



METROPOLIS OF
SAN FRANCISCO

METROPOLIS PARISH FINANCE SUPPORT
TREASURER'S MEETING
(JULY 28, 2020)

Agenda (8:00pm start; 90 minutes estimated)

- Parish Financial Health – How's it looking out there?
- PPP Updates & Loan Forgiveness Support
- EIDL Considerations & Support
- Stewardship / Giving Ideas: Stock Donations
- 501(c)(3) formal IRS letters
- Open discussion



METROPOLIS OF
SAN FRANCISCO



METROPOLIS OF
SAN FRANCISCO

Parish Financial Health – Update through end July

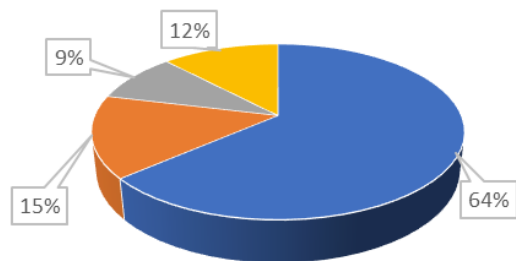
- At the time of the April/May parish survey, many of us expected to have our festivals and events by now or in the fall; now??
 - **Polling Question #1: Do any parishes expect to still have festivals or events? If yes, what percentage of budgeted net income is expected?**
- Indications from our last survey were that 9 parishes expected to make < 50% of their NMA payment; now??
 - **Polling Question #2: What percentage of your 2020 NMA payment do you expect to make in 2020?**
- Indications from our last survey were that 8 parishes had not applied for the PPP loan because they didn't need to; now??
 - **Polling Question #3: Are there parishes on the call that have not applied for a PPP loan (or that have applied and were initially denied) that now plan to apply for a PPP loan?**
- Indications from our last survey were that 45 parishes had not applied for the EIDL loan because they didn't need to; now??
 - **Polling Question #4: Are there parishes on the call that have not applied for an EIDL loan that now plan to apply?**



METROPOLIS OF
SAN FRANCISCO

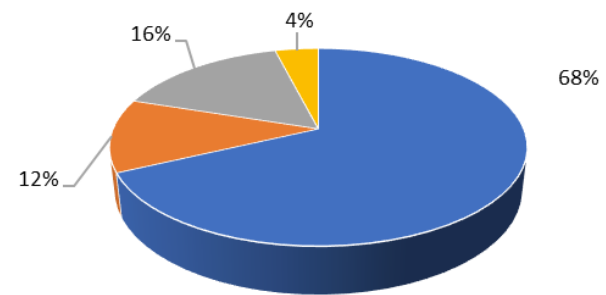
Parish Financial Health – Update through end July

Does your Parish expect to have a festival or event? If yes, what percentage of budgeted net income is expected?



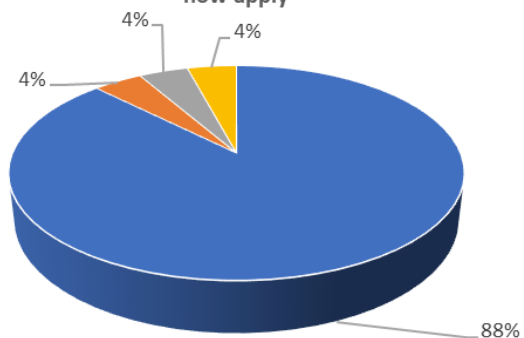
■ No ■ Yes, 50-100% ■ Yes, 25-49% ■ Less than 25%

What percentage of your NMA do you expect to make in 2020?



