



Baltimore-Washington Conference
The United Methodist Church

Financial Assistance & Resources

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Conference Treasurer



Summary of 2020 BWC Financial Statistics

In general, BWC churches have remained financially stable during the pandemic.

- PPP funding offset the loss of tithes/offerings
- Expense reductions far exceeded loss of income
- Net gain by churches in 2020 was \$10M, not including gain on investments.

However, the loss of Building Use income and fundraising has negatively impacted some of our congregations.

<u>2020 INCOME STATS</u>		<u>2020 EXPENSE STATS</u>	
	Total BWC Statistics		Total BWC Statistics
Tithes/Offerings	Down \$6.0M (-6%)	Operating	Down \$2.5M (-10%)
PPP Funding	Up \$6.2M (NA)	Program	Down \$1.2M (-25%)
Building Use	Down \$3.5M (-34%)	Staff	Down \$1.8M (-7%)
Fundraising and Other	Down \$2.0M (-41%)	Reimbursables	Down \$0.5M (-31%)
TOTAL INCOME	Down \$6.0M (-4.2%)	TOTAL EXPENSE	Down \$19.2M (-13.2%)

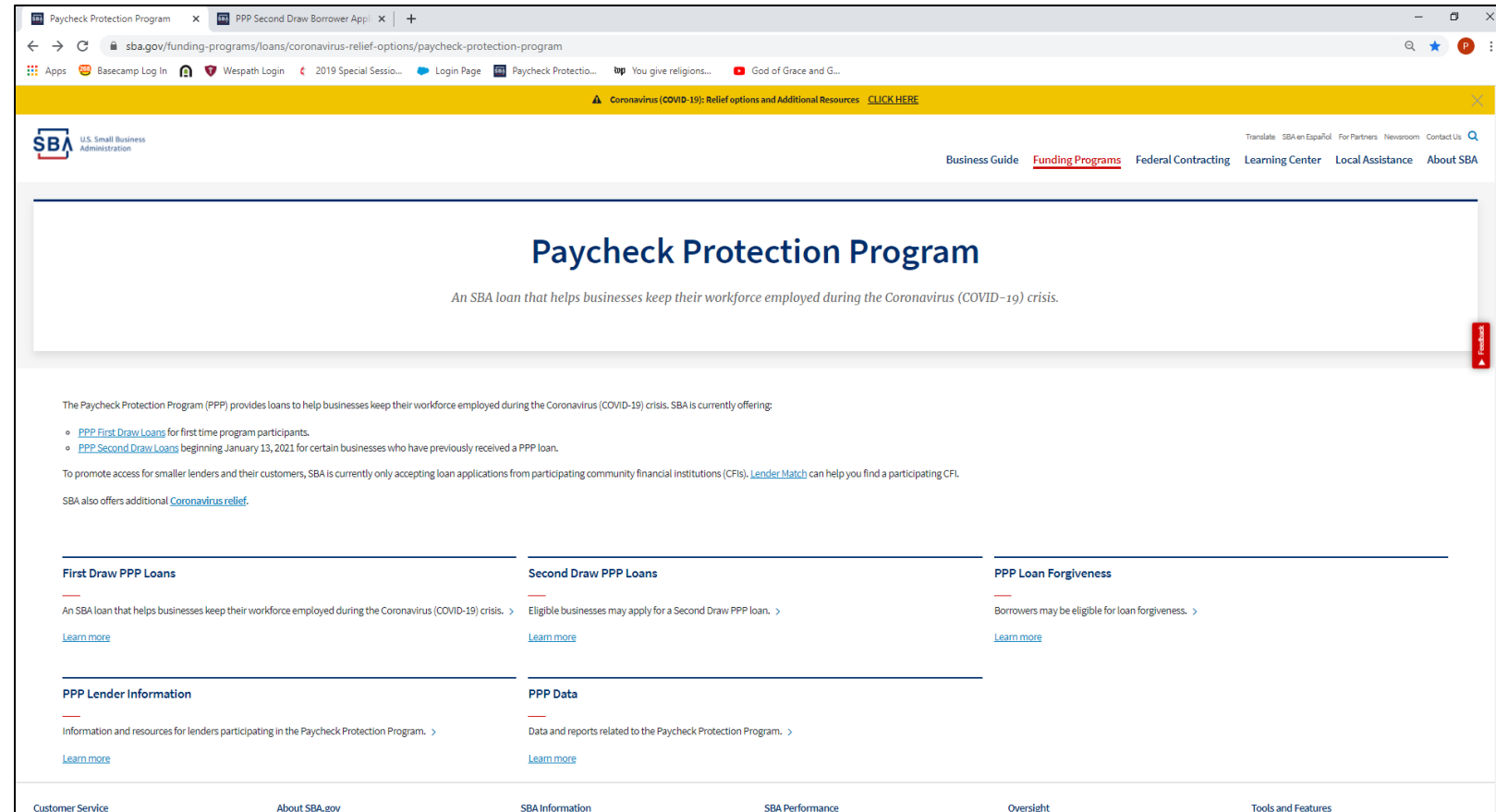
What Financial Assistance is Still Available?

