



CARES Act – Applications for NFP organizations

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Charitable giving

- + For non-itemizers - \$300
- + Itemizers - eliminates cap on annual contributions
- + Corporations – raises 10% limit to 25% of taxable income
- + Deduction for contributions of food inventories increased from 15% to 25%



Delayed Payment of Payroll Taxes

- + Delay payment of employer share of FICA tax (6.2%)
- + One half due on 12/31/21 and the remainder due 2/31/22
- + Not eligible if receive funds under Paycheck Protection Program



Employee Retention Credit

- + Fully refundable credit against FICA taxes
 - + Forced to suspend or close operations and continue to pay employees
 - + Remain open but gross receipts less than 50% of same quarter for 2019
- + Credit up to \$5,000 per employee
- + Available each quarter until revenue exceeds 80% of same quarter 2019 revenue
- + Not eligible if receive funds under Paycheck Protection Program



Unemployment – Self-funded NFPs

- + Self-funded issues
- + Reimbursement of one half of cost of the benefits provided to laid-off employees



Paycheck Protection Loans

- +350 billion in loans
- +501(c)(3) only
- +First come, first served so
 - +Contact you bank now and get in line!!
- +Apply through a bank approved for SBA loans



Amount you can borrow

+ Lesser of:

+ 2.5 times average payroll cost or

+ \$10 million



What is Included on Payroll

- + Salaries and Wages
 - + Each employee is capped at \$100,000
- + Employer paid group healthcare benefits
- + Employer paid retirement benefits
- + State unemployment tax



Use of Funds

- + Payroll
- + Mortgage interest payments
- + Rent payments
- + Utilities
- + Interest paid on other preexisting debts



Forgiveness

- + Sum of payments for payroll, mortgage interest, rent and utilities during the 8 week period after receipt of the loan
- + Forgiveness reduced if:
 - + Workforce is reduced during 8 week period compared to other periods in 2019 or 2020
 - + Salaries and wages of employees paid less than \$100,000 reduce by more than 25%
- + Reduction can be avoided if rehire or increase pay



Terms

- +Maximum of 10 years
- +Maximum of 4%
- +Payment deferred for 6 – 12 months
- +No collateral required



Steps to Take Now

- + Contact your bank
 - + see if they are participating in the Paycheck Protection Loan Program – secure your place in their queue
 - + complete the SBA application
- + Obtain the support of your Board to apply for a Paycheck Protection loan
- + Accumulate the payroll records to support your calculation of requested funds.



Economic Injury Disaster Loans

- +Application through SBA
- +Amount up to \$2 million - determined by SBA based on listing of liabilities
- +2.75% interest rate payable over 30 years





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