



Tax Credits & Other Opportunities for Nonprofits

September 23, 2026

Your Presenters



Amy Bibby

Partner, Tax



Michael Roney

Director, Tax Specialty



Troy Taylor

Partner, Tax Specialty



Tommy Varnell

Managing Director, SALT

Agenda

1. The New Markets Tax Credit (NMTC) Program
2. Sales Tax, Unclaimed Property Opportunities, & Pitfalls for Nonprofits
3. Clean Energy Credits: How IRA Tax Credits Are Creating New Opportunities for Nonprofits
4. IRA Case Studies



01

The New Markets Tax Credit (NMTC) Program



The NMTC Program – Common Misconceptions

Why should a nonprofit consider the NMTC Program?

1	NMTC is a tax credit and our organization has no tax liability: <i>The tax credit goes to an investor. The nonprofit receives <u>project funding</u>.</i>
2	NMTC funding is expensive: <i>Interest rates related to NMTC funding may be as <u>low as 1-2%</u>. NMTC funding is <u>interest only</u> for 7-years, as required under Program rules.</i>
3	The NMTC Program is too complicated: Our professionals can help make the NMTC Program more accessible and approachable and help you evaluate whether it may be a viable strategy for your organization. <u>We spend the time to help you determine whether NMTC may be a viable strategy for your organization.</u>
4	After all costs, the NMTC benefit is substantially less than expected: Under the right fact pattern, the NMTC Program can <u>save your organization 15%-20% on project costs</u> which could be millions of dollars.

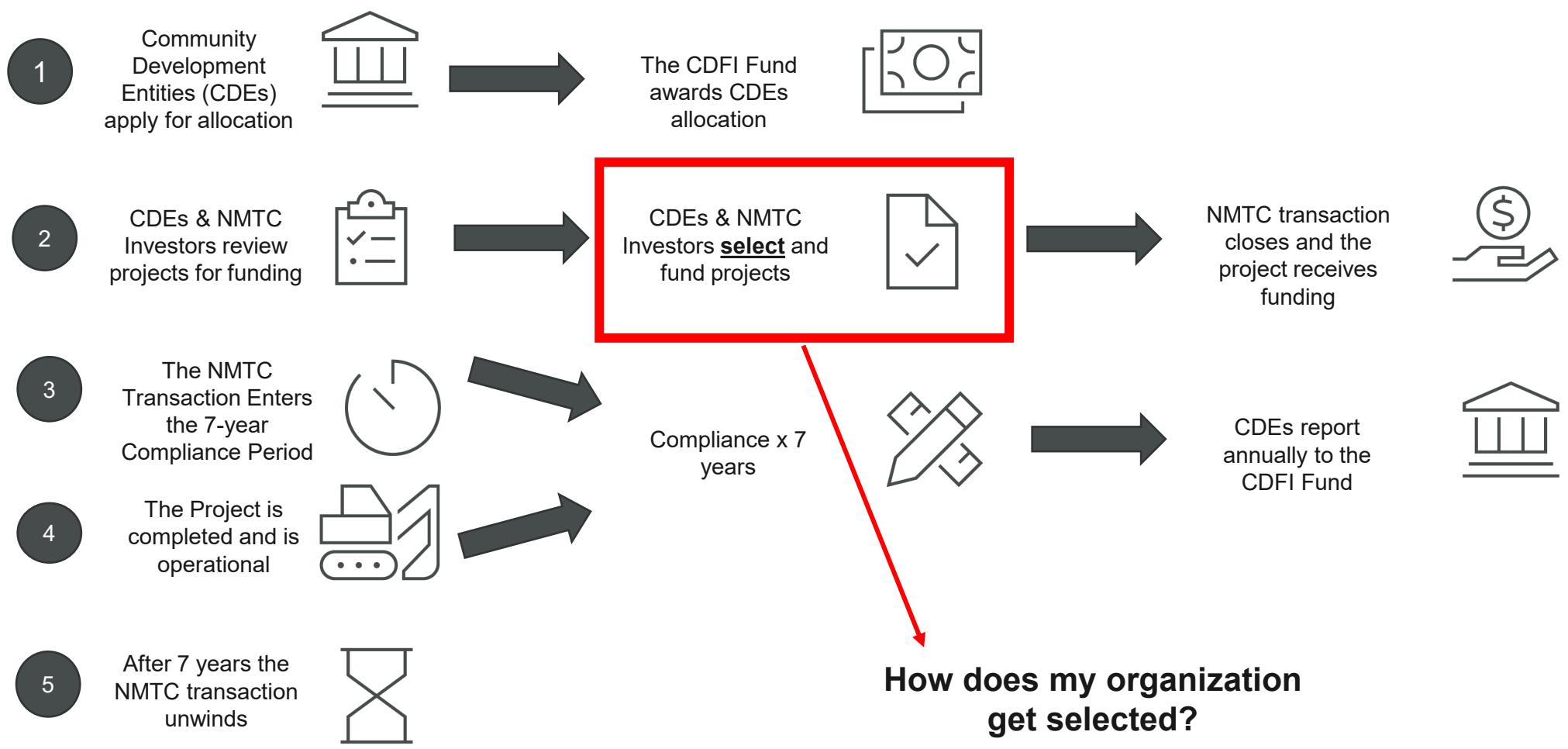
What is the NMTC Program?



