



Dunham+Company[®]
Cause+Effect

IMPACT OF THE STIMULUS BILL ON NONPROFITS

With a very complex stimulus bill having been passed (it's over 800 pages!), my friend Sandra Swirski at the Washington D.C. advocacy firm **Urban Swirski & Associates** has put together a very helpful summary.

I wanted to put this into your hands as quickly as possible so you can better understand the implications of this legislation for you and your organization.

Rick Dunham, Founder+ CEO

CHARITABLE DEDUCTIONS

- + Creates a temporary universal charitable deduction for non-itemizers—**for cash only**—capped at \$300. This provision excludes gifts into donor-advised funds (but benefits gifts to sponsoring organizations) and 509(a)(3) supporting organizations. **Congress clearly still believes that a gift into a DAF is not the same as a gift directly to a charity.**
- + Temporarily suspends current AGI limits for charitable deductions for **cash gifts** made by individuals and businesses. This provision excludes gifts into donor-advised funds and 509(a)(3) supporting organizations.
 - + Individuals: Total charitable contributions can be deducted up to 100 percent of a donor's adjusted gross income (had been up to 60 percent).
 - + Corporations: Charitable contributions can be deducted up to 25 percent of taxable income (had been up to 10 percent).

NONPROFIT ORGANIZATIONS

- + Allows nonprofit organizations (including foundations) with less than 500 employees to access \$350 billion in loans from the Small Business Administration.
 - + If conditions are met, these loans can be forgiven.
 - + Secretary Mnuchin said these loans will become available within a week.
- + Provides fully refundable tax credits to nonprofits (including foundations):
 - + If a nonprofit is subject to a shut-down order and has lost 50 percent of revenue compared with last year.
 - + They can receive up to a \$5,000 per employee tax credit.
 - + Tax credits could be applied against payroll taxes so it's an immediate benefit.
 - + Employers **CANNOT** take both the tax credit and SBA loans.
- + Allows employers to stretch out payments of their share of the Social Security payroll tax owed with half the amount due by December 31, 2021 and the other half by December 31, 2022.

INDIVIDUALS

- + Checks and debit cards offering \$1,200 per taxpayer plus \$500 per child will begin going out shortly. But only for individuals making less than \$75,000 per year and couples at \$150,000 per year (amount given decreases incrementally above those income thresholds).
 - + Payments will automatically arrive within three weeks. No forms to fill out.
 - + Only for taxpayers, not dependents—so it excludes students and some elderly.

OTHER GRANTS

- + Provides \$150 billion to states, territories, and tribal governments to use for expenditures incurred due to the public health emergency. Some of these expenditures could be grants or direct spending through grantees providing relief services.
- + Provides \$100 billion in grants to health care providers to help fight the coronavirus. This could go to grantees like health care centers who are responding to the virus.
- + Provides \$30 billion in emergency education funding for colleges and universities, states, and school districts. This could go to grantees in the education space.
- + Provides \$45 billion to FEMA's response and recovery activities with \$400 million for grants that can be disbursed for firefighters, emergency managers, and providers of emergency food and shelter. This could help emergency aid grantees, like the American Red Cross, respond to the crisis in a timely manner.