

CORONAVIRUS STIMULUS BILL FUNDING

FOR NONPROFITS & MOSQUES

On March 27, 2020, a stimulus bill called the **Coronavirus Aid, Relief, and Economic Security Act** (CARES Act) was signed into law. Among other resources to aid Americans during this pandemic, the CARES Act includes \$349 billion of funding to support small business and nonprofits.

The CARES Act includes a program called the **Paycheck Protection Program** (PPP), which allows for the distribution of loans up to \$10 million each for small businesses, 501(c)(3) nonprofit organizations and other eligible entities.

Which organizations are eligible for the funding?

Generally, any small business, 501(c)(3) nonprofit organizations*, 501(c)(19) veterans organizations or other eligible entities with less than 500 employees. Note that as part of the application process for funding under the PPP, you will be asked to certify that **you have not received another loan under the CARES Act.**

**According to the Small Business Administration (SBA), mosques and other organizations should be eligible to apply for the funding so long as they meet the requirements of a 501(c)(3) under the Internal Revenue Code even if not formally registered with the Internal Revenue Service as one.*

How much funding will my organization receive?

The maximum loan amount will be the **lesser** of either:

- 2.5 times the average gross payroll costs incurred by the organization in the 12 months prior to the loan; or,
- \$10 million

What period of time can the loan be used for?

The loans can be used for expenses incurred by the organization between **February 15 through June 30, 2020**. This is also known as the “covered period” for the loan.

For what can the funding be used?

- Payroll expenses
- Health and leave benefits and insurance premiums
- Mortgage interest
- Rent payments
- Utility costs

IMPORTANT NOTE: Loan recipients cannot discriminate on the basis of race, color, sex, religion, handicap, age or national origin with respect to goods, services, or accommodations offered generally to the public by loan recipients, but this non-discrimination provision does not apply to a faith-based organization’s ministry activities within its own faith community. For more info on this and its impact on houses of worship, [click here](#).

Will the loan be forgiven or does my organization have to pay back the loan?

The PPP was created to maintain jobs for employees at small business and nonprofit organizations, as well as cover some operational costs.

The forgiveness amount will be reduced proportionally by any reduction in employees or if salaries and wages are decreased for employees beyond 25%.

The SBA states a loan **will be fully forgiven** if the funds are used for payroll costs, interest on mortgages, rent, and utilities.

However, due to likely high subscription, at least 75% of the forgiven amount **must have been used for payroll**. In addition, forgiveness will be based on the employer maintaining or quickly rehiring employees and maintaining salary levels.

IMPORTANT NOTE:

If it is determined that the loan must be paid back in part or in full, payments will be deferred for 6 months and the loan **will have an interest rate of 1.0%** (this rate is according to information available as of April 2, 2020). Given this, each mosque or institution must make their own determination regarding whether or not to pursue these funds.

How to apply for the funding?

Applications will be available beginning Friday, April 3, 2020 and your organization can apply through any [existing SBA 7\(a\) lender](#). We recommend contacting your bank first for guidance before approaching other banks with whom you have no relationship. Banks have indicated they will give priority to organizations with whom they have a pre-existing business relationship. More information about other lenders is also available directly on the [SBA website](#).



Download an application form and learn about which documents you will need [here](#).

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