- Paycheck Protection Program Update
- BWC Tech-Grants
- BWC Stewardship Committee Initiatives
- IRS Form 941 Employee Retention Credits

PPP Funds Exhausted

The Paycheck Protection Program was extended until May 31, 2021.

But, on May 4th, the Small Business Administration made an announcement that the PPP funds had been exhausted.



- <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>

Tech-Grants Are Still Available

bwcumc.org/article/micro-grants-for-online-worship-and-technology/

Micro-grants for Online Worship and Technology



05.13.20 | CONGREGATIONAL DEVELOPMENT

As the congregations of the Baltimore-Washington Conference are living in unprecedented times, the Offices of Leadership and Congregational Development and New Faith Expressions are offering practical and timely support for congregations to connect with their communities and congregations while social distancing measures are a necessity. The Conference is offering non-renewable micro-grants of up to \$1,000 to help offset expenses related to launching and maintaining online ministry, including equipment, software licenses, training, and more. If you have already purchased equipment, software or licenses you can apply to receive a reimbursement of the accrued costs.

Apply online

Congregation Development is continuing to receive applications for the COVID related tech-grants

- Up to \$1,000
- One grant per church
- Can claim new or previous purchases made during the pandemic

Examples:

- Expenses to launching and/or maintain online ministries, including equipment purchases
- Implementation of online giving capabilities
- Software licenses
- Training

BWC Stewardship Committee Initiatives

- BWC Council on Finance & Administration
 - Designated \$328K of Conference reserves to fund Cabinet efforts to support congregations that are at risk.
 - Designated \$672K of Conference reserves to fund any losses associated with our camps reopening in 2021.
- BWC Board of Trustees
 - Deferred Loan payments until July 2021 for 13 struggling churches
- BWC Board of Pensions
 - Will not increase the church and participant HealthFlex rates in 2022, even though there was a 5% increase in 2022 premiums

IRS Form 941 Employee Retention Credit

Note: Does not apply for Clergy Pay per IRS determination

- Available for any churches with lay employees where the church pays SS/Med payroll taxes and submits quarterly Form 941 reports to the IRS, even if PPP funds were received.

- ERC Eligibility: Shutdown Test OR Gross Receipts Test

Shutdown Test - any employer that had to fully or partially suspend operations “due to orders from an appropriate governmental authority” due to the coronavirus disease *(All churches meet this criteria)*

OR

Gross Receipts Test – For 2020, any employer that has seen a 50% drop in gross receipts when compared to the same quarter in 2019. For 2021, changed to a 20% drop vs. same quarter in 2019.

