



PRESBYTERY OF SAN FRANCISCO

545 Ashbury Avenue
El Cerrito, CA 94530

April 9, 2020

To: All Our Churches in the Presbytery of San Francisco
Re. Financial Resources Available During the Shelter-in-Place order

Dear Brothers and Sisters,

We hope and pray that you are weathering these storms, emotionally and spiritually, and that this letter finds you in good health. We are also aware from talking to most of you that you are trying to weather financial storms too; from reduced giving to loss of tenant income to loss of work among your congregants.

You should soon receive the \$5k assistance checks that Presbytery has been mailing out. Checks may arrive by the end of the week for some of you, and everyone should receive a check by end of next week. Please let us know if you have not received your check by April 16th. These checks are sent directly from Chase bank, so they may have that odd look of a one-piece check folded into an openable envelope with perforations on the side.

The \$1k Pastor's benevolence checks that some of you requested will be sent out for payment this week, and they should arrive about 10 days after that. If you have not asked for that benevolence assistance yet, Pastors can still request the \$1k benevolence aid by emailing Jennifer or Leonard or InHo at the Presbytery. If your church has a greater need than that amount, please let us know and we will try to see what we have available.

In terms of further assistance beyond that which we just sent out, the Presbytery will need to approve that idea along with any amount of aid, at its May plenary meeting. A proposal will be on the docket. If it passes, it will likely be needs-based, meaning that you will have to provide us with some financial information to show your need. And in addition, you will likely need to show us that you have applied for Government Aid for which you are qualified, including the Paycheck Protection Program (PPP) and/or the Disaster Assistance loan and grant program (EIDL). More details for both are at the end of this letter.

So, this month, if you are interested in receiving available aid, you will want to start gathering the following financial records.

For Presbytery aid, should it be made available, you will need to provide the first three months of your income and expenses for 2020, and your year-to-date summary of the same from 2019. Also please provide a balance sheet (preferred), or a statement of cash if no balance sheet is available. In addition, you will need to provide copies of your government assistance applications (PPP or EIDL). If you are intending to ask for aid from the Presbytery (should such be made available), getting your information together now will speed up the process.

The Paycheck Protection Program (PPP), is a loan that is eligible for forgiveness after three months if you can prove that you spent the money on salaries, rent, utilities and benefits. You will need to get together figures for your average monthly payroll for 2019 (gross). So those would be your Federal form

941 quarterly forms, and your W-2 statements for 2019, plus hourly pay information. You can apply for up to 2.5x your monthly expenses.

The Disaster loans with grants (EIDL), the same information is required as for the PPP. This is an alternative to the PPP, but the loan is not forgivable. However, when you apply you are eligible to receive a check for \$10k within 3 business days. If you do not qualify for the loan, the \$10k is a grant that you can keep. One note: if you also apply for the PPP in addition to EIDL, the \$10k you receive from EIDL reduces what you would get from the PPP by that amount.

And in addition, we are making 5 recommendations for all our churches to pursue *immediately*:

1. If you have a loan or line of credit with a private lender or with the denomination, please contact your lender to see if they will allow you to suspend making payments for up to 90 days. Many if not most will consider that, including the denomination. You will still owe the interest in most cases, but your cash-flow will be better in the short term. If you have an emergency loan from the Presbytery, we will give you up to 90 days deferral of any payment due starting April 1, and you will not accrue interest during that time. Please contact us if you have questions.

2. Let your parishioners know that under the CARES act, they can donate an additional \$300 (in kind or cash) to your church above the standard deduction and claim it on their income taxes. And also, if your parishioners are making a cash (or check) contribution this year, they should be able to receive a full deduction for the cash contribution up to their Adjusted Gross Income level. .

3. Board of Pensions Deferral Payments

For all of our churches who have 1 pastor, less than 300 members and who pay into the Board of Pensions, call the Board of Pension immediately and request up to 3 months of payment waiver (which may not need to be paid back). The pastor still gets full credit as if the payments were made. For churches above 300 members, deferral alone (no waiver of fees) is offered.

