

## **New Stimulus Bill: Benefit for Donors? Lifeline for Struggling Nonprofits?**

**Host:** Ted Hart, President & CEO, CAF America

**Guest:** Jessie Krafft, Senior Vice President of External Affairs, CAF America

**Announcer:** Thank you for joining us. Before we start today's webinar, the New Stimulus Bill: Benefit for donors? Lifeline for Struggling Nonprofits? We have a few housekeeping points to go over. Please ensure that your microphones are muted and your cameras are off. [00:03:00] There will be an opportunity for questions at the end of the presentation. Please use the Q&A function at the bottom of your screen to share your questions. This session is being recorded. We'll hear the recording of this webinar within the next few days. The title of today's webinar is New Stimulus Bill: Benefit for Donors? Lifeline for Struggling Nonprofits?

Our presenters for today are Ted Hart, President and CEO of CAF America. An internationally recognized speaker, [00:03:30] Ted has over 30 years of experience in advising global philanthropy and he's an expert in regulatory frameworks governing both domestic and international philanthropy and risk management.

He's joined by Jessie Krafft, CAF America's Senior Vice President of External Affairs. Jessie has been with CAF America for almost 10 years and is responsible for developing and executing services, assisting donors with strategic, groundbreaking philanthropic planning, and investing in charitable assets.

Without further ado I will pass the microphone [00:04:00] over to Ted Hart, President and CEO of CAF America.

**Ted Hart:** Thank you very much. One year ago this week, the Director-General of the World Health Organization convened the International Health Regulations, IHR, emergency committee for its first meeting called to discuss the outbreak of a 2019 novel coronavirus. Within days, the WHO regional director for Southeast Asia, for Europe, and for Pan American [00:04:30] Health Organization had issued urgent warnings to their regions to "detect early, isolate, and care for patients infected with the new coronavirus." One year ago today, the WHO released its first online training on this novel coronavirus stating, "This is a new coronavirus that has not been previously identified in humans." One year ago this week, COVID-19 [00:05:00] was declared-- I'm sorry, one year ago next

week, COVID-19 was declared a global health emergency, and on March 19th, it was declared a global pandemic.

I share these milestones with you as a reminder of how recent it was that all we considered normal suddenly became a memory. What we have learned since that time and what we will share with you today is that the impact of this global pandemic on charities throughout the United States and around the world is relentless, [00:05:30] and this is a concern to donors and the communities that they support.

Today, nearly 100 million people worldwide are confirmed to be infected. 25% of those infected are here in the United States and over two million are dead. 20% of those who have died were from the United States, yet only 4% of the world's population lives here in the United States. These are tragic statistics, yet they mask [00:06:00] the enormity of the loss to the families and communities affected by those who are sick, infected, have lost their jobs, and have died.

There's now a shadow pandemic, that of mental illness and substance abuse emerging with a historic wave of depression and other mental health problems approaching. In each of these communities, there are volunteers and nonprofit organizations struggling to help meet the needs of those afflicted [00:06:30] and affected. In many cases, the organizations themselves have feared for their own survival if they cannot find relief to the triple threat that many are facing, that of decreased funding, increased demand for their services, and increased cost due to PPE and other costs due to COVID.

According to a report released just this month by Johns Hopkins University's Center for Civil Society Studies, nonprofit organizations in the United States [00:07:00] have reduced their workforce by 7.4%. That equals 930,000 jobs lost by charities during this period in the United States alone. Millions of nonprofit jobs have been lost worldwide.

Our topic today is the American stimulus bill which is called the Consolidated Appropriations Act of 2021 or the CAA, which was signed into law on December 28th. [00:07:30] This new law references and in some cases carries forward the support that began in the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act which became law in the early days of the pandemic back in March of 2020.

Today we will share with you the specific benefits intended to make it easier for donors to dig deeper and to help charities continue their essential work as well as specific provisions that offer a lifeline to charities both here in the United States and support [00:08:00] for communities around the world. The IRS commissioner is quoted as saying about this law,

"The nations' charities are struggling to help those suffering from COVID-19 and many deserving organizations can use all the help that they can get."

You will learn that there are new and renewed incentives, there are also regulations that precisely outline how these gifts must be made, regulations [00:08:30] that were never enacted before the COVID-19 pandemic. This is the topic of today's webinar, to make sure that our donors and corporate donors, listeners that are joining us today, have all the information necessary because there are very specific steps that need to be followed to qualify for these new tax benefits related to charitable giving, and that our charity partners listening today know how they can best advise donors on securing these benefits and help the charities of their choice. [00:09:00]

Joining me today is, as was mentioned earlier, Jessie Krafft who is CAF America's Senior Vice President of External Affairs. Now, first, a little bit about CAF America. We are a public charity here in the United States, 501(c)(3). We provide services to donors who wish to support charities here in the United States and around the world. Everything that we do comes back to a central premise that we call the three Rs.