1. A *federal* development program that attracts private investment to **distressed communities**.
2. Administered by the CDFI Fund, a division of Treasury
3. Through FY 2023, the NMTC Program has:
 - Disbursed \$71 billion in NMTC investments
 - Generated \$8 of private investment for every \$1 of federal funding
 - Helped to construct or rehabilitate over 268 million square feet of commercial real estate
 - Creation or retention of more than 888,200 jobs and an additional 125.6 million more jobs projected
4. In addition, through FY 2023, **43% of all NMTC dollars invested have involved a community facility component**, including services for education, childcare, healthcare and arts centers.
5. The NMTC Program may be viewed as a potential **capital funding source and an up-front cost savings strategy nor nonprofits**, depending on the facts and circumstance

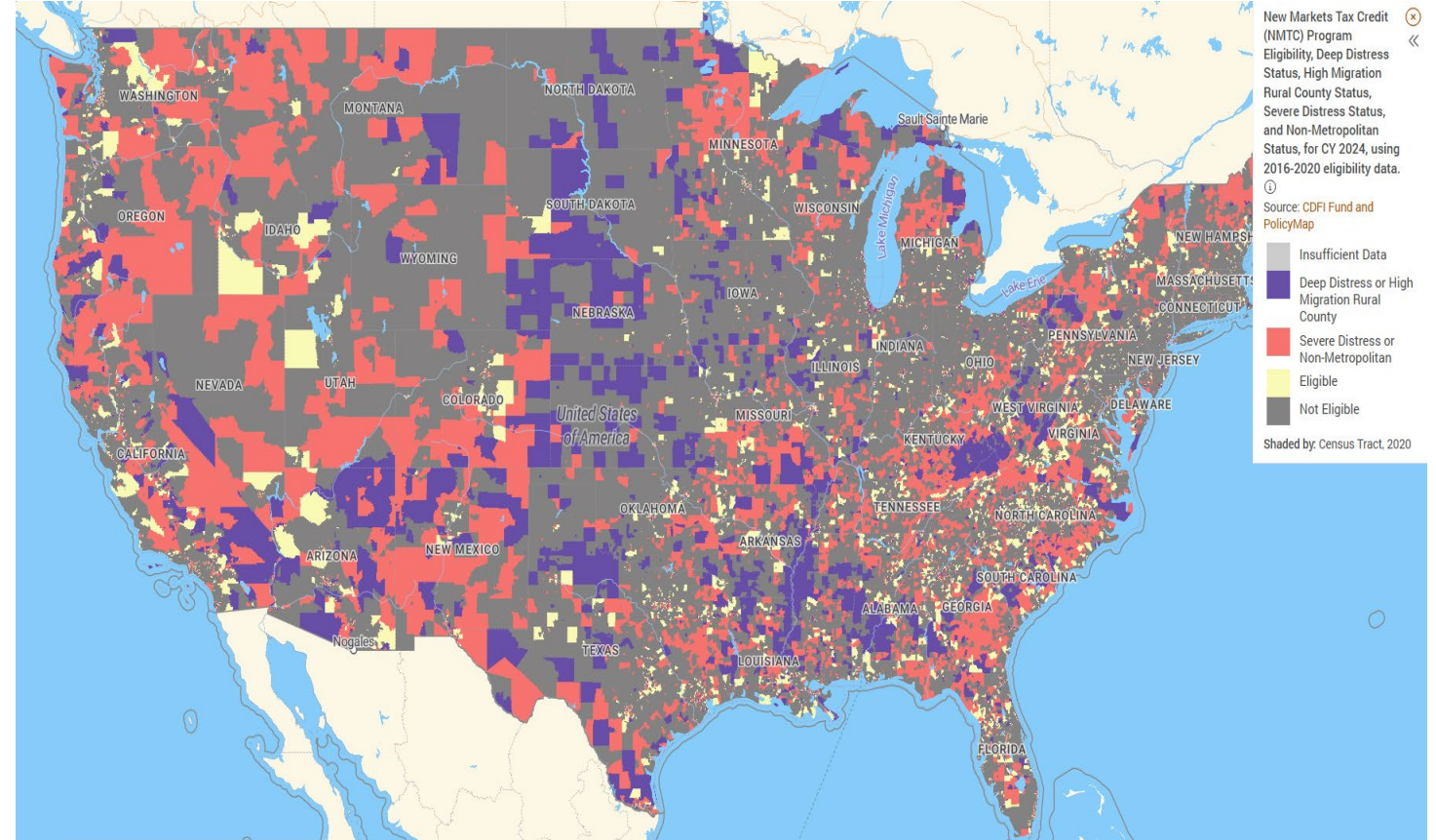
New Markets Tax Credit Program, 'cdfifund.gov, 9/16/2026

