

FINANCIAL RESOURCES DURING THE CORONAVIRUS CRISIS

Updated 4/6/20

Dear Friends in Christ,

We are grateful for your faithful and creative leadership during this difficult time. You have been tireless in helping your people adapt to this new reality. Unfortunately, none of us knows exactly when we can expect things to return to normal. In the meantime, there are bills to pay and budgets to balance.

This guide will provide you with information, resources and directions to help you identify and apply for funding to help make up for a shortfall. If you need assistance with any of these programs or applications please contact Doug Horner, Canon for Finance and Business, dhorner@diopa.org, 215.621.8318.

What Assistance is Available?

From the Government

The Federal Coronavirus Aid, Relief, and Economic Security Act (“the CARES Act”) contains several provisions for small business, including non-profits under both Disaster Relief and the Paycheck Protection Program. To the best of our knowledge, we believe this will include churches, as well as church run schools and child care centers. Most churches would more likely qualify for the Paycheck Protection Program as opposed to Disaster Relief.

A small business can apply to their bank for a loan through the Small Business Administration. The bank will administer the funds (collecting a 5% fee). If the small business uses the funds to meet payroll, thus retaining employees, the loan may be forgiven and converted into a grant. Due to the size of the program, banks that have previously not worked with the Small Business Administration are now doing so. Contact your bank to see if you can apply through them.

Loans may be used for the following expenses (see below for the maximum amount of the loan):

1. Payroll costs, defined broadly to include salary, wages vacation/parental/family/medical/sick leave.
2. There is a cap on eligible compensation for an individual employee with an annual salary of \$100,000 or more.
3. Separation allowances.
4. Required payments for group health care/insurance; retirement benefits; and state and local employment taxes.
5. Mortgage interest payments for loans incurred before February 15, 2020
6. Rental payments.
7. Utilities.
8. Interest on other debt incurred before February 15, 2020.

9. The loan can cover a period between Feb 15, 2020 and June 30, 2020.

Eligibility is limited to organizations with not more than 500 employees, including full-time and part-time employees. The maximum amount of the loan is 2.5 times the average monthly payroll expense.

If you wish to apply for assistance under this program please do the following:

- 1) Contact your bank to find out their procedure for application. You may need to set an appointment.
- 2) Ensure that you have copies of the following financial and payroll records:

2019 financial statements are complete and first quarter financial statements for 2020 are prepared, as soon as possible. This should include payroll summaries and bank statements for the same period. Quarterly IRS forms 940 and 941 may be required. If you do not have this information at hand, please contact your payroll provider. Please keep original documents in your own records

Statements indicating a breakdown of payroll-associated benefits, including pension payments, employer 403(b) contributions, health insurance, and dental insurance (if paid by the employer). Your payroll administrator can help with this.

1099s for individual 1099 contractors. Omit 1099s issued to LLCs or 1099s for payments other than non-employee compensation.
Recent mortgage or rent statements (if applicable).
Recent utility bills.

- 3) Hold necessary vestry or board meetings to approve the loan, or take other steps that your by-laws might require when taking a loan
- 4) Complete the application. A copy can be found online [here](#). You may also be able to get a copy from your bank. Here are some notes for completing your application:
 - The application asks for information about and signatures of owners. Nonprofits, including churches, do not have owners, so these fields can be skipped.
 - The form asks for the number of employees you have. This should be your average headcount over the last 12 months, including 1099 contractors. The count should be number of people – there is no differentiation between full-time and part-time employees and contractors for the purpose of this question.
 - Special rules apply for any employees whose earnings (including salary and SECA reimbursement) exceed \$100,000. See this [fact sheet](#) for details.

- There is conflicting information about whether the portion of clergy compensation classified as housing or utility allowance should be included when calculating average monthly payroll. The [Interim Final Rule](#) released by the Treasury Department on April 2 defines payroll costs as “salary, wages, commissions, or similar compensation.” Housing allowance seems to fall under the “similar compensation” category. However, it would be wise to document housing allowance separately from salary and SECA reimbursement (which should be included) to make recalculation easier in the event an alternate interpretation prevails.
- 5) Along with the application you will need proof of your nonprofit status. You will need your church’s EIN letter. If you cannot find it, you can request a copy by going [here](#). You may also need a copy of the blanket letters from the Diocese and TEC. *If you need one please contact Canon Doug Horner.*
 - 6) When you go to the bank you will need copies of driver’s license, passport, or other proof of identity, of parish officers (rector/priest-in-charge, wardens, treasurer)
 - 7) While not required, it is advisable that churches set up a separate account for administration of loan proceeds, to make it easier to document compliance with these standards.