That comprises regulatory compliance with relevant [00:09:30] legal frameworks in the United States, UK, and Canada, as well as the grantees' home countries as we grant to over 110 countries. Risk management of international grantmaking and reputation protection for all of our donors. Next slide, please.

Jessie, thank you for joining us today and as I noted in the opening, the global pandemic has been relentless in its effect on charities around the world and here in the United States. [00:10:00] Give us a little bit of what we've learned from some of the surveys that CAF America has conducted.

**Jessie Krafft:** Yes. Hi Ted, and thank you to everyone for joining. We've been conducting, as Ted mentioned, several surveys of our charity partners throughout this period of time. The data that's represented here is from our Volume 5 survey of charities and the effects that they've been facing. What we're seeing here is still just very high rates of negative impact [00:10:30] and still a really critical condition for the sector generally. I know there's a lot of fatigue around this new story and fatigue around the lockdowns, but it's of course still very real and affecting so many in different ways.

Almost a year later through the challenges that our charities have been facing, we're still at CAF America every day making changes to grant agreements and other aspects to accommodate the challenges that different charities are facing [00:11:00] and that are

unable to complete the important work as they'd hoped to when they first signed grant agreements with us.

We're still working through all of those operational difficulties, and in this data that you can see here in our Volume 5 survey, 91% of responding organizations said that they're still being negatively impacted by COVID-19. We've seen that fluctuate a little bit but still remain pretty high [00:11:30] throughout all of the surveys that we've taken. One-fourth of the responding organizations expect to close down within the next 12 months if the situation remains unchanged and another fourth are really unable to predict their future. This is a really negative impact that we're seeing on civil society generally.

**Ted:** Jessie, as you just mentioned, in each of the five reports that CAF America has already issued on COVID-19, we've learned a lot about [00:12:00] charities. In our volume 4, we turned the lens on surveying corporate supporters who are engaged in providing charitable support for COVID-19 communities. Next slide, please. This research has given some ray of hope for charities that are supported by corporations in their communities throughout the country and around the world. Specifically, [00:12:30] what did we learn about corporate funding?

**Jessie:** While data from the charity surveys has noted significant decreases in funding overall, in the corporate survey we conducted, we saw that 25% of corporations expect some decrease in funding during the next year, but fortunately, two-thirds of them expect to maintain or even increase their current levels of funding. That's really positive. Of course, [00:13:00] many companies are still monitoring this crisis closely to help guide what they'll do in budgets that they have ahead of them, so I think we still have more to learn in terms of budget impacts in the coming months.

Of course, some industries are hurting more than others, but really we were really happy to see that so many corporations expect to remain the same or to increase which is really positive for many charities that depend on corporate support.

**Ted:** Next slide. Jessie, [00:13:30] while our topic for this webinar is the new stimulus bill, we will actually be highlighting two laws that have passed to help those in need due to the pandemic and those who want to support charities. What are these laws that we'll be talking about today?

**Jessie:** Yes, so the two laws that we'll be discussing that are most consequential to this conversation are the CARES Act, which is the Coronavirus Aid, Relief, and Economic Security Act, and then the CAA which is the [00:14:00] Consolidated Appropriations Act of

2021. The CARES Act itself was the third COVID-19 related bill and it was signed into law on March 27th, 2020. It really provided significant tax relief and charitable giving benefits that many of us weren't expecting to US donors in an effort to mitigate some of the challenges that they feared charities would face during this year.

Then the CAA [00:14:30] was the sixth COVID-19 related bill and it was enacted in the end of December. This bill really adds to and extends and expands to some extent some of the benefits provided under the CARES Act for one additional year. It was great to see some of those changes enacted just before many of the CARES Act benefits were set to expire on December 31st.

**Ted:** Okay, next slide, please. Jessie, [00:15:00] we have two phases of this webinar today. One is to talk about the benefits in the CAA and the CARES Act for donors, and then to share the lifeline that's being provided or attempting to be provided to charities. Let's go to the next slide. Let's start out with a review of the new law by discussing incentives for individual donors who do not itemize on their tax return.

**Jessie:** Yes. [00:15:30] Firstly, under the CARES Act, they made a new charitable deduction available to individual taxpayers that don't itemize their deductions. This deduction is also known as the universal deduction but it allows for charitable deduction of up to \$300 per individual. This was an above the line contribution that was deducted from-- that was able to be deducted from the individual taxpayer's income prior to the calculation of [00:16:00] adjusted gross income.