4. Please apply immediately for the Paycheck Protection Program (PPP) loan/grant for your church. There is a fixed amount of money available. You can make the application directly to your bank. You can download the application to get started by going to your bank, or by googling the CARES PPP Loan application which will take you to the US Treasury Dept or to the US Small Business Administration (SBA) who processes the loans. But you apply directly to a bank for these, not to the SBA. The SBA has a list of lenders who may be participating if your bank is not doing so. If you can't find one who will, let us know and we will ask around as well.

If you want to apply for the Disaster Loans (EIDL) instead, you can do so through the SBA website, and the applications are processed at the SBA.

5. For our churches who do not participate in the SDI/Unemployment Insurance program with the State, Disaster Unemployment Insurance is still available, and you apply for that through the State Employment Development Department, checking the box on the application that you are laid off due to Covid-19 health directives. If you or any of your staff have been laid off, apply for these benefits.

We are attaching some summary notes for most of the financial aid information available under the CARES Act recently passed by Congress. Some of these are requirements for employers including granting paid leave to employees.

We cannot provide tax advice, but we can share resources and help to point you in the right directions to get answers your questions. Please ask your tax professional for more detailed advice on each of these benefits, but the advice above was relayed to us by CPA's.

Many blessings to you all

From Your Leadership Team and Staff at the Presbytery of San Francisco

Attachment #1

Cares Act Summary of Benefits

Webinars April 7, 2020

Insurance Board Webinar

RINA (CPA Firm) Webinar

Combined Notes from Both

From Leonard Nielson,

Presbytery of San Francisco

Associate for Mission and Church Assets

Cares Act Benefits

- **Paycheck Protection Plan**
- **SBA Economic Injury Loans**
- **Unemployment Compensation increase in weekly benefits and increase in timeline of Unemployment**

Tax Credits:

- **401 K or IRA may allow more withdrawals**
- **Employment Tax Credits**
- **Individual checks from the Feds directly to citizens.**

Paycheck Protection Plan (PPP)

This loan is primarily intended to retain employees, but can also be used for rent payment, mortgage payments, utilities, and other benefits that you pay to your employees. You can apply for and receive a loan of up to 2.5x your monthly expenses

If you get the loan for the allowed reasons and use the funds for that purpose, it will be a forgivable loan. These are SBA 7 loans (U.S. Small Business Administration). Backed by Feds but made through local banks. You can apply starting April 1. The application process is simplified.

Go to an SBA lender (bank for instance) who is authorized, or use a lender who makes Federally Insured loans.

They are available for businesses that have less than 500 employees. Non-profits are eligible.

You will need to certify that the loan is due to the present economic situation: includes costs for employees and leave/time off/insurance costs, rent, utilities, mortgage

Payroll costs can only cover the first \$100k of a person's salary.

Does not apply to employees outside the US.

For the application.

A sample loan application is posted by the Treasury Dept. so that the app can be filled out in advance.

Average monthly payroll is required to be stated on the application: gross, not net.

You can add in what you have paid for group health insurance, retirement, and any state payments.

Banks will want back up documents. So, bring in 2019 documents: 941 and W-2.

Number of employees. Average hourly pay

Start the application with your own business bank. American River Bank has indicated they will accept Presbyterian Churches even though they are not your bank.

PPP Forgiveness: Your actual costs for eligible items over the next 8 weeks after the loan is approved are forgivable: but 75% of the loan proceeds must have been spent be for payroll and related costs. At the end, the SBA will also ask for calculations of the forgiveness amount, so rent, utilities, mortgage. You will have to produce receipts for these expenses

You will still have a loan balance if you used a portion of the money for any other use. You can return any amount that you didn't use. Loan forgiveness is reduced proportionally if an employee pay is cut. You can also reverse any layoff/reduction you have already done by June 30 and still get full credit.

If there an unforgiven balance, the loan is deferred for 4 months. Sole proprietors are eligible. This is open to religious institutions. Non-profits do not meet to wait to prove 501 (c) (3) before getting the loan. Religious expression is not affected by receiving this money; the SBA respects actions that are a part of your religious practice, but non-discrimination is a requirement during the loan term.

Visit SBA website and their Covid 19 website for more info. Google the site. Apply with those institutions who are SBA approved. SBA website has a link to look up lenders who are participating in the program if your bank does not or will not. Pull a copy of the application through the SBA website.

