

The CARES Act – Five Ways Not-for-Profits Can Receive Cash Right Now

(as of 5/15/2020)

If you have questions about how this information applies to your situation, please connect with a member of the PKF Texas not-for-profit team. Visit PKFTexas.com/COVID-19 for the latest updates.

	Key Features	Eligibility	How to Apply
Economic Injury Disaster Loans (EIDL)	<ul style="list-style-type: none"> Low interest Federal loans (3.75% for businesses, 2.75% for not-for-profits) up to \$2 million dollars, with maximum maturity of 30 years. 	<ul style="list-style-type: none"> Not-for-Profit entity eligibility: tax-exempt entities under section 501(c), certain tax-exempt entities under 501(d) or 501(e) Must qualify as a "small business" under Small Business Administration (SBA) guidelines as modified by the CARES Act. Generally, under 500 employees and not a prohibited business, e.g., an investment fund. Proceeds can be used for payroll, rent, utilities or mortgage interest. No need to demonstrate direct virus induced hardship. 	<ul style="list-style-type: none"> Application made directly to the SBA. Electronic application available online.
Payroll Tax Deferral (PTD)	<ul style="list-style-type: none"> Defers due date of employer portion of payroll tax liability incurred from 3/27/20 to 12/31/20. Available to businesses and sole proprietors. Applies to payroll tax liabilities incurred from March 27, 2020 through December 31, 2020. 50% of deferred tax liability becomes due on 12/31/2021, remaining 50% due 12/31/2022. No interest or penalties will be charged, and no limits or caps on amount. 	<ul style="list-style-type: none"> Not-for-Profit entity eligibility: all not-for-profit entities No requirement of direct adverse effect from the coronavirus. Not available if PPP relief is obtained and is coupled with debt forgiveness. 	<ul style="list-style-type: none"> No application required, amounts reflected within quarterly Form 941 payroll filings.

	Key Features	Eligibility	How to Apply
Paycheck Protection Program (PPP)	<ul style="list-style-type: none"> • Non-recourse forgivable loans at up to 1% interest and maximum 2-year maturity. • Loan forgiveness, if proceeds are used for payroll, rent, mortgage interest, utilities, etc. • Forgivable amount must be spent within 8 weeks of the date of the loan. • Maximum loan amount equal to 2.5 X average monthly payroll over prior 12 months (\$100,000 salary limit per employee). • No taxable income recognition upon the debt relief. • Access additional provisions here. 	<ul style="list-style-type: none"> • Not-for-Profit entity eligibility: tax-exempt entities under sections 501(c)(3) or 501(c)(19) • Must demonstrate adverse impact on the business such as staffing challenges or reduction in sales and/or customers. • Independent contractors do not count for purposes of loan calculation, as they may apply for a loan of their own. • Other requirements similar to the EIDL eligibility. • Employee headcount must be maintained. 	<ul style="list-style-type: none"> • Loan applications are made directly to and administered by approved SBA 7(a) lenders.
Employee Retention Credit (ERC)	<ul style="list-style-type: none"> • Cash payment equal to 50% of employee wages, up to \$5,000 per employee. • Takes the form of refundable payroll tax credit. • For employers averaging 100 or fewer employees in 2019, all qualified wages are included. • For employers averaging more than 100 employees during 2019, there are restrictions on what constitutes qualified wages. 	<ul style="list-style-type: none"> • Not-for-profit entity eligibility: all not-for-profit entities • Requires full or partial shut-down of the business, or 50% reduction of gross receipts. • Not available if PPP relief is obtained. 	<ul style="list-style-type: none"> • No application required, amounts reflected within quarterly Form 941 payroll filings.
Credit Support Relief (CSR) for Large Businesses	<ul style="list-style-type: none"> • Non-forgivable loan issuance at the discretion of the Treasury, no maximum amount. • Rates and specific terms negotiable, with maturities not to exceed 5 years. 	<ul style="list-style-type: none"> • Not-for-Profit entity eligibility: all not-for-profit entities • Targets businesses that do not qualify under SBA guidelines. • Certain limitations with respect to dividend payouts, stock buybacks and compensation levels. 	<ul style="list-style-type: none"> • Awaiting specific guidance.