How Does the NMTC Program Work?



Step #1 - How do you qualify?

- Location, Location, Location
- Several location-specific factors
 - Census Tract
 - Distress Level
 - Rural versus Metro designation
 - Targeted States
- Not all eligibility is created equal
- Location is the entry point; without a qualified census tract, there are still options, but those require additional analysis



Step #2 – What are the Community Benefits?

The NMTC Program is a community development program which aims to support low-income communities and low-income populations.

1 Will the project directly impact the community?

- Job creation
- Quality jobs
- Accessible jobs
- Access to services
- Training/education

2 How will those impacts be measured?

- Tangible
- Quantifiable
- Measurable
- Ease of documentation
- Impact studies
- Community narrative

3 How does the Project tie back to the NMTC Program initiatives?

- Affordable housing development
- Small-business growth and expansion
- Domestic manufacturing and reliable job-producing projects
- Rural hospitals and essential community health infrastructure
- Education
- Workforce training

Step #3 – What is the Project timing?

Is the project ready? Is the NMTC industry ready?

Balance to be struck between project development/readiness and NMTC “cycle”

NMTC is an annual award but a year(s) long process

CDEs and Investors receive an award annually, but they plan and prepare 365

Availability of funding is key

There is a finite amount of NMTC funds. When you seek NMTC funding could depend on the overall available funds in the market

Independent funding decisions

CDEs and Investors make funding decisions locally and without direct oversight. Each CDE and Investor is unique in its timing and decision process

“Shovel Ready”

Can a project move forward? Are permits, contracts, design plans, and funding in good shape? Or are they still “in process”

The “but for”

How would your project be negatively impacted without NMTC funds?

Step #4 – What are the costs?

Step #5 – How will you fund those costs?

Costs

- Nearly all project & development costs are eligible
 - ✓ Architect fees, preconstruction, construction, equipment, working capital, and acquisition
- Costs must be in the NMTC “window”
 - ✓ 12-months forward period, 24-month look back period
- NMTC Project is capped at the total project development costs
 - ✓ If you only spend \$10M, you can’t ask for \$15M
 - ✓ A minimum of \$5M in total development costs

Funding Sources

- NMTC Funding may covers 15-20%; remaining must be funded via other sources, i.e.:
 - ✓ Cash, Debt, Donations, Pledges, Bonds, USDA funding, etc., may all be options
- Are those funding sources identified and readily available?
- Will the project go forward without NMTC funds?
- Have you already spent some funds?
 - ✓ “Reimbursement” may be an option

Five- Step Summary

Location:

- Does it qualify?
- Is the location rural?
- Is the location in an Underserved State?
 - Currently – AZ, CA, CO, FL, KS, NV, NC, TX, VA, and WV.