This was one charitable giving benefit that was understood to extend beyond the 2020 tax year which of course ended on December 31st under the CARES Act, but actually, there was a lot of uncertainty around whether this benefit was meant to be limited to 2020 or extended past. In the text of the bill, it actually said, "Beginning in 2020" and didn't include a sunset date.

This was [00:16:30] actually, under the CAA, this was clarified. The CAA itself takes this \$300 tax benefit and actually reaffirms it and says that it's still effective for \$300 per individual, again for taxpayers that don't itemize their deductions. It also introduced a new charitable deduction of up to \$600 for couples filing jointly. Previously, this was just \$300 [00:17:00] for one couple or individual that was filing, but now that's confirmed to be \$600 for a couple. It confirmed the extension through 2021 but under the CAA, the sunset date is quite clear. As of now, it will end on December 31st, 2021.

**Ted:** Individual donors need to make a decision within this calendar year if they want to benefit from these new tax benefits. Now let's move on to the benefits [00:17:30] to individual donors who do itemize.

**Jessie:** That's right, so under the CARES Act benefits, it increased the deduction limit for individuals that itemize to 100% of their adjusted gross income, and outside of the CARES Act, this is only up to 60%, so there's a great increase here under the CARES Act. This benefit did expire on December 31st until the CAA [00:18:00] came to the rescue and actually reaffirmed once again that 100% deduction for individual taxpayers who itemize and extended it through December 31st, 2021. This was great to see that they reaffirmed the benefit.

**Ted:** Yes, wonderful news to go to 100% deduction for individual taxpayers who itemize. Let's go to the next slide because Jessie, as we mentioned earlier in CAF America's Volume 4, we did [00:18:30] an extensive review of corporations who are giving in support of charities working during COVID-19. Corporate donors also have an increased tax advantage and an incentive to now give. Talk to us a little bit about what is in the CAA and CARES Act.

**Jessie:** Sure. Under the CARES Act, there was an increase of the deduction limit for corporations that [00:19:00] increased it up to 25% up from 10% which was the limit outside of the CARES Act. Again, that benefit for corporate donors was only made available until December 31st, but again the CAA came to the rescue and again reaffirmed that 25%-- the increase deduction limit of 25% for income. Sorry, for corporations. This is now through December 31st, 2021 [00:19:30] as well.

**Ted:** Again, carrying those benefits forward and as we shared in our research, we saw that corporations are giving, intend to give, and may still have capacity to give. Let's go to the next slide. Next slide there. Jessie, with these unprecedented benefits there also come restrictions that we have never seen before this pandemic, and it's important [00:20:00] for both charities and donors and their advisors to understand the specifics of these new restrictions because making a gift to a charity that doesn't follow these restrictions, then, therefore negates the increased capacity for the 100% tax deduction or the 25% tax deduction. It needs to follow these rules. Again, as I said, we've never seen these rules before this pandemic.

**Jessie:** [00:20:30] Yes. As you mentioned, it's really important for donors to make sure that their donations qualify under these parameters. I would say many charities or most charities are set up to receive donations in this way, but it's good to ensure that this is the

case regardless. Firstly, one of the restrictions is that the CAA benefits are applicable only to cash donations. Contributions of any in-kind property or which includes marketable securities, [00:21:00] real assets, or otherwise don't qualify for these benefits. This is only cash donations.

Contributions have to be made to a public charity. Of course, this is a requirement that donors are used to verifying. Make sure your donations are going to a registered US public charity to be qualified for any tax benefits, but for the CAA as well. Contributions cannot [00:21:30] be made through donor-advised funds. This is I would say a really important one.

We know that donor-advised funds are expanding in their use across the US and it's a rapidly growing philanthropic vehicle, but we have to make sure that donors are aware that contributions into donor-advised funds do not qualify for these benefits. Further to that, it has to be restricted to a charity so it can go to [00:22:00] a charitable entity, it just can't go through a donor-advised fund.

**Ted:** Right. Jessie, before we move on to some of the benefits for nonprofit organizations that are contained in the CAA, I want to explore this a little bit further with you. One is a question that we often get asked from a donor's perspective is "can I still contribute appreciated securities?" because [00:22:30] that's a very tax-wise way for donors to give still because then they essentially receive two tax deductions. They avoid the payment of capital gains on the appreciated security itself, and then they receive the tax deduction receipts for the underlying contribution.

