

# Thrive Maine: Pandemic Recovery Business Forgivable Loan Program

## *How to Apply Webinar*

WEDNESDAY, SEPTEMBER 28, 2022

### PRESENTED BY:

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## Q&A Transcript

### General Questions about Thrive Maine

**Q:** With the two rounds of funding (one now and one in 2023), are we allowed to apply now and again in the second round? Is this true even if we are successful in the first round? For example, if we get funding for EBITDA in the first round, can we apply for pandemic expenses in the second, or vice versa?

**A:** Yes, you are able to apply for different loss categories in each round. However, you will need to apply for different financial impacts/categories: Loss of EBITDA, Expenses Incurred, Increased Capital Project Cost.

**Q:** What time will applications open on October 4?

**A:** The portal will open at 9:00 a.m.

**Q:** What if, in spite of all your efforts, you don't stay in business for four years and the money is forgiven yearly for four years?

**A:** If you don't stay in business over four years, you'll need to pay back the portion that is not yet forgiven with 3 percent interest, starting at the default date.

**Q:** I missed the first webinar. Can I see a recording? Will this webinar be recorded? What about presentation slides?

**A:** Yes, both webinar recordings and presentations are on our website at [FAMemaine.com/Thrive](https://FAMemaine.com/Thrive).

**Q:** How will loan amounts be determined? Is the award amount the calculated loss or some other amount/percentage?

**A:** It is the calculated loss.

**Q:** You stated that larger borrowers and small borrowers would be separated by the size of the loan to ensure fair distribution. What is the cut-off amount between the two?

**A:** Funds will be initially earmarked for different sized impacts, allowing both large and small companies to get a portion of the available loans. We are being careful to apportion a certain amount of funds for various loan sizes/ranges so that the larger requests don't use up all the funds.

**Q:** Do we have to start with EBITDA to be eligible? What if we have a loss, but only after we subtract a previous loan from EBITDA?

**A:** There are three categories that you can apply for: Loss of EBITDA, Expenses Incurred, or Increased Capital Project Cost. You will determine which one is best for your financial situation.

**Q:** What if you incorporated at the end of 2019 (November) and had expenses but had no income until 2020?

**A:** You will not be able to apply for the Loss of EBITDA category. However, you are still eligible to apply for the pandemic “expenses incurred” and “increased capital project cost” categories. You will still need to show financials for 2019, which would include \$0 revenue and some expenses, putting you at a loss for the year.

**Q:** Are the Thrive Maine funds available for business start-ups?

**A:** A start-up would qualify only for the “expenses incurred” or “increased capital project cost” categories, and the business must have been incorporated prior to August 31, 2022.

**Q:** Is the “employee count” a full-time employee (FTE) count or total employee count?

**A:** The employee count is based on all employees: full time, part time, seasonal, calculated into FTEs. Part-time employees should be counted as 0.5 FTEs, seasonal should be counted as 0.X FTEs. The business must have a minimum of 50 percent of employees and contract employees residing in Maine.

**Q:** What if you have two companies? Do you need two logins? We have four entities with one owner but no parent entity. We believe we submit each entity, i.e., four applications. Each entity has a tax return and files 941s. We have a management company, but it is not a parent company.

**A:** Yes, you will need to submit the applications separately and with separate login details. We consider “ownership” of a company to be owning greater than 20 percent. The forgivable loan maximum amount is \$2M across an owner’s portfolio of companies applying.

**Q:** Will approvals on grants be rolling or one announcement?

**A:** Approvals will be rolling. Applications will be reviewed and approved in the order they are submitted.

**Q:** Can more than one person from your business edit the same application?

**A:** There will only be one login and password issued per company.

**Q:** Assuming we apply on October 4, when can we expect to find out if we’ve been approved?

**A:** Notification of approval or denial will be provided within six weeks of submission.

**Q:** Will the application website crash if there is too much traffic at 9 a.m. on October 4?

**A:** We have conducted volume tests with our web host, and everything appears stable. We will put a notification on FAME’s website, [FAMEmaine.com/Thrive](http://FAMEmaine.com/Thrive), if we are made aware of any application challenges.

**Q:** Can we ask for funds to cover an EIDL loan?

**A:** No, you have to request funds that fit into one of our three categories. Please watch the informational webinar or look at our website for more information: [FAMEmaine.com/Thrive](https://FAMEmaine.com/Thrive).