Timing:

- Can the project spend NMTC funds received within 12-18 months?
- Development Cycle
 - Is a GC identified?
 - Plans and specs confirmed?
 - Finalized budget?
 - Site control?
 - Status of permits

Costs:

- Project cost at least \$5M?
- The “sweet spot” for allocation is \$5-\$15M, but projects may be larger.

Community Benefits:

- Will the project help the community?
- Job creation?
- Access to critical services?
- Training and education?

Funding:

- Are funding sources identified and readily available?
- Will the project go forward even without NMTCs?

Other Key Questions:

What industry?:

- Manufacturing
- Construction & Real Estate
- Healthcare
- Nonprofit
- Education
- Public Sector
- Technology and Services

Are there funding needs?

- Has a project been placed on hold?
- Have rising costs delayed project start times?
- Is there budget or cost pressures generally?

Part of a planned capital investment?

- Construction of a new building?
- Renovation or upgrades of an existing facility?

So, what's the catch?

- The NMTC Program is highly competitive
 - Annual allocation awards do not capture total market demand
- CDEs and Investors are highly selective
 - Worthy projects do not receive funding
 - Community benefits are paramount
 - Third-party expertise may be influential
- Timing really matters, both for the project but also the industry
- NMTC financing does not cover all project costs
- Transaction costs can be significant

Three Key Takeaways

1. Nonprofit participation and support is a staple of the NMTC Program
2. The 5 steps to evaluating your project potential under the NMTC Program parameters are:
 - i. Location
 - ii. Community Benefits
 - iii. Timing
 - iv. Costs
 - v. Funding
3. Depending on the facts and circumstances, NMTC funding may provide an additional source of project capital.



02

Sales Tax, Unclaimed Property Opportunities, & Pitfalls for Nonprofits



Sales Tax Opportunities

The sales tax treatment of nonprofits can vary greatly among states for both sales and purchases. Many of the opportunities and differences relate to purchases.

Sales

- In general, sales by a nonprofit are treated in a similar manner as a traditional for-profit organization.
- Where there may be differences are with certain activities that support the nonprofit's mission such as fundraisers and auctions.
 - These may be limited based on the number of occurrences.
- Other activities such as event or venue admissions (such as a museum) may also have favorable treatment for nonprofits.

Sales Tax Opportunities (cont.)

Purchases

- The treatment of purchases is where there are the most opportunities for nonprofits.
- Purchases made directly by a nonprofit may qualify for exemption, but typically require proper documentation to be issued to the selling vendor.
 - Not all nonprofits are the same for these purposes (see pitfalls slide)
- Indirect purchases are more nuanced.
 - Construction contracts – In general a construction contractor is considered the end consumer of the materials purchased and installed. Some states will allow the exempt status of the contractor's customer to pass through to the contractor.
 - Exemption flow-throughs – If a nonprofit owns a percentage of another entity, their exempt status may pass through to the owned entity based on their ownership percentage and the owned entity's tax filing status

Sales Tax Pitfalls

- State differences
 - States have very inconsistent treatment for both sales and purchases. A nonprofit operating in multiple states should not assume that its nonprofit status qualifies it for an exemption in every state merely because one state provides that treatment.
- Not every nonprofit is the same
 - Similar to state differences, there can also be varying treatment depending on the type of nonprofit across states or within a single state. States will typically specify the types of nonprofit entities that are exempt, such as 501(c)(3), government entities (sometimes distinguishing between federal and state governments), healthcare authorities, general hospitals rather than broadly treating all nonprofits as exempt
- Exemptions may not cover all levels of tax
- Organizations with various types of nonprofit and for-profit entities within their structure should ensure the exempt status of one entity is not being applied to an entity that is not eligible for exemption.

Unclaimed Property

What is unclaimed property?