In this case, specifically, you cannot make a contribution of marketable securities and qualify for the increased deduction [00:23:01] under CAA and the CARES Act. I think for advisors, for individuals, there is a decision point that you have to calculate the maximum benefit to you. It may actually be more of a benefit to avoid capital gains and take the traditional deduction of only up to 60% and make that donation of marketable securities, as opposed to making the gift of cash, which is now a requirement under this particular [00:23:30] CAA and the CARES Act.

Jessie, how does it work for working with an intermediary for a restricted gift? How can you make a contribution that's restricted and not donor-advised?

**Jessie:** That's something you really, if you are working with an intermediary such as CAF America or otherwise, it's really important to make sure that that intermediary has the capability of accepting restricted gifts and is not accepting [00:24:00] funds, again, through

a donor-advised fund. We'll get into the mechanics a little bit later in the presentation, but to start, the restricted gift function at CAF America essentially requires that we have a relationship in place with the organization and that we have already validated and approved a grantee to receive funds from us.

Under that circumstance, because we have grant agreements and a relationship in place, we can restrict [00:24:30] funds to a specific organization. Of course, these are giving vehicles that occur outside of our donor-advised funds. We do have the ability to restrict gifts to those that have already gone through our due diligence process and have a current grant agreement in place with us.

**Ted:** You definitely need to have all of that arranged upfront, so that's not something that can be done after the fact. For instance, if you've already made a contribution to a donor advised fund, can you [00:25:00] then make it restricted?

**Jessie:** No. That's really important. You can't say, "Oops, I actually meant this for CARES Act benefits or CAA benefits. Can you actually refund that and I'll resend in a restricted vehicle?" that can't happen. Then you also can't ask for that to be moved out of the DAF in some way whether refund or otherwise, and still it couldn't be counted for CAA benefits once it hits that DAF.

**Ted:** Oh, suffice it to say, Jessie, [00:25:30] we waited here and gave a little bit more sort of commentary on these restrictions under the CAA because they're very real restrictions. They're restrictions that most advisors and most donors are completely unfamiliar with because we just haven't seen them before. We really want to make sure that everybody understands how they work and how they can qualify.

Let's move on to the next slide. Jessie, as we mentioned early on and certainly in the title of this webinar, there [00:26:00] are lifelines that have been offered to nonprofit organizations written into the CAA. Let's go to the next slide and let's talk about this particularly around what is PPP?

**Jessie:** The PPP is, well, it stands for the Paycheck Protection Program, and this is what we're calling one of the CARES Act lifelines for nonprofits where essentially, under the CARES Act, the PPP allocated \$350 billion to help small [00:26:31] businesses and nonprofits keep their workers employed amid the pandemic and economic downturn. These loans were 100% federally guaranteed. They included the eligibility to participate to 501(c)(3) organizations, as well as veterans organizations



that meet the small business standard requirements. Then the opportunity for loans to be forgiven if borrowers [00:27:00] maintain their payrolls during the crisis.

It's really an incentive to keep organizations operating and keep people employed. Fortunately, this benefit was extended under the CAA and it also added \$15 billion of new funding directly to support live venues, independent movie theaters, and different cultural institutions, which as we all know are in dire need during this, as there [00:27:30] has been little to zero attendance throughout this entire year of their venues and their different artistic outlets. This was great to see that came out of the CAA as another lifeline for this type of nonprofit in the US.

**Ted:** Jessie, in the CAF America surveys, we continuously heard from arts organizations and those involving acting on stage [00:28:00] just how dire the situation is for them, not just here in the United States but around the world. Seeing that the CAA included a bill, Save our Stages Act as part of the COVID-19 relief bill was quite satisfactory to us. It also went on to create two new museums under the CAA which I don't [00:28:30] think we really expected, but it was nice to see that they were able to compromise on creating these museums. What's that all about?

**Jessie:** This is wonderful to see as well that two new Smithsonian museums were authorized. The Museum of Women's History and the National Museum of the American Latino. This is a really exciting development that came out of this bill which hopefully, we'll hear more about the planning for in the coming months. As [00:29:00] Ted said, venues globally are running into challenges. Just this week, I've been having some conversations with a few different arts organizations abroad that are still struggling in terms of even knowing what this year will look like.

Of course, all of their programs were canceled last year, but we're trying to make grants to them now and there are the challenges that, of course, we have to have grant agreements in place with these organizations and understand how they're going to spend the funds, but they're [00:29:30] at a loss because they don't know what their programs will look like this year. We're working with them through that and helping manage those situations. Just to say, this is-- we're continually having these conversations with this type of organization that's struggling.

