first 59 days, all eligible entities that both suffered a 25% or greater "**revenue**" loss between one quarter of 2019 and the corresponding quarter of 2020 **AND** have 50 or fewer FTE employees.
  - **Note:** The legislation says the calculation for the 25% loss for the Set-Aside should also be based on **earned revenue, but it's not reflected on the SVOG chart on their website.** I've asked if the SBA would fix this.
- Min. of **\$2 billion** will be use for the Set-Aside for Small Businesses.

# Grant Distribution (con't)

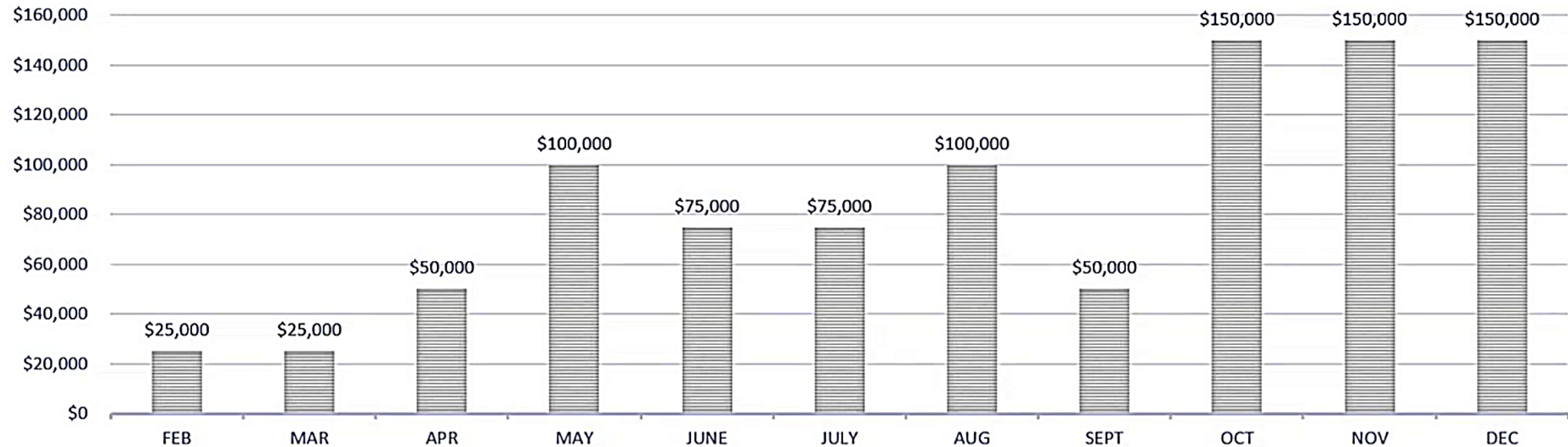
- **Supplemental Grants** - Recipients of First, Second, and Third Priority round awards who suffered a 70% or greater revenue loss for the most recent calendar quarter (as of 4-1-21 or later).
  - If SVOG funds are available at this stage, the applicant would be eligible to request a supplemental grant with an additional 6-month grant extension.
  - Grants can be used for costs incurred from 3/1/20 thru 6/30/22.

# Calculating Award Amount

## Depends on when organization was in operation:

- If in operation as of 1/1/2019: Multiply 45% of applicant's Fiscal Year 2019 **gross earned revenue** or \$10 million, whichever is less.
- If in operation after 1/1/2019: Calculate average of monthly **gross earned revenue** for each full month in operation during 2019 , then multiply by 6, or \$10 million whichever is less.

# Example of Calculating Determining Award Amount a business started on 2/15/2019



**Total: \$925,000 ÷ 10 = Average: \$92,500 x 6 =**

**Eligibility: \$555,000**

\* Partial months are not included

# Calculating Number of FTEs

The number of your 2019 FTEs is only important in order to qualify for the Set-Aside for Small Businesses with 50 or fewer employees.

- **Full-Time:** Employees working at least 30 hours per week
- **Half-Time:** Employees working between 10-29 hours per week
- **N/A:** Employees working less than 10 hours per week



# Calculating FTEs (con't)

## Determine number of your 2019 FTEs for each pay period (March 2019-Feb 2020)

Mar 2019 – 9.5 full-time employees

Apr 2019 – 8 full-time employees

May 2019 – 9.5 full-time employees

Jun 2019 – 8.5 full-time employees

Jul 2019 – 10 full-time employees

Aug 2019 – 10 full-time employees

Sep 2019 – 7 full-time employees

Oct 2019 – 8.5 full-time employees

Nov 2019 – 7 full-time employees

Dec 2019 – 6 full-time employees

Jan 2020 – 7.5 full-time employees

Feb 2020 – 6 full-time employees

The sum of the firm's full-time employees is 97.5.

The firm would then divide 97.5 by 12 (the number of pay periods) to determine its average number of full-time employees was 8.



# SVOG Use of Funds

**Funds may be used for specific expenses, which include:**

- Payroll Costs
- Rent Payments
- Utility Payments
- Scheduled Mortgage Payments
- Scheduled Debt Payments
- Worker Protection Expenditures
- Other Ordinary & Necessary Business Expenses, Including Maintenance Costs
- Payments to Independent Contractors
- Administrative Costs
- State & Local Taxes & fees
- Operating Leases in Effect as of 2/15/20
- Insurance Payments
- Advertising, Production, Transportation, & Capital Expenses related to producing a live performing arts production (not be primary use of funds)

# Deciding Between SVOG & PPP

**PPP:** Used primarily to cover payroll costs for employees; It is a forgivable loan if program requirements are followed. Cannot collect Pandemic Unemployment during the PPP covered period.

- New payroll formula for self-employed now based on Gross Revenue (Schedule C, Line 7), not Net Profit/Loss (Line 31).

**SVOG:** Extensive eligibility requirements as well as prioritization for the hardest-hit venues, but SVOG funds are a grant and for substantially more money than a PPP. Grants can be used for a broad use of funds.

**COVID EIDL:** This is a loan, not a grant. It has to be repaid. EIDL is used primarily to cover working capital, interest, and any payroll cost already covered by PPP or and SVOG grant.

# What Can You Do Now to Get Ready to Apply on Day One When the Portal Opens

1. Register for DUNS number so you can then register in the System for Award Management (SAM.gov) SBA Video tutorial can be found at [www.youtube.com/watch?v=y2t5queourQ&feature=youtu.be](https://www.youtube.com/watch?v=y2t5queourQ&feature=youtu.be)
2. Gather and PDF your documents that demonstrate:
  - Your number of employees
  - Copies of venue floor plans, artist and venue contracts
  - Monthly Gross Revenue and Gross Earned Revenue numbers so you can calculate the average number of qualifying employees you had over the prior 12 months
  - Determine the extent of gross earned revenues loss you experience between 2019 and 2020