Emergency Grants/Loans: (EIDL)

Through the SBA, these are Economic Injury Loans. These are given directly from SBA so go to the SBA site. Amount is determined by actual financial injury. Grants are for payroll, rent, sick leave, utilities, and some other expenses. Includes increased cost in the supply chain. You can use this loan for expenses that you did not have before the Covid crisis. This loan is not forgivable. If you apply, you can ask for a \$10k advance, which is automatic. You will receive it in 3 days. If the loan is denied, the \$10K does not need to be repaid. However, if you apply for the PPP Loan, this \$10k amount from EIDL will be deducted from whatever you are eligible for from PPP. If you get both PPP an EIDL, you cannot use proceeds from the EIDL loan for the same purposes you used the PPP loan. But the grant will be deducted from PPP indebtedness. If you apply for the EIDL loan first, this will be automatically deducted from the PPP loan.

Expanded Unemployment Benefits (UI).

Administered through State Disability Depts. Extends up to 39 weeks for those who might not be otherwise be eligible, but who are not able to work die to Covid 19. Includes those who have the illness, or a family member for whom the employee provides care. If a day care is closed and a person cannot get to work you are eligible. Shelter in place inability to work is also covered. Health care provider directives qualifies (if your doctor says you cannot go to work due to risk for instance).

If scheduled to start a job but cannot, these are eligible. Move into Head of Household due to spouse not being able to work etc. are eligible. Available to self-employments. Teleworking employees or employees who receive paid leave benefits are not eligible until those factors end.

Allows up to \$600 per week in addition to what States would pay for UI, and extends the time frame of benefits for an additional 13 weeks on top of the # of weeks that the State pays. Work-share employees are covered for reduced income that is experienced. State EDD can give more information.

Individual checks from the Feds directly to citizens.

Based on returns filed for 2019,

Individuals receive \$1,200 if making less than \$75k Adjusted Gross Income (AGI); less than that for \$75k-\$99k

Married couples receive \$2,400 if less than \$150k AGI; less than that if \$150k-\$195k

These are not taxable funds on your Federal or State taxes

Loosening of amounts that can be pulled out from 401k or IRA

You can pull out (as a loan) up to \$100k from your IRA or 401K portfolio for economic injury during the Covid 19 crisis. There will be no 10% penalty for early withdrawal. In most cases, you can repay your withdrawal. If you keep it you will be liable to pay income tax on that amount. If you are required to take a distribution from your retirement account this year, you will not have to do so.

Payments of student loans: Employer can pay up to \$5,250 for employees outstanding student loans, and that will not be considered income for tax purposes.

Some Tax Changes:

Employee retention credit for employers whose gross receipts are 50% less compared to previous period, or whose business is closed or significantly closed due to Covid requirements. Less than 100 employees are eligible. Up to \$10k per quarter per employee. Emergency sick leave and family leave are not included.

Social Security tax payments to Fed (which are paid by employers) can be deferred for up to 6 months.

Emergency Leave Pay can be deducted as a tax credit on Quarterly tax filings.

Allows \$300 above the line for a charitable Contribution above the standard deduction.

Cash donations to Charitable Causes limit is raised- no limit up to your AGI.

Suspended the Net-Business Income maximum

Net operating losses: Suspended the new tax rules in place, so any net operating loss can be carried back for up to 5 years.

Qualified Improvement Designation: was added back. Any improvement to the interior of a commercial business allows a 15-year depreciation bonus.

Expanded Family Leave Act:

Effective April 1, each employer with less than 500 employees must provide 80 hours of sick leave. Caring for loved ones with the virus or who cannot go to school care, a reduced amount. Employer cannot require the employee to use other leave first. For those home because of loss of childcare, can get up to 12 weeks pay after 10 day waiting period. Employers pay these to employees, and the employers then get a reduced payroll tax of the same amount, including a portion of health insurance. Self employed are also eligible. Self-employment: take avg. cost of self-employment income and divide by 265 for daily rate.

Unemployment for religious Institutions: Under the new act, if an employee files for unemployment, the non-profit employer will only be required to pay 50% repayment instead of the normal 100%. But Federal disaster unemployment is available through the State EDD