



Legally Brief

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Support for Non-Profit Organizations

The CARES Act provides non-profit organizations assistance during the COVID-19 pandemic primarily in two ways: it provides support to certain nonprofit employers and it incentivizes charitable contributions.

Employer Support

- The CARES Act extends assistance to organizations that qualify for non-profit status under 501(c)(3), or veteran groups that qualify under 501(c)(19) of the Internal Revenue Code.
- **For Small Non-Profits (Less than 500 employees)**- SBA Paycheck Protection Program loans: Appropriates nearly \$350 billion for loans of up to \$10 million to small businesses and small non-profits.
 - Loans can be used for payroll support, paid leave, insurance costs, mortgage/rent payments, and utility payments, and are retroactive to February 15, 2020.
 - Loans do not have borrower or lender fees, are 100 percent government guaranteed, and loan repayment is deferred for up to one year.
 - Such loans are eligible for loan forgiveness in an amount equal to the payroll cost and costs related to debt obligations for the period of February 15, 2020 through June 30, 2020.
- **For Mid-Sized to Large Non-Profits (Between 500 and 10,000 employees)**-Access to indirect financing: Appropriates \$454 billion through the Federal Reserve to banks, states, municipalities, and financial institutions to issue loans to mid-sized to large businesses and non-profits. Among conditions of receiving a loan, a non-profit must retain 90 percent of its workforce.

Incentives for Charitable Giving

- Individuals
 - Adds an “above-the-line” deduction (counted as an actual reduction in gross income) for charitable contributions up to \$300, whether they itemize deductions or not;
 - Unlimited non-170(b)(A);
 - Permitted claimed deductions from charitable contributions of capital gain property (capital assets held for more than one year) is unlimited; and
 - Individuals may deduct 25% of their aggregate net income in charitable food donations.
- Corporations
 - C corporations may deduct 25 percent of taxable income in charitable food donations..