

The CARES Act and other information that can help your nonprofit

As COVID-19 upends every aspect of our life, the service of nonprofits has never been needed more. The passing of the CARES Act has given your nonprofit opportunities to sustain your mission during these unprecedented times.



CARES Act – Loan Opportunities

Paycheck Protection Program

This program provides nonprofits with funds to pay up to eight weeks of payroll costs, including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.

Funds are provided in the form of loans that will be fully forgiven when used for the above reasons. No collateral or personal guarantees are required.

Expanded Emergency Injury Disaster Loans (EIDL) & Emergency Grants

These loans are considered the first line of defense because of their quick turnaround. EIDL loans are not new; they were originally created for emergency disasters. EIDL's provide longer-term options with favorable borrowing terms, but loan forgiveness is not applicable. However, organizations can receive a \$10,000 emergency cash grant. The \$10,000 advancement can be forgiven if spent on paid sick leave, payroll, increased costs due to supply chain disruption, lease or mortgage payments or repaying obligations that cannot be met due to revenue loss.

Mid-Size Loan Program

The Federal Reserve has not yet released the details of this loan program. Though, the interest rate would be capped at 2% with no principle or interest paid for six months.

Click [here](#) to see the breakdown of the programs provided by the National Council of NonProfits.

*Please contact your financial institution immediately to find out the possibility of applying for any of these small business loans. **Applications start Friday, April 3.***

CARES Act – Other Opportunities

Employee Retention Tax Credit

The CARES Act offers a refundable payroll tax credit up to \$5,000 per employee for nonprofits where operations were fully or partially suspended due to the COVID-19 shutdown order. This credit is not available for nonprofits participating in the Paycheck Protection Loan Program.

Unemployment Benefits

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

Recent Tax changes for Charitable Giving

Individuals who don't itemize their taxes could deduct up to \$300 in cash donations for the 2020 tax year only. Contributions to Donor Advised Funds, Gift Accounts and Supporting Organizations are not eligible for this deduction.

The Act also lifts the cap on annual giving from 60 percent of adjusted gross income to 100 percent.

Required minimum distribution (RMD) requirements have been suspended for the 2020 tax year. Qualified Charitable Distributions (QCDs) are still available as a gifting option; however, without the distribution requirement, many may not see the need to use this as a charitable giving option.

Local Help

2020 Recovery Fund

The Community Foundation of Shelby County and the Shelby County United Way, along with other funders, have created a charitable fund to assist with local needs as a result of the COVID-19 outbreak.

If you are an organization helping to serve local residents with basic human needs, please consider applying for funding. For more information, including how to apply, click [here](#).