**Q:** If we plan to wait until 2023, can we still create a profile on October 4, or will there be a new and similar process when that opens?

**A:** We suggest waiting to make a profile until you are ready to apply. We will be making some improvements to the online application between cycles, so it will be worthwhile to wait to create a profile. In the meantime, be sure to obtain your UEI, and prepare your financials so you will be ready to apply on the second round.

**Q:** I've been in business for sixteen years and incorporated as an LLC for sixteen years, then moved my business to Maine in 2022 and had to dissolve my LLC since no one is present in GA. Question 1: Am I eligible to apply? Question 2: Do I answer as if I have started fresh in 2022 here in Maine?

**A:** You are eligible to apply for the "expenses incurred" and "increased capital project cost" categories after your move to Maine.

**Q:** Will this take 2022 into account, or do we wait until 2023, after taxes are done, to include it?

**A:** This first round of applications is for 2020 and 2021 losses. You can apply for 2022 losses in the 2023 round.

**Q:** Can I use the funds for start-up business costs? Can I use the funds for business expansion costs?

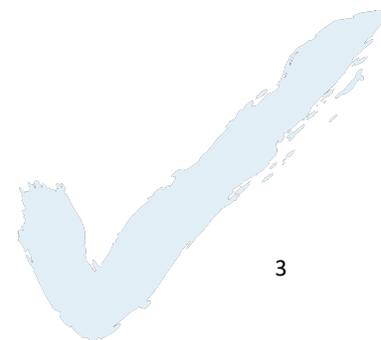
**A:** If your business was started after December 31, 2018, you are eligible to apply for Expenses Incurred or Increased Capital Project Cost. If you are approved for the forgivable loan, you may use the funds for any legal purposes as you see fit for your business.

**Q:** Thrive Maine is a direct loan program through FAME, correct? These loans will not be made through intermediaries such as participating banks or credit unions?

**A:** Correct, these funds will be deployed through FAME. The other program we are currently launching, Grow Maine, has direct loans for growth and expansion purposes that are deployed through intermediaries.

**Q:** If there are more qualified applicants than there is available funding in the first round, will those applicants be subject to funding in the second round? Or will they need to do this process again in 2023?

**A:** The plan is that applicants who are denied in the first round due to exhaustion of funds will have to reapply in 2023 to be considered, once again on a first-come, first-served basis. More information to come after the first round closes on December 3, 2022. We may make updates to the application between rounds.



**Q:** I am really worried about the smaller, less-resourced and less-connected folks who don't have dedicated finance staff or paid accountants who will prepare the reports and enter the data "correctly." Can you talk more about what is set aside for the truly small businesses and how it will be assured that they have the same (if not more) priority as those who have dedicated staff who will have everything ready at 9 a.m. on October 4 and can sit there for a few hours.

**A:** We are being careful to allot a certain amount of funds for various loan sizes/ranges so that the larger loan requests don't use all the funds.

**Q:** You've made references to "narrative" and "scoring" an application. Is there some subjectivity in approval or is it purely formulaic?

**A:** There are both formulaic portions and subjective portions. Expenses need to be qualitatively connected to COVID-19 impacts, for example. If that is not sufficiently achieved, the expense will be denied.

**Q:** Can I submit as an agent of the business, or does it have to be done by an officer of the S-corp?

**A:** Yes, with permission from the business owner, an agent/officer can complete the application on behalf of the owners. Keep in mind that the UEI recipient and bank account information need to match.

### Questions about Documents Needed

**Q:** Will corporate returns include all schedules when uploaded?

**A:** Yes, please include all schedules from your taxes.

**Q:** Many small businesses, especially self-employed, do not have an accountant, much less conduct financial audits. Are self-generated financial reports adequate?

**A:** Financial audits are not required, but federal tax returns are required. Self-generated internal reports (self-prepared are acceptable) are also required.

**Q:** If we've filed for an extension on 2021 taxes and haven't yet submitted, will internally created financials be sufficient documentation for 2021?

**A:** Yes, if you haven't filed 2021 taxes yet, with an extension, that's ok. Submit extension documents as proof.

**Q:** For internal reports provided, especially for 2022 interim reports, do you want accrual-based reports or cash-based reports?

