

The Paycheck Protection Program



Our church's involvement and current status

“Everybody, to the chorus of Monty Python’s Spam song: P,P,P,P,P,P,P, . . . “

What is the Paycheck Protection Program?

*An SBA-backed loan that helps businesses keep their workforce employed during the COVID-19 crisis.**

A federal program, administered by the Small Business Administration (SBA), designed to assist small businesses and nonprofits to retain and pay for staff.

*<https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program>

Did UUCUC apply for a first Draw PPP loan?

Yes: application was worked on by the current Executive Committee, approved by the Board, and submitted

We received the funds on **May 5th, 2020** and the funds were deposited into the churches operating checking account, in order to use it to pay for eligible expenses.

Total monies received equaled \$73,500, the equivalent of 2.5 months of salary and mortgage interest at the time of application. To be eligible for loan forgiveness, we needed to pay the eligible expenses off within 8 weeks.

PPP Loan Forgiveness

First Draw PPP loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week* covered period following loan disbursement:

- Employee and compensation levels are maintained
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60% of the proceeds are spent on payroll costs

*The 24 week timeframe was added by Congress to help businesses qualify for loan forgiveness. We could not use the longer time, because of staff departures

<https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program/ppp-loan-forgiveness>

PPP Loan Forgiveness -continued

Criteria needed to qualify for loan forgiveness

- Funds must be spent within the required timeframe
- You must have maintained full-time staff
- You must have maintained your payroll (no big cuts to staff salary/benefits)
- You can only pay for eligible expenses
 - a. Salary wages, tips, commissions (for employees making less than \$100K yearly)
 - b. Employee benefits
 - c. State and local taxes on compensation
 - d. Mortgage interest / rent
 - e. Utilities
- Forgiveness needs to be applied for within 10 months of the end of our covered period
 - a. PNC (our lender) has started accepting applications as of April 1st, 2021

So What has happened to the PPP funds?

We spent them on eligible expenses

So what has happened to the church funds that we budgeted for the eligible expenses ?

They stayed in the undesignated Operating checking account.

Where are we in the Loan forgiveness Process

Process Step

Status

PNC accepting applications for forgiveness	Finally (Apr 1st)
UUCUC sends preliminary docs for “Good Faith Review”	Done
PNC reviews GFR docs	Done
PNC approves GFR	Done
PNC sends “Invitation for Forgiveness”	Done
UUCUC sends additional docs, fills out necessary forms (We should qualify for a streamlined form, with little-to-no further documentation)	In progress
PNC reviews final docs (typically 72 hours but can be as long as 2 months) and approves our packet	TBD
Our application for Forgiveness is sent to SBA (they reserve up to 90 days for their review and approval)	TBD

What took PNC so long?

Banker was grilled on this issue: their answer

PNC is 5th largest bank in the nation. SBA put additional constraints on the large banks about the rules and requirements they needed to perform prior to working with their PPP customers on forgiveness.

What does Loan forgiveness mean?

Right now the loan is a liability on our balance sheet

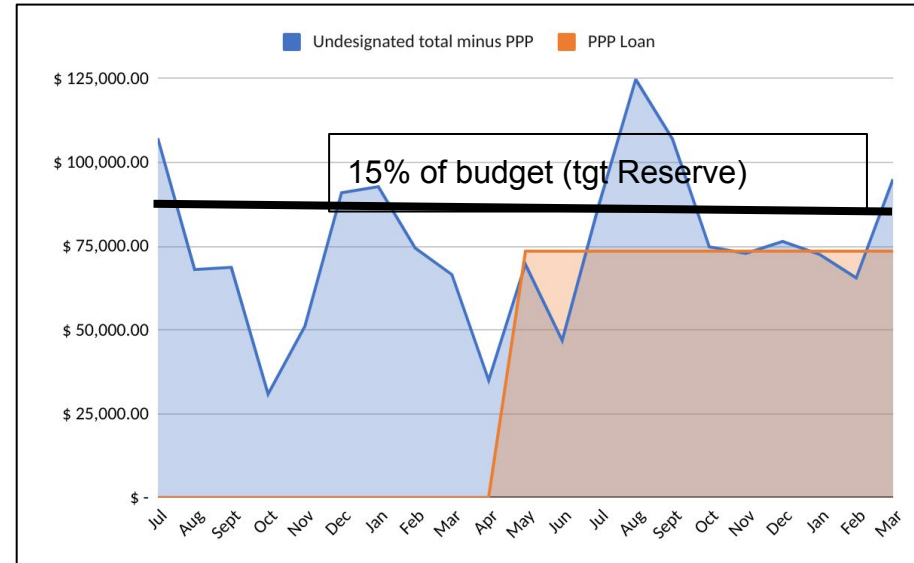
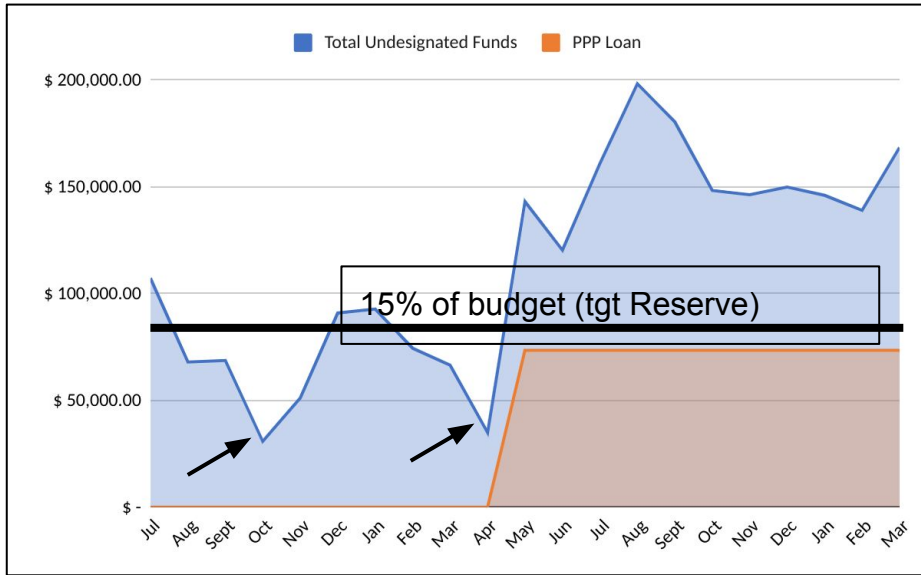
Until the loan is forgiven, essentially \$73,500 of our undesignated funds is virtually “encumbered”, or ear-marked to pay this back

We are still using those funds, since we expect that we will have the loan forgiven

These funds are helping us to maintain a healthy cash-flow during the pandemic

Without these funds, Board would have needed to decide on possible ways to maintain adequate reserves (goal is 15% of budget decreed by church constitution)

Church funds with PPP funds in undesignated acct



PPP Loan has helped us maintain an adequate reserve during the Pandemic
Pink trapezoid represents the funds “at risk” because we still may need to repay the PPP Loans

This chart shows the impact if we did not have the PPP loan: we would have been significantly below the tgt reserve for most of the year