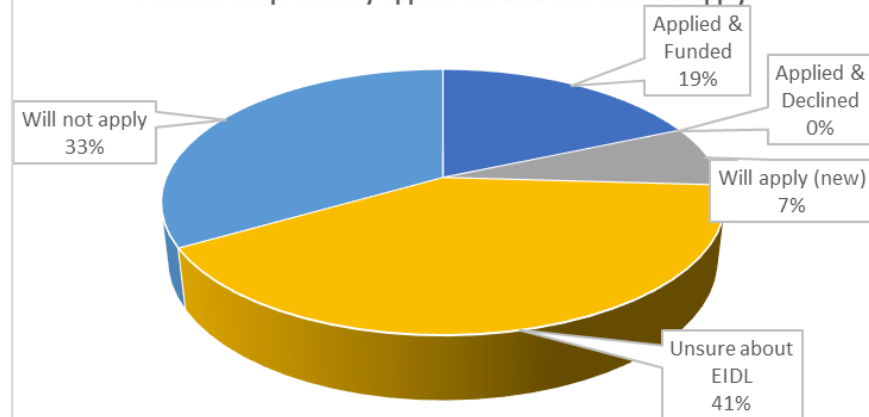
■ 100% (12 months) ■ 75-99% ■ 50-74% ■ < 50%

Parishes previously not applied (or denied) for PPP loan that will now apply



■ Applied & Funded ■ Applied & Declined ■ Will apply now (new) ■ Will not apply

Parishes not previously applied for EIDL that will now apply





METROPOLIS OF
SAN FRANCISCO

PPP Updates and Loan Forgiveness Support

- Enacted into law June 5, 2020; provides greater relief in terms of forgiveness and extends repayment period
- Deadline for new PPP loan applications extended to August 8, 2020
- Post-June 5 PPP borrowers must use a covered period of 24 weeks after the loan proceeds are received
- Current borrowers have the option to extend the 8-week period to 24 weeks
- The 75% payroll expenditure requirement is reduced to 60%
- Opportunity to avoid FTE Reduction penalties if headcount is restored by December 31
- New exceptions for FTE reduction provided
- Repayment period extended to five years for Post-June 5 PPP borrowers
- Application for Forgiveness must be submitted within 10 months after the end of 8 or 24 week period, but no later than December 31, 2020



METROPOLIS OF
SAN FRANCISCO

PPP Updates and Loan Forgiveness Support

- **Message to Parishes: If you can spend the borrowed amount during the 8-weeks within the SBA guidelines, then apply for the forgiveness and have the loan off your Balance Sheet. Otherwise, the 24-week period is advantageous to satisfy the 60% test. If you haven't applied for a PPP loan, apply – there is over \$100B still available in the program (deadline is August 8); call your designated, or any, member of the Metropolis Parish Finance Support Team with additional questions or to discuss specific situations**

- **Resources: [AICPA](#); [SBA Joint Statement](#); [Treasury Joint Statement](#); [Journal of Accountancy](#)**
 - [AICPA Loan Forgiveness Calculator](#)
 - **SBA [Loan Forgiveness Instructions \(Full\)](#) and [Easy Application Instructions \(EZ\)](#)**
 - **SBA [Loan Forgiveness Application \(Full\)](#) and [Easy Application \(EZ\)](#)**

Economic Injury Disaster Loans (EIDL) – Considerations & Support



METROPOLIS OF
SAN FRANCISCO

- If your parish applied and received an EIDL emergency advance from the SBA you are now eligible to receive an EIDL loan and should have received a notification directly from the SBA.
- EIDLs are not forgivable except for the EIDL advance of up to \$10,000 previously received.
 - If you also received a PPP loan, the EIDL emergency advance is deducted from the PPP loan forgiveness amount.
- EIDL loans bear interest at 2.75% per annum and have maturities of up to 30 years.
- Personal guarantees for loans up to \$200,000 and the requirement of the inability to obtain credit elsewhere are waived. Because of this "lack of encumbrance", only Parish Council is required – not Parish Assembly and not Metropolis [see UPR Article 16, Section 3; Article 29, Section 1 G&H]

Action Step:

Parishes should consider [taking advantage of the EIDL program](#) given the low interest rate and extended repayment terms if they have a financial need.