**Ted:** That's terrific. Jessie, even with this support, this lifeline to nonprofit organizations, as I shared at the opening 930,000 [00:30:00] nonprofit jobs have already been lost here in the United States. Let's move on to the next slide. Jessie, in our COVID-19 surveys, we have

also seen a surge in the need for food banks all over the world. What is the SNAP allocation in the CAA, and what does that provide to charities?

**Jessie:** What this data here is showing is we actually had about 60% of the [00:30:30] organizations that responded to our last charity survey were coming from this type of essential service. We know that within our data that we have high representation from organizations that would qualify in the US for this Supplemental Nutrition Assistance Program.

Under the CAA, \$13 billion was allocated to food banks and other similar [00:31:00] essential service programs, which was a 15% boost from the CARES Act. That's really good to see because as we've recognized in the data that we've collected, these organizations are really struggling with the decreased funding that we're seeing across the sector, but also a huge increase in demand for their services, of course, with all the newly unemployed and other individuals who are having challenges, are in [00:31:30] much more need of their services. It's wonderful to see that the CAA is offering more support to these programs.

**Ted:** That's right. Let's go to the next slide. Jessie, in addition to the hundreds of millions of dollars that CAF America provides to US-based charities, our particular expertise is maneuvering through and helping donors who wish to make regulatory compliant, risk managed charitable contributions outside of the United States and still qualify [00:32:00] for a US tax deduction.

The very generous incentives for donors that we've just outlined can also benefit charities around the world that Americans wish to support. Let's take a step back from the CAA and the CARES Act, and let's just level set for those who are participating in this webinar today. How does cross-border giving work, just on the macro scale, and then we'll talk about how the CARES Act and CAA come into [00:32:30] play for international support.

**Jessie:** All of the CAA benefits to donors that we presented earlier are available for-- Well, primarily, of course, it has to go directly to a US charity, as we've mentioned, but as Ted has described, one of our primary areas of expertise is in working with foreign nonprofits. CAF America is a registered US charity [00:33:00] that serves as an intermediary and makes grants to foreign charities. By working with us, we can allow CAA benefits to donors, of course, following the specific parameters that we've outlined, but I'll share a bit further, in further slides, how we do that for our donors.

Just to start, there are two ways that US donors can provide support generally to foreign organizations. Firstly, donors can make direct gifts to [00:33:30] foreign nonprofits, but as I mentioned, they wouldn't receive those tax benefits, CAA or otherwise, if they were just to make a donation directly to that organization, and then the donor, in doing so, takes on the full risk of that transfer. They are still required to ensure that they're not in violation of any sanctions or other regulatory requirements that are necessary to ensure that you're making a safe and compliant transfer [00:34:00] internationally. It is possible but it does come with risks to the donor for working directly with that foreign organization.

The alternative to that is that the donor could work with a US, a 501(c)(3) grantmaker, an intermediary organization such as CAF America, or other intermediaries as well that facilitate foreign donations. Through CAF America, a donor can make a donation to us, and then they receive [00:34:30] the tax benefits, tax receipt from that US organization. It removes the risk because then in that instance, the US intermediary, CAF America in this example, is responsible for all of that regulatory compliance and for ensuring that the funds arrived safely to the foreign organization. Those are the two basic options for how to get donations to foreign nonprofits.

**Ted:** [00:35:00] Jessie, let's go on to the next slide. With the new restrictions that you mentioned earlier in this presentation, how can this all be accomplished? Let's now bring cross-border giving to the CAA and CARES Act, and just giving, overall. How does that get structured for any donor who wishes to get a tax receipt?

**Jessie:** Sure. There are a few different vehicles that we work with for our donors [00:35:30] in order to get grants internationally, to send them to foreign charities. Firstly, we have what we call our expedited grant-making program, and we can receive single gifts from donors for that program. Under this framework, basically, we are working with our foreign charity partners that are on the ground and manage relationships with other charities.

[00:36:00] Essentially, in this instance, the donations that are going through the expedited grant-making program are not eligible for CARES Act or CAA benefits because we're not able to manage it through a restricted gift, as we were discussing earlier. We do have an expedited grant-making program that enables us to get funds to charities quickly, however, it would not be eligible for these CAA benefits. However, [00:36:30] it would be tax-deductible, just not with the enhanced benefits offered by CAA.

The second option is that we can receive single gifts through our standard validation and grant-making program, which when properly structured means that the gifts can be

qualified under the CARES Act and then the CAA benefits. Under this program, we do have restricted grant agreements in place with each of these organizations, [00:37:00] relationships in place prior to receipt of the funds, and we have all that aligned so that funds are not going through a DAF and can actually be restricted to that organization. As Ted has mentioned, it's just important that you communicate with us beforehand so we can make sure all that is in place before you actually send us the funds. Otherwise, we won't be able to restrict it for that purpose.