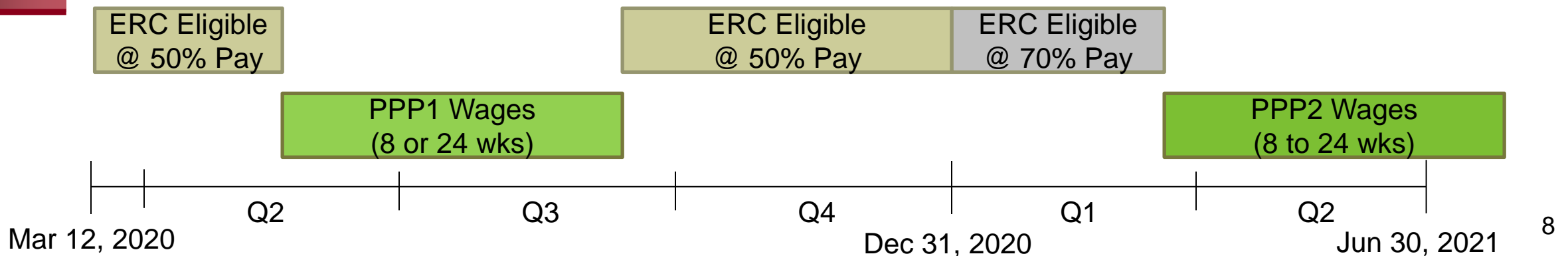
Your church may need professional assistance to properly claim the ERC!

- Wespath guidance: <https://www.wespath.org/assets/1/7/5677.pdf>
- Video: How to optimize PPP loans and the ERC: <https://youtu.be/eaeCVWdOIRw>

Employee Retention Credit Details

- Credit is retroactive to March 12, 2020, and continues until June 30, 2021
- Credit applies to “eligible wages” (*includes health benefits and excludes PPP paid wages*)
- **2020 Credits: 50% of eligible wages (Max. eligible wage threshold = \$10K/Yr)**
Results in credits up to \$5,000/employee (for 2020)
- **2021 Credits: 70% of eligible wages (Max. eligible wage threshold = \$10K/Qtr)**
Results in credits up to \$7,000/employee (per Qtr) and \$14,000/employee (for 2021)
- **Combined 2020 and 2021 Credits are up to \$19,000 per employee! (This is typically > PPP)**

Establish a wage timeline for each non-clergy employee (*paid by W-2 with withholdings*)



Claim Employee Retention Credit on Form 941

Form **941 for 2021: Employer's QUARTERLY Federal Tax Return** 950121
(Rev. March 2021) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN) -

Name (not your trade name)

Trade name (if any)

Address
Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

Report for this Quarter of 2021 (Check one.)

1: January, February, March

2: April, May, June

3: July, August, September

4: October, November, December

Go to www.irs.gov/Forms941 for instructions and the latest information.

- ERC Credits are claimed on the quarterly Form 941
- Worksheet 1 in the 941 Instructions is used to complete Lines 11c and 13d.
- Credits will result in an “Overpayment” situation that will enable the church to receive a check or apply the funds to future payments.

950221

Name (not your trade name) Employer identification number (EIN)

Part 1: Answer these questions for this quarter. (continued)

10 Total taxes after adjustments. Combine lines 6 through 9 10

11a Qualified small business payroll tax credit for increasing research activities. Attach Form 8974 11a

11b Nonrefundable portion of credit for qualified sick and family leave wages from Worksheet 1 11b

11c **Nonrefundable portion of employee retention credit from Worksheet 1** 11c

▶ You MUST complete all three pages of Form 941 and SIGN it. Next ▶

For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher. Cat. No. 17001Z Form 941 (Rev. 3-2021)

950221

Name (not your trade name) Employer identification number (EIN)

Part 1: Answer these questions for this quarter. (continued)

11d Total nonrefundable credits. Add lines 11a, 11b, and 11c 11d

12 Total taxes after adjustments and nonrefundable credits. Subtract line 11d from line 10 12

13a Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), 944-X, or 944-X (SP) filed in the current quarter 13a

13b Reserved for future use 13b

13c Refundable portion of credit for qualified sick and family leave wages from Worksheet 1 13c

13d **Refundable portion of employee retention credit from Worksheet 1** 13d

13e Total deposits and refundable credits. Add lines 13a, 13c, and 13d 13e

13f Total advances received from filing Form(s) 7200 for the quarter 13f

13g Total deposits and refundable credits less advances. Subtract line 13f from line 13e 13g

14 Balance due. If line 12 is more than line 13g, enter the difference and see instructions 14

15 **Overpayment.** If line 13g is more than line 12, enter the difference Check one: Apply to next return. Send a refund.

