

2020 PPP ROUND 1

WRAPPING THINGS UP

- If you received a PPP Loan less than 50K
 - There is PPP S Form – simpler than the EZ form for forgiveness.
- Contact the bank that funded your PPP Loan # 1.
- You must use the full amount of the PPP Loan # 1 before receiving PPP Loan # 2.
- Ideally this is completed before you move on from here.
- **Send the Presbytery your forgiveness confirmation that you receive from your bank. This will update your loan's status with the Presbytery.**

2021 PPP ROUND 2

SUMMARY

- The legislation sets aside \$285 billion for Round 2.
- This sounds like much but there are limits and boundaries around the money (**and its significantly less than the totals for Round 1**).
- The good news: we still qualify with an additional qualification (see next).
- What rules carry over from Round 1:
 - Its 2.5 times payroll
 - Its over 8 or 24 weeks (depending on what you choose)
- About that additional qualification:
 - If you can show a 25% decrease in income for any one of the quarters in 2020 as compared to 2019 then you qualify.
 - 1st Quarter of 2020 – Jan, Feb, March income is 25% or more lower than 1st Quarter of 2019...and so on with each quarter, BUT you only need that 25% decrease in income for ONE of the quarters.
 - How to calculate it: Take the difference in the income for the quarter you are using in 2020 and divide it by the same quarter in 2019
 - Example: 2020 1st quarter income 40,000
2019 1st quarter income 60,000
 - $60,000 - 40,000 = 20,000$ divided by $60,000 = 33.33\%$ decrease
 - But, what is income? Or more aptly, what is it not?
 - It is not pass-through money.

- It is not money transferred to operating from reserves. (This was income at some other point.)
- It is not money that you record previous to actually receiving it. (Accrual accounting.) [You likely don't do it this way.]
- A refund is negative income. [It is not merely an expense.] (Example: a refund of tuition.)
- PPP Round 1 is not income. (It is economic relief.)
- SBA has time remaining to complete their guidelines **(they were given 10 days from the date the legislation was signed.)**
 - BUT, it will again be your Bank that does the roll out and process for your application.
 - REACH OUT TO THEM **NOW**
- How might this apply to your church?
 - **“Operations Expenditures”** For a church this could include things like software monthly costs, cloud computing costs etc. I think one could make an argument for other things like subscriptions and services that keep the church operating (special cleaning that was done would count as a human resource expenditure and could be included). If you pay a subscription cost for the service used for on-line worship etc.—that could be included.
 - **“Adaptive Investments”** too is significant – it would include things like a plexiglass shield, special signage, printed graphics and/or stickers to mark places on the floor, etc. Anything that had to be purchased to adapt to operating now. The thing to watch there is it had to be purchased between March 1 and “the end of the national emergency declaration.” (There doesn't appear to be an end date.)
 - Many if not all purchases that one did for technology since March 1, 2020 would count as forgivable expenses too.
- Even considering the additional forgivable expenses definition expansion
 - Yet if you use the 24 weeks rather than the 8 it is likely that all you need to consider is payroll/employee costs.
 - 60/40 rule continues – 60% is payroll/employee and 40% can be to no payroll.
 - **YOUR BANK – Reach out to them NOW.**

Submit your forgiveness confirmation for PPP Round 1 to the Presbytery so that loan's status can be confirmed.

Submit your completed application for PPP Round 2 to the Presbytery.

It is a loan and needs Presbytery approval.