**Here are some items from the Act that could help our nonprofits.**

***Loans Under Paycheck Protection Program:*** This program is designed to make funds available to qualifying businesses through U.S. Department of the Treasury approved banks, credit unions and other lenders. This is available for 501(c)(3) and 501(c)19 nonprofit organizations with 500 or fewer employees. Nonprofits can borrow 2.5 times of monthly payroll expenses, up to $10 million. The funds can be used to cover 1) qualified payroll costs; 2) rent and utilities; and, 3) interest on mortgage and debt obligations.

Qualifying payroll costs include salaries, vacation, parental, family, medical or sick pay, severance payments, healthcare benefits, retirement benefits and state and local employment taxes. Funds cannot be used for compensation in excess of an annual salary of $100,000 for individual employees or wages already covered by the Families First Coronavirus Response Act, which become a law this past March 18.

Nonprofit managers must certify that the loan is necessary due to the current economic conditions and that the nonprofit is not receiving duplicate funds for the same expenses.

***Loan Repayment and Forgiveness:*** The CARES Act provides that repayments of the loan will be eligible to be deferred for least six months but not more than one year and the interest rate is capped at 4%. Prepayment penalties are waived. In addition, forgiveness of the total amount spent on payroll costs and mortgage interest, rent and utility payments between February 15, 2020 and June 30, 2020. The amount of loan forgiveness will be reduced by the reduction of number of employees employed compared to the prior year and by the reduction in pay of any employee’s compensation beyond 25% compared to the prior year. In addition, the loan forgiveness amount cannot exceed the original loan principal.

Nonprofits must separately apply for loan forgiveness and will be notified of the decision within 60 days. The lenders may require adequate documentation to process the loan forgiveness such as verifying the full-time equivalent and pay rates for current and prior years. This may include quarterly payroll tax filings, W-3 information etc. The primary purpose of the Paycheck Protection Program is to keep American workers paid and employed during this difficult time.

***Charitable Giving Incentives:*** CARES Act lifts the limitations on charitable contributions by individuals who itemize, from 60% of adjusted gross income to 100% and for corporations by increasing the limitation from 10% to 25% of taxable income. Donations to donor-advised-funds would not qualify for the increased deduction.

**Emergency Economic Injury Disaster Grants (EIDL Grants):** CARES Act includes $10 billion for the federal Small Business Administration (SBA) to provide emergency grants until Dec. 31, 2020. Nonprofits seeking an immediate relief can receive a $10,000 emergency advance within three days after applying for the EIDL grant. If the application is denied, the applicant is not required to repay the $10,000 advance. All “private nonprofit organizations” are eligible for the EIDL grants including 501 (c) trade associations, advocacy organizations, unions and social clubs. Remember, these organizations are excluded to participate in the Paycheck Protection Program.

***Employee Retention Tax Credit:*** Please note nonprofits participating in the Paycheck Protection Loan Program are not eligible for this credit. CARES Act provides for a refundable payroll tax credit up to a $5,000 per employee for nonprofits where operations were fully or partially suspended due to a COVID-19 shutdown order or whose gross receipts declined by more than 50% when compared to the same quarter in the prior year. Nonprofits managers must consider the entity’s whole operations when determining the decline in revenue. This credit is available for wages paid or incurred from March 13, 2020 through December 31, 2020.

***Unemployment Benefits:*** The CARES Act includes a specific section allowing nonprofits to be reimbursed for half of the costs incurred through the end of 2020 to pay unemployment benefits, including self-funded unemployment benefits.

***Economic Stabilization Fund:*** The CARES Act provides $500 billion for economic stabilization in the forms of loans, loan guarantees and investments in industries affected by COVID-19. Nonprofits that are not eligible to participate in the Paycheck Protection Program might be eligible to participate in the Economic Stabilization Fund including those nonprofits with more than 500 employees. The funds must be used to retain employees and restoring the compensation and benefit levels. Nonprofit managers must decide between the EIDL and Paycheck Protection Program, since you are not allowed to get both. Managers do have the option to apply for both loans and decide to take one if the organization qualifies for both. The maximum loan size under EIDL is $2 million versus up to $10 million under the Paycheck Protection Program. The interest rate is lower for EIDL loans (2.75% for nonprofits) and can be financed for up to 30 years, considerably longer than the 10 years for the Paycheck Protection Program. One of the major advantages of Paycheck Protection Program is the loan forgiveness program if the organization qualifies for it. Leaders at nonprofits in need of financial relief should apply for these programs as soon as they are available.

Here is a link to a nice article with more information <https://www.seyfarth.com/news-insights/nonprofit-guide-to-the-cares-act-including-those-loans-youve-been-hearing-about-to-cover-payroll-and-that-dont-need-to-be-paid-back.html>