**A:** Submit based on how you prepare internal reports.

**Q:** If you are an LLC with Schedule S or S-corp, you do not file balance sheets. What should we send instead?

**A:** Internally prepared balance sheets are acceptable.

**Q:** Why do you need a balance sheet?

**A:** Balance sheets are necessary to show continued operations of the business and for fraud prevention.

**Q:** Is an income statement a profit and loss (P&L)?

**A:** Yes.

**Q:** What do you mean by proof of ID? By ID, do you mean personal ID for the primary business contact?

**A:** Two forms of ID will need to be submitted for the individual completing the application. First, one of the following is required: passport, driver's license, ID card, US military ID, or US military dependent ID. Secondly, one of the following is required: passport, birth certificate, US citizen ID card, Card for Use of Resident Citizen in the United States (Form 1-179), Certification of Birth Abroad issued by the Department of State (Form FS-545 or Form DS-1350), or Native American tribal document. These two forms of identification are required for fraud prevention.

**Q:** Are you able to get the EBITDA Calculations Spreadsheet prior to the application date (October 4)? Where do you go for that?

**A:** Yes, these spreadsheets are available on our website: [FAMEmaine.com/Thrive](https://FAMEmaine.com/Thrive).

**Q:** What are the requirements on the 2022 income statement? Ours isn't quite up-to-date yet. Do you just want to see it, or will it be used in the calculations? We will be doing the EBITDA option.

**A:** A most recent income statement for 2022 is acceptable. We suggest at least through June 30, 2022.

## Qualification Questions about Thrive Maine

**Q:** What is a small business?

**A:** Small businesses or nonprofits are less than 500 employees. We are not focused on asset base or revenue with that definition.

**Q:** Should affiliated entities in Maine apply in one application or complete separate entities? How does FAME define affiliated entities?

**A:** If it is a separate business, with independent operations and separate owners, they should apply separately. If they work together and are owned by the same ownership, apply together. One owner (defined as a person owning more than 20 percent of a business) can only receive a total of \$2M in forgivable loans across their portfolio.

**Q:** I'm the administrator for two separate nonprofits. One has employees and one does not. Can we submit a loan request for the one that does not have employees? The reduction in donations has impacted both organizations' programming. Thanks!

**A:** Yes, you would indicate zero in the "number of employees" field; however, as the administrator, you would count as one employee.

**Q:** For proving that you are in good standing with the State of Maine, will FAME or someone else at the State verify this or do we need to request a certificate and be prepared to upload it?

**A:** FAME will be verifying that the company is in good standing. If you are unsure, [check here](#). This is not a requirement for sole proprietorships.

**Q:** What if my business opened at the end of 2019? Is there a way to apply still?

**A:** A business that opened after December 31, 2018, is eligible to apply for two categories: “expenses incurred” and “increased capital project cost.”

### Questions about Other Federal/State Funds

**Q:** Are ARPA funds considered funds that must be deducted?

**A:** Any funds that were a grant or forgiven will need to be deducted. All ARPA funds should be listed in the application.

**Q:** For PPP accounting, is it the date that it was RECIEVED or the date that it was FORGIVEN? When do we count it for EBITDA calculations? Do you count the PPP loan in the year it was forgiven?

**A:** You need to include information about both dates, but it would be listed in the forgiven year, as that parallels your taxes.

**Q:** Does this also include the ERC 941 payroll tax credits from the IRS?

**A:** Yes, Employee Retention Tax Credits need to be deducted from the requested forgivable loan amount.

**Q:** If the PPP loan was only for payroll, can a business then use Thrive funds to cover expense issues?

**A:** Yes, if PPP was solely used for payroll, other expenses can be applied for through the Thrive program. Keep in mind that explaining this completely in the application will ensure there is clarity.

**Q:** You mentioned backing out federal and state grants, but I am assuming all federal aid would need to be backed out, such as from cities/towns or community development corporations?

**A:** Yes, that is correct, assuming it is forgiven or a grant.

**Q:** What if a PPP loan was received in the year previous to the relief year you are applying for? Do you only reduce the loan amount by the PPP if it was received in the same EBITDA year?