- Unclaimed property includes money, credits, checks, deposits, refunds, or other obligations that remain payable after a company has been unable to complete payment or otherwise resolve the item with the owner (customer, employee, vendor, etc.). These balances can arise in many areas of the business, including payroll, accounts receivable, and accounts payable.

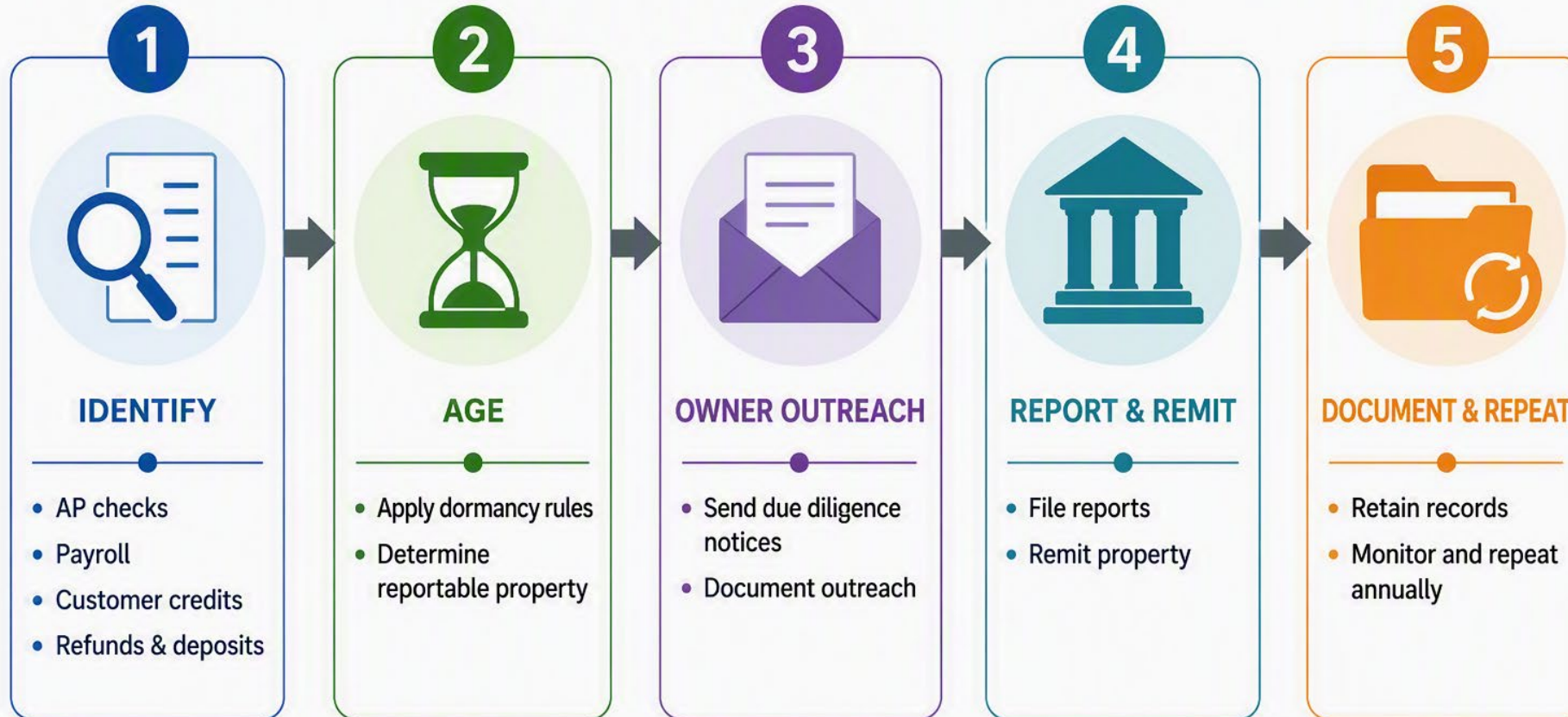
For the most part, nonprofits have the same reporting obligations for unclaimed property as any other organization.

Exemptions

There may be some exemptions or preemptions for certain types of property owners, but this is typically limited to governmental entities.

- B2B – Some states also have B2B exemptions, but these may only apply to specific property types (such as customer credits) and / or active customers.

