

CARES Act: Paycheck Protection Program (PPP)

FAQ update, April 6, 2020

For local churches filling out their Paycheck Protection Program application, the Baltimore-Washington Conference Stewardship team shares this additional FAQs.

1. My bank is asking me for the church's Quarterly 941 statements. My church does not file 941s. What do I do?

The IRS Form 941 is the Employer's QUARTERLY Federal Tax Return. Many small churches are exempt from filing Quarterly 941 statements if their pastor is the only employee and the pastor has not chosen to have federal and state taxes withheld from their pay. These churches should submit the IRS determination letter that specifies this exclusion when asked by the bank for their Quarterly 941 statements. The IRS determination letter can be downloaded at the following link:

https://www.gcfa.org/media/1282/letter_to_gcfa_from_irs_re_form_941_6-1-11.pdf

A small church with only one employee and no benefits will most likely submit one 2019 W-2 for the pastor along with the IRS letter to substantiate their payroll costs for the prior year.

2. Can I include 1099-MISC staff in the calculation for average monthly payroll costs? What about the pastor's housing allowance?

Unfortunately, we have not received definitive guidance from the Small Business Administration regarding either of these items. As a result, the guidance we are giving churches is to include both the 1099-MISC staff and the housing allowance in the average monthly payroll cost calculations, unless you are told specifically by the bank otherwise. We believe these two items will be resolved when a church submits their receipts at the end of the 8-week period. At that point, it is reasonable to think that both payments should stand on their own as being true payroll costs to the church.

3. The bank application is asking for my NAICS code.

Churches should use NAICS Code 813110 - Religious Organizations.

4. I am confused by the guidance to have two Church Trustees approve the PPP application. Please explain.

Let us answer this question by explaining how the Conference applied this guidance. The latest version of the sample PPP Application was downloaded from the Small Business Administration at the following link: <https://www.sba.gov/document/sba-form--paycheck-protection-program-borrower-application-form>.

The Conference Staff filled out the sample application form and sent it to the Chair and Vice-Chair of the Board of Trustees for signatures. Once these signatures were in place, the Conference Treasurer then went online to enter the application into the bank's website. The Conference Treasurer was identified as the single point of contact for receiving information about the PPP funding. The Conference Treasurer also inserted his personal information into the online application when required. Once the church trustees have signed the sample application, it is recommended that a person who is very aware of the payroll costs make the application to the bank.

5. Once my church receives the PPP funding, will I be able to use these funds to make pension and medical payments even if it overlaps with the three-month waiver provided by the Board of Pensions?

Yes. The PPP funds can be used to pay the church's contribution to pension and medical benefits. If the payment is received during the three-month waiver (April to June), then the payment(s) will be applied to any unpaid invoices prior to April or the next applicable invoice periods in July and August. The pension and medical payments are considered payroll costs and will help churches ensure that they meet the Small Business Administration's requirement that at least 75% of the PPP funds are used for payroll costs.

6. I continue to have questions about my PPP application? How can I best have these addressed?

A consult can be scheduled with the Finance Office at the following link:
<https://calendly.com/finance-operations/budget-consult?month=2020-04>

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On April 5, BWC leaders shared a resource about the PPP applications form the General Council on Finance and Administration that might also be helpful. [Download it here](#).

A number of [financial relief resources](#) for local churches are available. If you are having questions or concerns, you can also schedule a consultation with Conference leaders in several areas including:

- [Local Church Finance Consult](#): Paul Eichelberger/Pier McPayten
- [Online Giving](#): Dave Schoeller/Kayla Spears
- [Benefits](#): Francess Tagoe/Karen Conroy
- [Stewardship Generosity & Planned Giving](#): Frank Robert