CARES Act: Relief funds and other assistance

The Coronavirus Aid, Relief, and Economic Security (CARES) Act contains vital relief provisions for nonprofits large and small. Below, find a rundown of what's available, and how to take advantage.

For the latest official information on federal economic relief measures related to the COVID-19 outbreak, see the Treasury Department’s dedicated page.

For small nonprofits (fewer than 500 employees)

▶ Paycheck Protection Program (PPP)

Starting April 3, nonprofits can apply to the Small Business Administration for low-interest PPP loans, eligible for loan forgiveness, to cover payroll costs incurred between February 15 and June 30, 2020. Payroll costs that are covered:

- Salary, wage, commission, or similar compensation
- Payment of any state or local tax assessed on employee compensation
- Payment of health benefit costs
- Payment of retirement and pension benefit costs
- Payment for vacation, parental, family medical, or sick leave
- Payments to independent contractors

Costs that are not covered:

- Individual compensation in excess of $100,000
- Compensation for employees with principal residence outside the U.S.
- Sick or FMLA leave wages covered under the Family First Coronavirus Response Act

Loan forgiveness is available for the following expenses over the 8-week period following your loan disbursement:

- Payroll costs (as defined above)
- Interest on mortgages incurred before February 15, 2020
- Rent obligation incurred before February 15, 2020
- Utilities (electric, gas, water, transportation, phone, internet) for service that began before February 15
- Costs accrued for separation and dismissal

Note that loan forgiveness will be reduced according to A) any reduction in employees compared to the prior year and B) reduction in pay for any employee beyond 25% of their prior year’s compensation. However, any employees rehired after having been laid off at the beginning of the period will not count against loan forgiveness.

The amount you’re eligible to borrow is equal to 2.5 times the average monthly payroll costs for the past 12 months (NOT calendar year 2019). Note that loans are capped at $10 million.
Find more information for borrowers here.
Find the application here.

▶ Emergency Economic Injury Disaster Loans and Grants (EIDL)
Low-interest disaster loans are available for Georgia nonprofits through the SBA; through the CARES Act, emergency grants of up to $10,000 are available for loan applicants. You are not required to repay these emergency grants even if your loan is denied. Funds can be used for payroll costs, materials, rent, mortgage, and other debt payments.

The process is evolving, but final guidance will be available by April 11. You can find the application here.

▶ Employee Retention Credit
Payroll tax credits are available to help nonprofits continue paying full-time workers when forced to suspend work either fully or partially due to COVID-19, or whose revenue is down more than 50% over the previous year. The maximum credit available is $5,000 for each employee, and covers wages plus health benefits paid between March 12, 2020 and January 1, 2021.

Employers with more than 100 full-time employees may only receive credit for wages paid to employees not providing services, while those with 100 or fewer may receive credit for all employee wages.

Note that PPP loan recipients are not eligible for the Employee Retention Credit.

Employers can take advantage immediately by reducing deposits of payroll taxes that have been withheld from employees' wages, and reporting total qualifying wages on their quarterly employment tax returns or Form 941. If tax deposits are not sufficient to cover the credit, the employer may receive an advance payment from the IRS by submitting Form 7200.

Find more information here.

▶ Payroll tax deferral
You can also defer payroll taxes (6.2% of employee wages) for as many employees as you like. Deferred taxes must be paid over the following two years.

Note that PPP loan recipients are not eligible for payroll tax deferral.
For large nonprofits (More than 500 employers)

▶ Economic Stabilization Fund
Low-interest loans will be available for nonprofits with 500 to 10,000 employees, given that:
- Economic conditions have made the loan necessary
- Loans will be used to retain 90% of the organization’s workforce at full compensation through September 30, 2020
- The nonprofit will restore no less than 90% of the workforce as of February 1, 2020 and restore all compensation and benefits to workers within 4 months of the official end of the public health emergency
- The nonprofit is based in the U.S., as well as a significant proportion of its employees and operations

Note that other conditions may apply, including limits on executive compensation.

No payments will be due for the first six months of the loan, and interest rates will be no higher than 2%. However, unlike the Payroll Protection Program for small nonprofits, Economic Stabilization Fund loans are not eligible for forgiveness.

Information and applications are not yet available, but more details will be released by April 6, 2020.

▶ Emergency Economic Injury Disaster Loans and Grants (EIDL)
Low-interest disaster loans are available for Georgia nonprofits through the SBA; through the CARES Act, emergency grants of up to $10,000 are available for loan applicants. You are not required to repay these emergency grants even if your loan is denied. Funds can be used for payroll costs, materials, rent, mortgage, and other debt payments.

The process is evolving, but final guidance will be available by April 11. You can find the application here.

▶ Employee Retention Credit
Payroll tax credits are available to help nonprofits continue paying full-time workers when forced to suspend work either fully or partially due to COVID-19, or whose revenue is down more than 50% over the previous year. The maximum credit available is $5,000 for each employee who is being paid while not providing services, and covers wages plus health benefits paid between March 12, 2020 and January 1, 2021.

Employers can take advantage immediately by reducing deposits of payroll taxes that have been withheld from employees' wages, and reporting total qualifying wages on their quarterly employment tax returns or Form 941. If tax deposits are not sufficient to cover the credit, the
employer may receive an advance payment from the IRS by submitting Form 7200.

▶ Payroll tax deferral
You can also defer payroll taxes (6.2% of employee wages) for as many employees as you like. Deferred taxes must be paid over the following two years.

Note that PPP loan recipients are not eligible for payroll tax deferral.