Unclaimed Property Compliance Process



ANNUAL COMPLIANCE CYCLE

This process is performed every year for each state based on the required reporting period (e.g., property unclaimed as of June 30 or December 31).



03

Clean Energy Credits: How IRA Tax Credits Are Creating New Opportunities for Nonprofits



IRA

Clean Energy Credits



Capital Expenditures

- Clean energy property
- Construction/renovation



Manufacturing

- Manufacture of clean energy property
- Re-equip/expand manufacturing facility of clean energy property



Carbon Sequestration

- Capture – dispose or utilize



Alternative Fuels

- Clean nuclear
- Biodiesel & others
- Clean hydrogen
- Aviation fuels



Electric Vehicles

- ~~Vehicles~~
- Charging stations
- ~~Mobile machinery~~



Energy Production

IRA – Simple Example

Company places solar panels on rooftop in 2024. The basis of the property is \$1,000,000. Assuming all bonus credit requirements are met, the credit calculation would be:

Pre IRA

Description	Rate/ Calculation	Credit Amount
Base credit	30%	<u>\$300,000</u>

Post IRA

Description	Rate/Calculation	Credit Amount (Cumulative)
Base credit	6%	\$ 60,000
5 times bonus	x5	\$300,000
Domestic content	10%	\$400,000
Energy community	10%	\$500,000

Bonus Credits

- “Five Times” Bonus Credit – Either:
 - Project less than 1 megawatt, OR
 - Prevailing wage and apprenticeship requirements (PWA)

Base x 5

Prevailing Wage Requirement

- Pay at least prevailing wage to all laborers and mechanics on project
 - Employed by taxpayer, contractor, or subcontractor
 - Consider including in contracts
- Wage determination: <https://www.sam.gov>
- Recordkeeping requirements
- Cost/benefit analysis of increased pay versus credit benefit

Apprenticeship Requirement

- If 4 workers, must have at least one qualifying apprentice
- Total hours component
- Request from qualifying apprenticeship programs
- Recordkeeping requirements
 - Daily “proof” required

Bonus Credits

Domestic Content

10%

- Steel & Iron – 100% U.S. Sources
- Manufactured product – 45% U.S. components (2025 projects)
- Safe Harbor rules for solar/wind/energy storage

Energy Community

10%

- Brownfield Site
- Statistical area – specific requirements
- Census tract with (or adjoining) closed coal mine
- Website/map available

Low Income Community

10%-20%

- Solar facilities
- Wind facilities
- Applies to additional clean energy technologies beginning in 2025

Monetizing Credits



Direct Pay – Cash “Refund”

- Generally available for tax-exempt entities
- Elective Payment
 - Creates a refundable credit even if no tax liability exists
 - Election is irrevocable for the tax year once made
- Registration of projects required
- Credit is claimed on Form 990-T
 - Organizations that normally would not file 990-T are required to file to receive the Direct Payment and claim the credit

The One Big Beautiful Bill Act

Clean Energy Credits

Summary

- Full repeal of many credits
- Adjustments or accelerations of phase-outs to other credits
- Adds provisions to disallow credits for taxpayers deemed to be “specified foreign entities” or foreign-influenced entities (or those involved with them in specific ways)

Credits Terminated

- Sections 25E, 30D and 45W (clean vehicle credits) terminated for vehicles after September 30, 2025
- Section 30C (Alternative Fuel Vehicle Refueling Property Credit) terminated for property placed in service after June 30, 2026.
- Sections 25C and 25D (home credits) terminated for property placed in service after December 31, 2025
- 179D repealed for projects starting construction after June 30, 2026

The One Big Beautiful Bill Act

Clean Energy Credits

Production and Investment Tax Credit Sections 45Y and 48E

Solar and Wind Projects

- Projects that begin construction within 12 months after date of enactment (by July 4, 2026) must be placed in service by end of 2030
- Projects that begin construction 12+ months after date of enactment must be placed in service by end of 2027 to claim a credit
- No credit allowed for a project beginning construction after December 31, 2025 that receives material assistance from a prohibited foreign entity (PFE)

Other Energy Projects (not solar or wind)