**A:** A PPP loan impacts the financials for the year in the year it was forgiven.

### Questions about the Unique Entity Identifier (UEI)

**Q:** Since we already have an EIN, do we need a UEI?

**A:** Yes, a UEI is a federal requirement for receiving these forgivable loans. UEI and EIN are numbers used for separate purposes.

**Q:** Does the UEI number need to be in active registration status or is just having a UEI number assigned to our organization sufficient? Ours is currently listed as an inactive registration, but I have been working to update it for over a month and the SAM.gov system is a bit difficult.

**A:** The UEI number should be active. If you have proof that it is assigned and you’ve put in a request (screenshot, emails, whatever you’ve got), that should meet the criteria for the completed application.

**Q:** SAM.gov states that they have delays for getting a UEI. Can we still apply without a UEI as SAM.gov doesn't expect to get UEIs out anytime soon?

**A:** Yes, you may apply without a UEI, but you must provide proof that you have applied for a UEI. The approved funds will be set aside for your business until December 3, 2022. If the UEI is not provided and updated in your application through the portal, the funds will be reallocated into the 2023 round of applications, and you will need to reapply. It is up to you to watch for your UEI number status and get that number to us.

**Q:** I've been trying to get my UEI since July 17, and I'm still waiting. What should I do?

**A:** Keep trying! We suggest reaching out to Maine PTAC for assistance. You may apply without your UEI but must provide proof of your pending UEI application and provide the UEI by December 3, 2022.

**Q:** How do you know if you have a UEI or not?

**A:** You have to apply for a UEI at SAM.gov. If you have not applied, your business does not have a UEI.

**Q:** If you have applied for a UEI but it is in process through December 3 – understood, that is OK – but do you lose your place at all in line as opposed to those who have one?

**A:** If your loan is approved, the funds will be earmarked for your business until the UEI is received. The UEI must be updated in the application through the portal by December 3, 2022, in order to receive the funds. If the UEI is not provided by this date, the funds will be reallocated into the 2023 round of applications, and you will need to reapply.

**Q:** What if our application is pending, and we have received a pending notification from the government, (and we are pending), but in spite of that, due to no fault of our own, we don't receive the number by December 3, 2022? The government handling this is very backed up and won't tell you your status, as I have called several times.

**A:** If the UEI is not provided by this date, the funds will be reallocated into the 2023 round of applications, and you will need to reapply.

**Note from a webinar participant:** As a PTAC counselor, I recommend everyone to try to get your UEI as soon as possible. There is a delay in receiving your UEI.

## Questions about EBITDA

**Q:** I have calculated EBITDA for 2019 and 2020 with my accountant. Can I use both 2019 and 2020 combined loss amounts when applying?

**A:** 2019 is the base year comparison point in the EBITDA category. You can apply for losses in 2020 vs. 2019, losses in 2021 vs. 2019, or losses of both 2020 and 2021 vs. 2019.

**Q:** For the qualification amount, can we use the net taxable income or net income per books from the federal tax return?

**A:** Use net income per books from the federal tax return.

**Q:** Please elaborate on what is an example of an “extraordinary” year. What type of documentation will be needed?

**A:** You need to describe how 2019 was very different than any other year and how it will never be the same. You need to provide details to the extraordinary expenses or revenues that link to your financials and how 2018 and 2020-22 don’t show similar patterns.

**Q:** I thought EBITDA was only our revenue. We can consider our expenses? So, the revenue is irrelevant, it is really based on net profit?

**A:** EBITDA is not revenue. EBITDA is more like profit, which includes both revenue and expenses together. EBITDA is slightly different from net profit. There is more information on our website, [FAMEmaine.com/Thrive](http://FAMEmaine.com/Thrive), and in the first webinar.

**Q:** Fiscal year calendar questions: What if your calendar year goes from June 30 to June 30 and your loss occurred from June 30, 2021 to June 30, 2022? And what year would you compare this to – in this case, June 30, 2019, through June 20, 2020?

**A:** You should compare to the full year prior to the pandemic, so you would compare to June 30, 2018 through June 30, 2019.

**Q:** As a nonprofit, our donations can swing with bequests. We received a large bequest in 2019. Do I need to take this out of the EBITDA?

**A:** This would likely be an extraordinary event that could qualify you to use a 2018 comparison.

**Q:** We show unrealized earnings on our P&L. Is this included in revenue for this application? What about unrealized gains?

