

Executive Summary: What the Recent Stimulus Bill Means for Nonprofits

Overview:

As we waited and watched with bated breath over the last week, Congress passed a Stimulus Bill that provides nearly \$2 trillion in financial assistance to individuals and organizations affected by the COVID-19 health crisis.

At 800+ pages, understanding how it may affect your organization could take hours. With that in mind, BDI offers you this executive summary of those points that may have the greatest impact on your nonprofit.

What follows is a brief summation, which I hope will be helpful to you. I wanted to get this to you quickly to provide greater insights into what this legislation means for nonprofits like yours.

Here at BDI, we're continuing to monitor updates, clarifications and interpretations to these legislative aid resources. We'll be sure to follow up with you as this yields additional implications specifically for Rescue Missions and faith-first nonprofits.

May the Lord guide and protect you and your family as you faithfully serve. We're so delighted to battle alongside you in these challenging times. Please don't hesitate to reach out at any time if we can be of additional help.

In Him,

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Michael J. Tomlinson
President and CEO
Brewer Direct

BrewerDirect

RELEASING GENEROSITY

Individuals

- Gives one-time direct payments as follows:
 - \$1,200 for individual taxpayers
 - \$2,400 for couples
 - Plus \$500 per child
- Payment is based on the following qualifiers:
 - 2019 tax returns for those who have filed; 2018 for those who have not
 - Individuals making less than \$75,000 or couples below \$150,000 per year
 - The amount given decreases incrementally above those income thresholds.
 - The benefit goes away completely at the \$99,000 and \$198,000 thresholds, respectively.
- Payments will automatically arrive within three weeks. No forms to fill out.

Nonprofit Organizations

- Gives access to \$350 billion in loans from the Small Business Administration (SBA) to nonprofit organizations and foundations of 500 employees or less (*full-time or part-time*)
 - Nonprofits that keep their employees on the payroll from February 15 to June 30 could have their loans forgiven, turning the loan into a grant.
 - Payments will become available within a week.
- Fully refundable tax credits under this condition: A 50% revenue loss compared with last year because of a shut-down order.
 - Tax credits will include the following benefits:
 - Up to \$5,000 per employee in tax credit
 - Applied against payroll taxes to provide immediate relief
 - The credit is available each quarter until revenue exceeds 80% of the same quarter in 2019.
 - Employers CANNOT take both the tax credit and SBA loans.
- Stretches out employer share of Social Security payroll tax owed.
 - Half due by December 31, 2021
 - Other half due by December 31, 2022

Charitable Deductions

- Creates a temporary universal charitable deduction, capped at \$300 – cash only – for non-itemizers.
 - Excludes gifts into donor-advised funds (DAF) and to 509(a)(3) supporting organizations

- Temporarily lifts the cap on charitable deductions for cash gifts (*excluding DAF and 509(a)(3) supporting organizations*).
 - Individuals:
 - Previously: 60% deduction, based on an individual's adjusted gross income
 - New: 100% deduction, based on adjusted gross income
 - Corporations – donations:
 - Previously: 10% deduction, based on a company's taxable income
 - New: 25% deduction, based on taxable income
 - Corporations – food donations:
 - Previously: 15% deduction, based on a company's taxable income
 - New: 25% deduction, based on taxable income

Other Grants

- \$150 billion to states, territories and tribal governments for emergency public health costs.
 - Expenditures may be grants or direct spending through grantees providing relief services.
- \$100 billion in grants to health care providers to help fight COVID-19.
 - This could go to grantees like health care centers who are responding to the virus.
- \$30 billion in emergency education funding for colleges and universities, states and school districts.
 - This could go to grantees in the education space.
- \$45 billion to FEMA's response and recovery activities, with \$400 million for grants to firefighters, emergency managers and providers of emergency food and shelter.
 - This could help emergency aid grantees respond to the crisis in a timely manner.
 - Rescue Missions who provide emergency food and/or shelter fall under consideration for this grant.