



Wardens & Treasurers Webinars Updated 04/08/2020

Q&A Capture

General Questions:

Would the church have to authenticate an individual to make them eligible for unemployment benefits?

Yes, there is paperwork that an employer will be sent when a former employee applies for unemployment assistance. The current guidance of VEC is for church employees who are laid off to apply via the regular unemployment application. Once a determination is made that they were not normally eligible, a process will begin to vet them for the expansion under CARES. VEC has not posted how that process will work yet.

Are our employees better off with payroll protection or laying them off to get unemployment?

The purpose of the program is to retain employees. Generally, if your parish can access this funding, your employees will be paid more than if they were on unemployment.

We have funds restricted for a specific use invested. Can we use those to cover our expenses, and if we do will we need to replenish that account in the future?

If a donor gave the funds with a restriction on their use, only the donor can waive or modify that restriction (and if the donor is dead, only a court can do so). If the vestry has put away a "rainy day" fund, the vestry can typically change that restriction.

Any thoughts on when a parish should start worrying with regard to reserves?

We can't give a pat answer on this; it is very dependent on the current giving situation, the duration of the pandemic event, and the prospects for recovery later in the year.

What bills do we have grace periods on?

CPG has approved a 90-day grace period on all pension contributions (clergy and lay), property and liability insurance, and medical insurance.



Will the grace period for the pension require full catch up payment at one time, or will it be spread out?

It is spread out, the grace period is 90 days for each bill.

If we have the funds can we pay the health insurance or will we need to wait until June for invoices ?

Yes, as of right now you may continue to pay. If we need to change that (i.e. if the mail stops running) we will inform the diocese immediately.

How do we apply for the clergy pension waiver?

The shortfall will be made up by the Church Pension Fund. There is no form for the parish to fill out; the application must be sent in by the bishop's office. To apply, please email pcarnohan@thediocese.net with the full names of all active clergy at your parish.

If a church asks for a waiver on for their pension payment, will the participants (priests/employees) still receive those funds in their pension account? If so, from where?

Yes, the clergy will accrue credited service for those two months. The contributions will come from CPG's reserves. This, combined with the 90-Day grace period, is why we are asking parishes only to apply for the waiver if it is necessary.

If we already requested the waiver and now want to apply for the PPP, can we un-request the waiver?

Yes, but one does not preclude the other. If you decide that the PPP funding will remove the need for the waiver, please let me know and I will inform CPG to withdraw the application.

Should we enter health insurance invoices as a liability until June?

I would continue to enter liabilities as they are incurred.

What about lay pensions?

There is a 90-day grace period, but no waiver, available for lay pension contributions.

Can we defer loan payments to the Diocesan Missionary Society?

The DMS is convening a meeting of the board to address this question.

Have you heard whether the IRS has or will grant an extension for payment of first quarter payroll taxes due by April 30?

WE ARE STILL RESEARCHING THIS QUESTION

CARES Application:

SBA Interim Final Rule on the PPP Program

What is the turnaround time?

We are receiving varied feedback on this, from a few hours to a few days. It seems that community banks are on the faster end, while there's more process from the larger banks.

Can we shop around for banks? What lenders are participating in the programs?

Yes, absolutely. A list of Virginia SBA lenders is [here](#). Some banks are only accepting applications from customers with existing loans, others have different priorities. It is fine to talk to a new bank.

How much or how little should clergy be involved in making decisions to apply for these things? Should it solely be up to the vestry & treasurer?

Canonically, the vestry is responsible for the temporal affairs of the parish. However, the rector presides over vestry meetings and it's better for everyone to work through these decisions together.

We have in checking and savings enough to continue operations as is for three months. Should we apply anyway?

This is a question that the parish will have to decide for itself. Strong reserves are only part of the equation. Paired with continued strong giving, those reserves may be enough to weather

this situation. If reserves are strong but giving has declined significantly, that is a very different situation and would indicate coming hardship.

Who do we list as owners of the church?

