

CARES Act: PPP Loans/Grants

Agenda

- Overview of Paycheck Protection Program (PPP)
- Diocesan Requirements
- How to Apply
- EIDL and Employee retention payroll tax credit
- Churches & Other Benefits of the CARES Act.
- Q&A



Collect for the Right Use of God's Gifts

Almighty God, whose loving hand hath given us all that we possess: Grant us grace that we may honor thee with our substance, and, remembering the account which we must one day give, may be faithful stewards of thy bounty, through Jesus Christ our Lord. Amen.



Disclaimer!

- This is not legal or accounting advice!
- We are sharing our best current understanding of the Act.
- Go to [Episcopalcolorado.org](https://episcopalcolorado.org) for updates!
- <https://episcopalcolorado.org/congregational-resources/development-stewardship/cares-act/>



Paycheck Protection Program

- Provided by the Small Business Administration (SBA)
- Forgivable loan up to \$10 million
- Includes Churches
- For salary and other expenses
- Certain conditions must be met
- Available on a first come basis (Act Now!)



Who is Eligible?

- Businesses, nonprofits, and churches with under 500 employees.
- OK if you have savings or an endowment.
- Must be affected by economic downturn (contributions down, Easter plate down, etc.)
- You were in operation on February 15, 2020
- Must not layoff or reduce staffing before June 30, 2020
- If staffing was reduced through retirement or layoffs must rehire by June 30, 2020.



Do I Need Permission?

- Parishes: Since no collateral or guarantee you do not need permission of the diocese (standing committee or bishop)
- Parishes may apply ASAP without prior vestry approval.
- But...Parishes will need the approval of vestry before signing the loan documents.
- Missions: may apply ASAP without prior Bishop approval.
- But...Missions will need permission of the Bishop before signing the loan documents.



How Do I Apply?

- Contact your local bank to apply.
- Fill out the SBA Loan Form.
- (See sample form on FAQ Site)
- Follow the requirements of your bank.
- Some lenders are not up to speed on PPP and may say churches are not eligible
- In that case, contact Diocese and we will provide evidence of eligibility for your lender



What Might My Lender Ask me for?

- Proof of Salaries
 - W-3
 - IRS 940, 944,941
 - Other documentation
- SBA Form
- Total Revenues from 2019
- Bank Application Form
- Parish or Mission federal tax ID number
- Corporate documentation, By-laws
- Tax exempt form (see Paul)



What Can I Use it For?

- 75% must be used for salary and benefits (health & retirement)
- Rent
- Mortgage interest (but not principle)
- Utility payments
- Interest payments on other debt incurred before February 15, 2020.



How do I Calculate my Salary and Benefits?

1. Aggregate payroll costs for 2019
 - a. Salary
 - b. Health Insurance
 - c. Pension contributions
 - d. State and Local Taxes
 - e. NOT any housing allowance
2. Subtract any compensation paid to an employee in excess of an annual salary of \$100,000
3. Calculate average monthly payroll costs by dividing the amount in #2 by 12
4. Multiply the amount in #3 by 2.5
5. That is the amount of the loan that can be requested



Will I Be Forgiven?

- Of course! *We acknowledge one baptism for the forgiveness of sins!*
- As long as proceeds are used to cover payroll, mortgage interest, rent and utility costs over the 8 week period after the loan is made.
- And the church retains its staff at same compensation level over that period.
- Apply for forgiveness with bank after June 30. (more to come)
- Any part not forgiven must be repaid within 2 years at prescribed rate.



What about the other options?

- Submit application for PPP loan/grant first
- Economic Injury Disaster Loan (EIDL) - may need Bishop and Standing Committee Approval
- Employee Retention Credit (not available to PPP loan recipients)



Other (non PPP) Benefits to Churches

- State and Regional Community Foundation funds for individuals and nonprofits
- Tax credits to individuals for non-itemizers



See CARES Act
resource page:

<https://episcopalcolorado.org/congregational-resources/development-stewardship/cares-act/>

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Q&A