Part 2: Tell us about your deposit schedule and tax liability for this quarter.

If you're unsure about whether you're a monthly schedule depositor or a semiweekly schedule depositor, see section 11 of Pub. 15.

Retroactive Credits Use Amended Form 941-X

Form **941-X: Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund**
(Rev. October 2020) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

Employer identification number (EIN) -
 Name (not your trade name)
 Trade name (if any)
 Address
 Number Street Suite or room number

 City State ZIP code

 Foreign country name Foreign province/county Foreign postal code

Read the separate instructions before completing this form. Use this form to correct errors you made on Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs correction. Type or print within the boxes. You MUST complete all four pages. Don't attach this form to Form 941 or 941-SS unless you're reclassifying workers; see the instructions for line 36.

Part 1: Select ONLY one process. See page 5 for additional guidance.

1. **Adjusted employment tax return.** Check this box if you underreported amounts. Also check this box if you overreported amounts and you would like to use the adjustment process to correct the errors. You must check this box if you're correcting both underreported and overreported amounts on this form. The amount shown on line 27, if less than zero, may only be applied as a credit to your Form 941, Form 941-SS, or Form 944 for the tax period in which you're filing this form.

2. **Claim.** Check this box if you overreported amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 27. Don't check this box if you're correcting ANY underreported amounts on this form.

Part 2: Complete the certifications.

Return You're Correcting...
 Check the type of return you're correcting.
 941
 941-SS

Check the ONE quarter you're correcting.
 1: January, February, March
 2: April, May, June
 3: July, August, September
 4: October, November, December

Enter the calendar year of the quarter you're correcting.
 (YYYY)

Enter the date you discovered errors.
 / /
 (MM / DD / YYYY)

- Use the Form 941-X to amend quarterly reports already submitted.

Q1 2020	Q1 2021
Q2 2020	Q2 2021 (Use 941 if filed on time in July 2021)
Q3 2020	
Q4 2020	

Note: It may take only 1 or 2 amended qtrly returns for 2020 to reach the \$10K/employee max. wage for the year.
- Form 941-X is due "within 3 years of the date the original 941 was filed"
- Form 941-X will be revised in July 2021 for use with Q2 2021 and later.

- Video: How to claim the ERC with Form 941-X:
<https://www.youtube.com/watch?v=mUrnakfeNvc>
- Form 941-X (2020 & Q1 2021 claims): <https://www.irs.gov/pub/irs-pdf/f941x.pdf>
- Form 941-X Instruction (2020 & Q1 2021 claims): <https://www.irs.gov/pub/irs-pdf/i941x.pdf>

Employee Retention Credit Example

First UMC has one full-time pastor and one part-time administrator. The church pays the employer's share of payroll taxes for the administrator and files quarterly Form 941s to the IRS. The administrator is paid \$20,000/year with no health benefits. PPP funded \$3,000 in 2020 and \$3,000 in 2021 Q2. The pastor's compensation is not eligible for the ERC credit.

- **Shutdown Test** – The church is eligible for the ERC by virtue of the government ordered constraints on public gatherings during the pandemic.

- **Eligible Wage and ERC Calculations**

2020: \$16,100 (3/12-12/31) - \$3,000 (PPP) = \$13,100; **2020 max. threshold = \$10K/Yr**

Eligible wage for **50% credit** = \$10,000; **Credit = \$5,000**

2021 Q1: \$5,000 (total pay) - \$0 (PPP) = \$5,000; **2021 max. threshold = \$10K/Qtr**

Eligible wage for **70% credit** = \$5,000; **Credit = \$3,500**

2021 Q2: \$5,000 (total pay) - \$3,000 (PPP) = \$2,000; **2021 max. threshold = \$10K/Qtr**

Eligible wage for **70% credit** = \$2,000; **Credit = \$1,400**

TOTAL EMPLOYEE RETENTION CREDIT AVAILABLE = \$9,900

Local Church Consultations



Do you need additional assistance?
Sign up for a consultation!

Topics: Local Church Finances
Online Giving
Benefits
Stewardship Generosity & Planned Giving

<https://www.bwcumc.org/article/local-church-financial-relief-consultations/>

THANK YOU