Banks have told us that once the 501c3 box is checked, they know that there are no owners, per se. If your bank's application is online, it may require you to enter an owner to proceed. You should enter your authorized signer and their information in that space. I have provided a letter template that you can personalize to your parish to make it clear that the person is acting in the capacity of their parish office. If you are insured by Church Insurance Company, your volunteer officers are bonded. If not, check with your insurer.

Who signs the application: rector, wardens, trustees?

A warden, trustee, or someone else authorized by the vestry should sign this application. I have provided a letter template that you can personalize to your parish to make it clear that the person is acting in the capacity of their parish office. If you are insured by Church Insurance Company, your volunteer officers are bonded. If not, check with your insurer.

How do we get a 501c3 letter if we can't locate ours?

Normally, these letters come from TEC. We have set up a new process for diocesan staff to produce them. Please email ksmith@thediocese.net with your parish name, address, and Tax ID number and we will produce a letter for you.

Can you provide us with a copy of our By Laws or Articles of Incorporation?

Parishes will likely not have articles of incorporation since very few, if any are incorporated. Typically parishes and the diocese exist as unincorporated religious associations. Some parishes do have bylaws, however. Your vestry's recording secretary or parish registrar should be able to locate a copy. The diocese does not maintain files of these documents.

How do we answer the affiliate question?

You should check "no" for this question.

Do I enter the count of employees as the number of individuals or full-time equivalents?

Full-time equivalents. The citation for this is section t-iv of the Interim Final Rule (page 14).

What elements of compensation, and which employees, count towards the amount we can borrow? If clergy receive over \$100,000 they do qualify for the CARE Act payroll loan?

All full and part time employees, but not 1099 contractors should be included. Section “H” on page 11 of the Interim Final Rule linked above is clear on the contractor question. The elements of payroll costs are (from US Treasury Fact Sheet):

What counts as payroll costs? Payroll costs include:

- *Salary, wages, commissions, or tips (capped at \$100,000 on an annualized basis for each employee);*
- *Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;*
- *State and local taxes assessed on compensation; and*
- *For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at \$100,000 on an annualized basis for each employee.*

I recommend including all forms of cash compensation, including utilities, SECA reimbursement, or other items.

If a year-round employee was hired mid-year 2019 or early in 2020, add their full-year salary rate to the listing.

What sort of documentation do we need to prove payroll? Are W-2s enough, or do we need to show each monthly payroll journal?

So far we have heard that banks are requesting:

- *Verification through February 15, 2020 (W-2 forms or journal entries)*
- *Form 941's for 2019*
- *Show your work on the payroll calculation (some banks are providing a workbook)*

If you use ADP/Episcopal Payroll Services, we know that you can download Form 941, which is quarterly. If you use another payroll service, check with them to see how you can get these.

What if the Diocese does payroll for us? Can we apply on our own?

Yes, you may make your own application. The treasurer's office will document the payroll for you.

Do day schools and parishes have to apply together if they share an FEIN?

Yes. Include all employees in one application.

Is the PPP fully funded, so that any church can apply and get money or is it restricted to first come first serve? If so, does this mean we should apply as fast as possible?

There is a limited amount of money. If you decide to apply, you should not waste any time. You should, however, take all care to make sure your application is accurate and complete and that all terms of the loan are understood.

If we have another loan outstanding, does the PPP get added to that loan for qualifying limits under the canon law.

Yes, it is the aggregate amount of outstanding debt.

Is there a list somewhere of eligible expenses (other than payroll/benefits, mortgage interest) that the funds may be used for under the SBA loan forgiveness program, and in what proportion ?

This is covered in section "O" on pages 13 and 14 of the Interim Final Rule linked above. Here is an excerpt from the document (emphasis added):

While the Act provides that borrowers are eligible for forgiveness in an amount equal to the sum of payroll costs and any payments of **mortgage interest, rent, and utilities**, the Administrator has determined **that the non-payroll portion of the forgivable loan amount should be limited** to effectuate the core purpose of the statute and ensure finite program resources are devoted primarily to payroll. **The Administrator has determined in consultation with the Secretary that 75 percent is an appropriate percentage** in light of the Act's overarching focus on keeping workers paid and employed.