The third vehicle is called a CAF America Friends Fund. [00:37:30] The Friends Fund is basically a restricted vehicle in and of itself. All donations that come into this type of fund are restricted to specific foreign charities. This is a vehicle that foreign charities can open with us. They can open a Friends Fund in lieu of opening, perhaps, their own 501(c)(3). All of their donations come into that fund, and it's restricted to that organization. Because it's restricted, this [00:38:00] type of fund would also be eligible for CARES Act and CAA benefits.

**Ted:** Jessie, specifically on the Friends Fund, many of the listeners today might be familiar with creating your own 501(c)(3) in the United States, and we're going to talk a little bit about how those two options compare. Let's go to the next slide because I wanted to ask you, this Friends Fund option does sound like a good option for [00:38:30] non-US based charities, but how does it work?

**Jessie:** Essentially, the way that it works is for a nonprofit that wants to open a Friends Fund would sign an agreement with CAF America, opening this restricted vehicle. We would only open this vehicle after we've conducted our validation process and we have grant agreements in place with the organization. Once that fund is opened, the foreign [00:39:00] charity can conduct different fundraising activities. Of course, we work with them to make sure those are approved fundraising activities and that we have the proper state registrations to conduct those fundraising activities. They can then solicit funds from their donors into this Friends Fund, and we transfer those grants to the foreign charity.

There are several benefits to doing so, again, as an alternative to opening [00:39:30] their own 501(c)(3) public charity. One of the benefits is that it eliminates the high costs of operating a charity in the United States, which requires state registrations on an annual basis in 44 states and requires legal advice in the actual opening of that charity and the registration process with the IRS, and then all of the annual administrative burden that comes with [00:40:00] tax receipting and everything like that, so the Friends Fund eliminates all of those costs.

The Fund is able to accept unlimited donations of any amount. Again, donations into this fund are eligible for CARES Act and CAA benefits. There's no minimum balance, and we're actually distributing all of the funds that are saved on a quarterly basis for most other timelines for certain funds. [00:40:30] There's no minimum balance to this account where we're transferring those funds.

There's an option to donate through an online portal, so we can accept credit card donations, checks, wire transfers, stock transfers all into this fund. Then there are some other options to personalize those donation pages, and then again, you don't have to comply with the US regulatory requirements [00:41:00] on an annual basis as CAF America has taken care of all of that administrative work for you.

**Ted:** Jessie, the overall cost of having a Friends Fund, but yet still being able to have a full communication and fundraising program with your donors in the United States, are sort of the reason for a Friends Fund to exist?

**Jessie:** Yes, it's one of the crucial reasons [00:41:30] for that. It's something that it's a vehicle that enables more foreign charities to fundraise in the United States. I think there are many that would never be able to afford or don't have the volume of donations to justify opening their own US charity but under the Friends Fund, it makes the US donors and fundraising from US donors much more accessible to them because it's eliminating some of that cost and the administrative burden. [00:42:00]

**Ted:** Jessie, obviously the next question that I think a lot of charities ask of us, and it comes to mind probably for a lot of our listeners to this webinar today is, does CAF America do the fundraising for the charities?

**Jessie:** Yes, that's a great question, and one we get frequently. No, we do not fundraise for these foreign charities. They have to conduct or build their own relationships with US donors and conduct their own fundraising [00:42:30] activities and we'll, of course, work with them to make sure that they're all in compliance with state regulations. There are many reasons for why we don't assist in this fundraising process. One is that we need to remain in compliance with the Foreign Agents Regulation Act in the United States, which prevents us from doing such fundraising activities.

**Ted:** Jessie, let's go on to the next slide where [00:43:00] watching our time today, wanting to make sure that we have time for questions. Let's summarize what we've shared today so that our listeners can make sure that they understand exactly what was in the CARES

Act, what carried over to a CAA, what's changed, and how donors can maximize their benefits.

**Jessie:** Yes. The three big changes in summary and items that we want to make sure everyone understands from today's webinar is that [00:43:30] the CAA reaffirmed the universal deduction and actually increased that deduction up to \$600 for couples filing jointly. This benefit is now available through December 31st, 2021.

The second is that the CARES Act and then subsequently the CAA increased the deduction limit for individuals up to 100% up from 60% of adjusted gross income on their federal [00:44:00] income tax return. This was another generous benefit, and again, extended under the CAA through December 31st, 2021.

