



Recommendation for Nonprofit Relief Fund

North Carolina nonprofits have suffered a variety of economic hardships due to the COVID-19 pandemic. State legislators can help communities recover from the pandemic – and strengthen the state’s economy – by investing some of the state’s American Rescue Fund aid into a Nonprofit Relief Fund.

A meaningful Nonprofit Relief Fund could be structured as follows:

Total appropriation: \$75 million.

Administration: Grant program would be administered by the North Carolina Department of Commerce.

Maximum grant amount: \$200,000.

Eligibility criteria: Charitable nonprofits exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code would be eligible for grants if they suffered one of the following types of economic harm due to COVID-19:

1. Revenue losses of at least 20% for any quarter of 2020 or 2021 compared to the same quarter of the previous year.
2. Shutdowns of operations due to COVID-19 limitations.
3. Reduction in volunteers by at least 25% for any quarter of 2020 or 2021 compared to the same quarter of the previous year.
4. Direct costs incurred to make changes to the organization’s programs, services, and operations that were necessary because of the COVID-19 pandemic.
5. Increase in provision of services to meet community needs during the pandemic.

Allowable uses: Nonprofits could use grant funds for any of the following purposes:

1. Replacement for lost revenue.
2. Payroll expenses to cover additional paid personnel necessary because of lost volunteers or increased need for services.
3. Mortgage, rent, and utility payments.
4. Direct expenses related to the changes to the organization’s programs, services, and operations that were necessary because of the COVID-19 pandemic.

Limitations: Nonprofits could not use Nonprofit Relief Fund grants to cover expenses that were covered by other federal or state COVID-19 aid, including but not limited to, aid provided in the American Rescue Plan Act.

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