Economic Injury Disaster Loans (EIDL) – Considerations & Support



METROPOLIS OF
SAN FRANCISCO

- [Simplified application at this SBA link](#) – no intermediary financial institution; loan application and funding is directly through SBA;
- For churches (non-profits) there is still a requirement for a certification (and credit check) to proceed through the application; this is no different than the PPP loan application process – o.k. for the Treasurer or other member of the Parish Council to provide the certification; this does not put the onus on the individual – it is the incorporated parish that is applying;
- It is up to the SBA to determine if collateral is required; while unlikely, the SBA reserves the right to do so;
- Your designated, or any, member of the Metropolis Parish Finance Support team will be happy to assist in the process if it is needed;
- While it is up to each parish to determine if they should apply for an EIDL, it is none-the-less incumbent on every parish to consider an application under this program, and to consider other avenues, to ensure their financial health is maintained and this includes, among other things, the ability to service NMA payments, as is outlined in the [UPR \[Article 34, Section 8\]](#)

Stewardship/Giving Ideas: Stock Donations



METROPOLIS OF
SAN FRANCISCO

- **What are stock donations and what are the benefits to the donor and the parish?**
 - Rather than give a cash donation (which is using after-tax money) a parishioner may choose to give a stock donation, either the stock itself or the proceeds from the stock;
 - Stock held for more than one year and that has appreciated is subject to capital gain tax on disposition – not so when the stock is donated to an eligible 501(c)(3), including churches;
 - The entire fair-market-value of the donation is considered a charitable contribution, not just the cost basis;
 - *Example: \$10,000 worth of stock purchased 5 years ago is now worth \$15,000. If the stock is sold, there would be a 40% (assumed) tax on the capital gain of \$5,000, leaving behind an after-tax gain of \$3,000 (total cash in-hand of \$13,000). If, however, the stock is donated directly to the church, the capital gain tax is avoided, the church received \$15,000 and the donor receives a charitable deduction of \$15,000. The amount that would have been given to Uncle Sam has been given to the Lord.*
- **Is this a difficult process to set up in the parish?**
 - No! The parish can either open a traditional brokerage account (Schwab, TD Ameritrade, Other) or use an online provider (i.e., Stockdonator.com) or both. The parish can educate it's parishioners and have them make the transfers via their own brokerages or directly via the online provider.
 - Brokerage account provider will provide details on how to transfer stock to the brokerage account
 - Parish should establish a procedure to hold or sell stock immediately upon receipt
- **Has anyone in our Metropolis done this?**



METROPOLIS OF
SAN FRANCISCO

501(c)(3) – Formal IRS Letters

- “Determination” letters, as they are known, are not required for churches to prove tax-exempt status
- Many churches request a determination letter, regardless, as certain situations may require them to provide proof
- A request to the IRS can be made using form 1023 (most parishes will not qualify to use 1023-EZ)
- Parishes required to have a FEIN first; application must be done online through “Pay.gov” and a fee will be charged;
- Process may likely take some time given federal department backlogs and July 15 tax-filing deadlines (overworked and understaffed)
- Metropolis is looking into obtaining Group status – letters will be sent to your parishes. Benefits of group status include:
 - All parishes under the Metropolis will be able to use the Metropolis group determination letter to prove their exempt status;
 - Centralized – only one organization needs to make updates and changes;
 - Cheaper – fee is only paid once



METROPOLIS OF
SAN FRANCISCO

501(c)(3) – Formal IRS Letters

- If the Metropolis has group status and a participating parish also has its own status, the individual determination letter of the parish will be revoked in favor of the group letter held by the Metropolis. This does not mean the parish is not exempt on its own – only that the documented “proof” of exemption sits at the Metropolis level;
- Parishes can choose not to be covered under the Metropolis group application for determination.

- Resources:
 - [Tax Information for Churches and Religious Organizations](#)
 - [Tax Exempt Organization Search \(IRS Database\)](#)
 - [About Form 1023](#)
 - [Instructions for Form 1023](#)
 - [Information on Group Exemptions](#)

Open Discussion



METROPOLIS OF
SAN FRANCISCO

Q&A