The final was that the corporate deduction limit and expanded or increased from 10% to 25% of taxable income under CARES Act, and then it was extended under CAA through December 31st, 2021.

**Ted:** Jessie, again, under these [00:44:30] expanded tax deductions must be cash, cannot be personal property or real property, and cannot be made through a donor-advised fund, must be restricted to the charities. Those are important to remember, isn't it?

**Jessie:** That's right. Yes.

**Ted:** Jess, let's go on to the next slide. We do want to just share with folks our next webinar, which is also a pretty big deal in addition to this webinar, what's happening on February 11th? [00:45:00]

**Jessie:** Yes. We are so excited, and I'm anticipating this webinar and the report that will be released along with it. We've talked a little bit today about our Volume 4 and Volume 5 COVID-19 reports, but on February 11th, we'll be releasing our Volume 6 report, which really takes a different focus, and looks at all of these charities that are facing challenges in their response and management of challenges [00:45:30] coming from COVID-19. It's looking at what are the educational needs and the capacity-building gaps that might exist at their organization which if filled might help them survive or actually better weather the challenges that they're facing under COVID-19. We're going through the data and writing a report that will be shared at this webinar on February 11th.

**Ted:** Yes, very exciting stuff. Let's go on to [00:46:00] the next slide, which is how you can reach us. This is question and answer time, and Jessie, we do have a couple of questions,

we want to encourage everyone who's participating today to ask your questions in the Q&A, we will answer those before in the time that's allotted here.

Jessie, the first question is can a 501(c)(3) nonprofit organization in the United States that applied for funds or help from CAF America? 501(c)(3) organizations really struggling and have not gotten any funder so far [00:46:30] and does not know how to get help from the government. Can a charity apply for funds from CAF America?

**Jessie:** Unfortunately, the way that CAF America operates is that we don't have any discretionary funding. Basically, our funding mechanisms work through our donors because we exist and serve as an intermediary. All of the grants that we pay out are coming from direct recommendations from our [00:47:00] donors, and donations from our donors, so, unfortunately, we don't have any discretionary funding that charities can apply for.

**Ted:** Well, if you have a donor, CAF America can help you make sure that they qualify for the tax deduction and which tax deduction they want to qualify for, so it's properly structured to get the money to your charity. Jessie, next question, the US arm of a Canadian based organization is a 501(c)(3) charity in New York classified [00:47:30] as a T90 supporting foundation. Of course, we know what that is, but the most important piece here is that they are a 501(c)(3) in the United States established to support a Canadian based organization. The question is, will our US donors qualify for the universal and expanded deductions?

**Jessie:** I think that you would need to ensure that the vehicle, so if you're registered as a supporting organization, [00:48:00] I think that under this circumstance, you should just make sure-- I haven't actually looked into the supporting entity requirements because I know that as you've rightfully flagged, there are lots of different restrictions on how supporting entities can receive funds, but if your funding is actually restricted to the foreign charity through some mechanism, it should be okay, but [00:48:30] honestly, I would actually like to take that question offline and we can look into that further.

**Ted:** Jessie, I mean, one thing that we could assure them is that if the donation were made to the 501(c)(3) supporting the work of the 501(c)(3) in the United States, certainly that would qualify because that would be a direct donation to a US charity. It's the notion of potentially moving that money to the Canadian based organization as to how that would be properly structured [00:49:00] in a T90 supporting foundation situation.

It is a very complicated question, but certainly, if the funds were given to the US-based charity and used in the US to support the work of that charity, the answer would be, yes, it would qualify, but if the intention is to move those funds out of the United States, you would certainly have a structure issue there to make sure that you followed there.

Next question, Jessie, is while [00:49:30] CAF America, and thank you all for listening, does not fundraise on behalf of foreign charities, could you facilitate a forum for such charities to discuss best practices? Of course, Jessie, I think we want to encourage this particular listener, and anyone else interested in that question to the February 11th presentation of Volume 6, because the whole notion of teaching and training and increasing skillsets for charities is very much the focus [00:50:00] the volume six.

**Jessie:** Yes, absolutely. I think that's great advice as a next step because we'll certainly be taking the learnings from that volume and doing such as what you're asking here to expand some of the knowledge and capacity of some of the foreign charities we work with.

**Ted:** Jessie, next question is can a fiscally sponsored, intermediary, get CARES/CAA eligible gifts? Again, it's similar to I think [00:50:30] the earlier question of the supporting organization in Canada, it has to directly support the charity and so it depends on how that's structured and of course, from this particular question, feel free whoever asked that question to give us a little bit more detail there. It's not clear where that charity is in terms of the tax deductibility.