To assist you in completing the application please consult the checklist which [can be found here](#). For more information on this process see [this Fact Sheet and CARES Act Summary](#).

Please also bear in mind that this program is being run on a first-come, first-served basis. And applications open on April 3rd. Therefore, even though you are preparing for Holy Week and Easter we ask that you understand that time is of the essence.

If your church chooses to apply, please let us know. If you need help with the application or have questions about the process you can contact The Rev. Frank Allen at fallen@stdavidschurch.org or The Rev. Tim Safford at tsafford@christchurchphila.org.

Expansion of unemployment insurance:

Church workers are not generally eligible for unemployment benefits because churches generally do not pay into the unemployment insurance system. The CARES Act expands the definition of who qualifies for coverage to include church employees displaced due to the pandemic. Additionally, the act provides \$600 per week in addition to the state unemployment benefit to any displaced church worker, including clergy and 1099 employees. States are in charge of administration of unemployment benefits, and we do not yet know exactly how this will be handled in Pennsylvania.

As soon as the PA Office of Unemployment Compensation issues instructions for church

workers not eligible for unemployment benefits, displaced workers should then file their unemployment claims online as soon as possible. Updates are posted at <https://www.uc.pa.gov/Pages/covid19.aspx>

We are not currently assisting anyone with questions about their individual stimulus checks. A helpful calculator on that benefit can be [found here](#).

From the Diocese

We recognize that parishes will likely face financial challenges as a result of the pandemic that may not be addressed through the CARES Act or other government aid. The Trustees have identified funds to create a Diocesan Pandemic Emergency Fund with an initial pool of some \$750,000 to meet additional needs of parishioners, clergy, staff and the parishes of the Diocese.

This pool will be administered by Bishop Gutiérrez and an ad hoc committee of the Board of Trustees. We envision the Fund being used to meet the following priorities:

- Programs that support outreach in our communities and among our parishioners. These programs may include food distribution, shelter projects, childcare programs and similar work.
- Regular bills associated with the use of buildings including operating expenses such as utility bills.
- General support for struggling parishes, allowing the parish to decide how best to use their funds.
- Salaries for critical staff not covered under the CARES Act.

Aid will come in the form of loans or grants as well as deferral or forgiveness of Sacred Gifts that would normally be paid to the diocese. Requests will be considered case by case and it will be important to prioritize the needs, but we expect to be able to address requests immediately and with a minimum of administrative delay.

In addition to this fund, are also several existent programs that are available to help clergy in particular.

- 1) Clergy Financial Assistance is available to help churches and clergy who have unexpected medical, pension or other vital needs. Application for clergy can be found [here](#). If a church needs to apply please contact Canon Doug Horner
- 2) Wellness Fund Grants. Grants available through Clergy Assurance (Widow's Corp) for unreimbursed medical expenses for clergy and their immediate family. The application can be found [here](#). Once completed it should be sent to Canon Shawn Wamsley at swamsley@diopa.org.
- 3) CPG has announced a program to assist with payment of pensions. More information can be found [here](#). The application can be found [here](#).

They are also providing a 90-day payment grace period, ending June 30, 2020, for the following payments: Health, dental, disability and life insurance premiums due to the Medical Trust; Property & casualty insurance premiums and life insurance premiums due to the Church Insurance Company;

Again, if you need assistance with any of these programs or applications please contact Doug Horner, Canon for Finance at Business at dhorner@diopa.org or at 215.621.8318

These are unprecedented times and they are creating some unprecedented challenges. Yet as the Body of Christ we know that we can meet them so long as we live into our calling to love one another as Jesus first loved us. As always, we are here to assist and support you in any way that we can.

In Christ,

A handwritten signature in black ink, appearing to read "Doug Horner" with a cross symbol to the left and "XVI" to the right. The signature is stylized and cursive.