**A:** No.

**Q:** What if 2019 was worse than 2018 but 2020 was better than 2019?

**A:** You should probably apply for a category other than Loss of EBITDA.

**Q:** Our fiscal year ends March 31, so “2020” is only a few weeks into the pandemic. Do you still want fiscal year (FY) 20 as a loss year?

**A:** Yes. You don’t have to apply for 2020 losses if they didn’t impact your business.

**Q:** If a nonprofit has a loss of EBITDA in FY20 (July 2019 to June 2020) vs. FY19 (July 2018 to June 2019) and did not receive any federal pandemic relief funds in FY20 BUT did receive federal pandemic relief funds in FY21, will this nonprofit qualify for the Thrive loan? Is each fiscal year treated as an independent year and not impacted by future fiscal years and pandemic relief funds received in future years? This nonprofit did receive a PPP loan that was not forgiven until FY21.

**A:** Each year is treated as an individual calculation. There is more information in the first webinar to show calculations.

**Q:** I have not completed my 990 for 2021 yet. I assume I will only be able to apply for 2020?

**A:** You can apply for 2021 with internal financials (P&Ls/income statements) as proof.

**Q:** What if you only do a 990n?

**A:** Please submit the 990n as your taxes.

**Q:** The website said that we can use our taxes OR our book financials. Which is best?

**A:** You can supply both, though our source of truth to compare to will be the taxes, primarily.

**Q:** We do not have calendar year breakdowns, just our fiscal year financials. What should we submit?

**A:** Submit those and your taxes (which are calendar) and explain the differences between the numbers – tell us about your fiscal year and how you calculate taxes.

**Q:** If our entity files taxes with a parent company that combines our entity's financial performance with other non-Maine entities, can we just report the Maine entity EBITDA on the calculation sheet you're providing, or does that need to match our tax returns?

**A:** First, the Maine company must have its own UEI and financials. You must submit the entity's taxes and explain how they fit into the larger company. You'll also need to show how the Maine entity is separate and operated independently outside of the rest of the companies.

**Q:** Should the supporting documentation for the EBITDA portion be uploaded as one large, individual PDF, or by groupings, or individually?

**A:** Please upload the documents individually.

**Q:** I am only applying for relief for 2020 and received pandemic relief funds for 2020 and then also received pandemic relief funds in 2021. If we are not applying for Thrive for 2021, do you want the pandemic relief funds in 2021 to offset the 2020 qualifications?

**A:** Each calculation will be independent, but please provide all funds you received in both years. There are funds that incorporate damages across the two years that we need to know about.

### Questions about Expenses Incurred

**Q:** If you were only able to pay a percentage of your rent, which is your expense?

**A:** This is not a reimbursable expense, as you are not experiencing a loss or increased expense.

**Q:** For "expenses incurred," should we be including taxes and shipping charges?

**A:** If those were necessary to purchase something that was directly tied to COVID safety, then they may be included.



**Q:** Does federal COVID sick pay count? This amount went directly to our employees.

**A:** No. The government paid for that directly, so you do not need to reduce the eligible loan amount, and also, you are not able to claim this as a COVID-related expense.

### Questions about Increased Capital Project Cost

**Q:** How do you answer employee information if you are applying in the “increased capital project cost” category for a business that won’t have its employees until construction is completed?

**A:** The business needs to have been incorporated by August 31, 2022. If that happened, then you, the company founder, are an employee, so the answer would be one.

**Q:** I invested in an unplanned capital project to increase revenue due to decreased revenue/increased costs. Is this eligible? (e.g., restaurant equipment, construction costs, etc.)

**A:** To apply for the Increased Capital Project Cost category, you need to have an initial quote that you’d compare to. If you have an initial quote and then a committed or spent quote that was more expensive for the same project, you are able to apply for the increase in those costs.

**Q:** For a capital project, we assume quotes issued to prior owners of real estate are acceptable to the extent there is a new quote from the same vendor issued to the new owner for the same work – is that correct?

**A:** That is acceptable, assuming the scope of the project has not changed. Only costs that were originally quoted in 2018 or more recently would qualify.

*If English is not your preferred language and you are in need of translation services,  
please send us an email at [thrive@FAMEmaine.com](mailto:thrive@FAMEmaine.com) for assistance.*