Next question is can a nonprofit network that re-grants to its members [00:51:00] get eligible CARES/CAA grants, and or PPP to redeploy and lend to its members? Let's take this from the point of view that this would be a US-based nonprofit network and please ask a further question if I've got that wrong but Jessie, if the gift were made directly to a charity to support its work, and its work was to support its member organizations, it would seem to me that that would [00:51:30] likely qualify for CARES Act support, but the PPP I don't think can- you can't take it on behalf of another charity and share it with that charity it's specifically for the work of the charity that's applying.

**Jessie:** Yes, that's right. I think everything you're saying is correct there so for the re-granting, under CARES and CAA, the tax benefits specifically, I think it will just depend on whether these are for-- [00:52:00] you're accepting funds for your own programs or whether you can restrict funds to these re-grantees otherwise, it might not be eligible for these benefits.



**Ted:** That's right. Jessie, this next question I know, you get quite a bit so you'll be ready for this one. Can a 501(c)(3) US charity, apply to be "found on your website" and be eligible for grants and funding? Do we have a registry of eligible charities?

**Jessie:** Yes, we do have a registry of eligible charities, [00:52:30] however, I would say and we certainly can get you registered and on our website, but in most cases, donors are coming to us in circumstances where they need our assistance in making a grant to an organization, and so in those circumstances, if they can work with your organization directly, that might be the best route for them, in other words, they might not be coming to our website to find [00:53:00] 501(c)(3) organizations specifically.

We do have a registry and the answer is yes, you can absolutely register to be on it, however, it's not typically as useful for 501(c)(3) organizations since you are already able to accept and receive funds directly.

**Ted:** We have another question here that follows right on to that, that I think is the second half of your answer, and that is new foreign organizations that wish to register [00:53:30] with CAF America what are the requirements and how would a charity outside the United States become eligible with CAF America and therefore be able to communicate with donors in the United States and receive gifts through CAF America?

**Jessie:** Yes, that's a great question. Firstly, I would point you to the info@cafamerica.org email address as a next step because we can certainly answer your questions, but just very basically, we have two different [00:54:00] protocols that we typically use to validate foreign organizations that want to register and be on our website. It requires basically the completion of an application with us that requires your submission of proof of registration, governing documents, most recent financial statements, and a list of your board and senior staff members, and then through this process, we're also collecting information on how you would [00:54:30] spend grant funds that you'd receive from us.

We're signing a grant agreement and things like that, so that's a very brief overview, those are the different requirements and items that we'll collect from you in that process, but if you reach out to us and let us know what you're looking to do and what your US donor base might look like, we're happy to point you in the right direction and get you started in that process.

**Ted:** That's one of the great things about the CAF America advisors, [00:55:00] right, email us at info@cafamerica.org. and we will route you to the correct advisor that can help make the most efficient use of your time and also evaluate, what does your donor base

look like and how can we advise you to best be in touch with them and help them to qualify for the very best tax deduction?

Jessie again, watching our time, I think maybe our last question here is with so many organizations facing closure, what resources are available [00:55:30] for donors so that we can begin to identify organizations and opportunities to support? Jessie, let's start with the resources that CAF America have specifically created for donors related to COVID-19.

**Jessie:** Yes, so I love this question. On our website, we have several COVID-19 resources, one of which is a database of charities around the world that are specifically responding to [00:56:00] COVID-19 priorities and needs in their countries where they're located. That's a great resource that might be useful for you as a starting point, but really, as Ted said, our team of advisors here can work with you to talk through, what are your funding priorities or what is your strategy around giving, and we'd be more than happy to work with you to make some recommendations and to dive into our [00:56:30] database of charities, which includes hundreds of thousands of organizations, to find organizations that best suit your philanthropic goals.

Again, if you reach out to us, we'd be really happy to have that conversation with you and provide further resources or suggestions outside of what's in our COVID-19 resource page on our website.

**Ted:** Lots of resources on our website and for this particular question, if you're not looking [00:57:00] just specifically for COVID-19, we have tens of thousands of charities that are validated with CAF America that we can help you identify what would you like to accomplish and to help you find charities that are eligible to receive contributions and therefore, tax receipts. So, Jessie, thank you for all the great information that you have provided for us today, and we'll send it back to the announcer. [00:57:30]

**Announcer:** Thank you, Ted. That concludes our webinar today. As we mentioned at the beginning, a recording of this presentation will be sent to you in a few days. Feel free to contact us at info@cafamerica.org with any questions or comments you have. Thank you, have a good one.

[00:57:51] [END OF AUDIO]