- Examples are geothermal heat pumps, COGEN etc.
- Construction must begin before 2034 to claim the full credit
- Phase down of credit in 2034 with complete elimination in 2036

Transferability allowed

- Only change is cannot transfer to a foreign prohibited entity

The One Big Beautiful Bill Act

Clean Energy Credits

Prohibited Foreign Entity Guidance

- AKA Foreign Entity of Concern (FEOC) rules
- Relates to solar, wind and energy storage technologies
- No credit allowed for projects started after December 31, 2025 that receive material assistance from a PFE
- Solar/wind requirement starts at 40% of costs to non-PFE for 2026 (55% for energy storage), increases annually, capped at 60% in 2030
- PFE countries currently include China, North Korea, Iran & Russia

Notice 2026-15

- Guidance for determining if energy projects are receiving material assistance from a PFE and for calculating the Material Assistance Cost Ratio (MACR)
- Supply-chain depth – “how far up the chain?”
 - Safe harbor allows similar depth as domestic content safe harbor tables
 - Manufactured products (MP) and manufactured product components (MPC) only

The One Big Beautiful Bill Act

Clean Energy Credits



Notice 2026-15 (continued)

- Proposed regulations to come, including official definitions of a PFE and material assistance...
- Can rely on notice guidance for 60 days after formal proposed regulations are issued

Planning Tip!

- If already sourcing 40%+ of materials to non-PFE, consider sourcing 50%+ to US manufacturers to claim 10% domestic content bonus credit

IRA Case Studies



IRA Tax Credit Case Study #1

Organization Facts

- Long-Term Care Facility
- \$62M total assets
- Rooftop Solar System installed in 2025
- Cost basis of project – \$500K

Credit Calculation

Section 48 ITC

30% Base Credit - \$150K

10% Energy Community - \$50K

10% Domestic Content - \$50K

Total Credits – \$250K

Claim & Monetize

- Direct Pay Registration
- Returns, Elections, Special Forms
- Tax Return Preparation & Filing

**Date Construction
Began**

**Project Placed in
Service**

**Pre-Registration
Completed**

**Filing of Form 990-T
& Applicable Forms**

**Direct Payment
Received**

December 2024

April 2025

May 2025

March 2026

July 2026

IRA Tax Credit Case Study #2

Organization Facts

- Community college
- Solar Panel Farm installed in August 2025
- Total cost basis of project – \$2,000,000

Credit Calculation

- System capacity less than 1 megawatt
- Located in an Energy Community
- Full repayment of capital spend within 5 years

Five-Times Bonus Credit Only

$$\begin{aligned} &\$2,000,000 \times \\ &30\% = \$600,000 \end{aligned}$$

Energy Community Bonus

$$\begin{aligned} &\$2,000,000 \times 10\% = \\ &\$200,000 \end{aligned}$$

Total Section 48E Tax Credit

\$800,000

Net Project Cost

$$\begin{aligned} &\$2,000,000 \times \\ &60\% = \$1,200,000 \end{aligned}$$

Anticipated Energy Cost Reduction

$$\begin{aligned} &\$20,000 \text{ per} \\ &\text{month} \\ &\text{Annual Savings} \\ &= \$240,000 \end{aligned}$$

Repayment Calculation

$$\begin{aligned} &\$1,200,000 / \\ &\$240,000 = 5 \text{ Years} \end{aligned}$$

Contact

Forvis Mazars

Amy Bibby

Partner, Tax

amy.bibby@us.forvismazars.com

Troy Taylor

Partner, Tax Specialty

troy.taylor@us.forvismazars.com

Michael Roney

Director, Tax Specialty

mike.roney@us.forvismazars.com

Tommy Varnell

Managing Director, SALT

tommy.varnell@us.forvismazars.com

The information set forth in this presentation contains the analysis and conclusions of the author(s) based upon his/her/their research and analysis of industry information and legal authorities. Such analysis and conclusions should not be deemed opinions or conclusions by Forvis Mazars or the author(s) as to any individual situation as situations are fact-specific. The reader should perform their own analysis and form their own conclusions regarding any specific situation. Further, the author(s)' conclusions may be revised without notice with or without changes in industry information and legal authorities.

© 2026 Forvis Mazars, LLP. All rights reserved.