



The Episcopal Diocese of Olympia

The Episcopal Church in Western Washington

www.ecww.org

Diocese of Olympia: Paycheck Protection Program Loans (in the CARES Act)

April 6 @ 3:00 pm - 4:00 pm

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HR Issues – CARES Act – Paycheck Protection Program (PPP) - Overview

- Authorized up to \$349B in forgivable loans small businesses during COVID-19 crisis.
- Loans terms will be the same for all (2 years, 1 percent interest rate)
- Small businesses and sole proprietors apply starting April 3, 2020 (one week later for independent contractors and self-employed persons)
- Amount of loan will be equal to 2.5 times the employer's average total monthly payroll costs (based on 2019 data)
 - Payroll costs include salary, wages, bonuses, retirement, sick leave, vacation leave, health benefits.
 - Exclude FICA
- Total payroll costs are capped at \$100,000 (annualized) per employee, amounts over are not included in calculating this loan.



HR Issues – CARES Act – Paycheck Protection Program (PPP)

- **Forgivable if:**
 - proceeds used to cover payroll, mortgage interest, rent and utility costs over the 8-week period after the loan is made
 - 75 percent of loan proceeds must be used for payroll expenses
 - employee and compensation levels must be maintained (although an employer may be permitted to rehire previously terminated employees to avoid penalty)



Paycheck Protection Program (PPP) – Application Process

- How the Diocese and Congregations will apply for the PPP loan:
 - The Diocese will be applying for the PPP covering the following:
 - Office of the Bishop Staff
 - RRO, Camp Huston, St. Andrew's House
 - Missions and Mission Stations
 - Parishes must apply separately



Paycheck Protection Program (PPP) – Application Process

- **Preparing to Apply for Parishes:**
 - Contact your bank immediately and confirm that they are or plan to work with the SBA to administer the PPP Loans
 - Payroll information for 2019, Tax ID, IRS Tax Exemption Documents, Articles of Incorporations, Bylaws, IRS 941 or 944
 - Parish Tax ID Number – DO NOT USE DIOCESAN



Paycheck Protection Program (PPP) – Application Process

IRS Tax Exemption Documents:

- Proof of Non-Profit Status (two letters) –
 - Determination letter from the IRS which grants exemption to The Episcopal Church and a group exemption letter for all of its affiliates
 - Letter from The Episcopal Church Center that the Diocese is one of the subordinate organizations



Paycheck Protection Program (PPP) – Application Process – Calculating Payroll Costs

- **Step 1:** Aggregate payroll costs (discussed on next slide) from the last twelve months for employees whose principal place of residence is the United States.
- **Step 2:** Subtract any compensation paid to an employee in excess of an annual salary of \$100,000
- **Step 3:** Calculate average monthly payroll costs (divide the amount from Step 2 by 12).
- **Step 4:** Multiply the average monthly payroll costs from Step 3 by 2.5.
- **Step 5:** Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under an EIDL COVID-19 loan (because it does not have to be repaid).



Paycheck Protection Program (PPP) – Application Process – Calculating Payroll Costs

- **What qualifies as “payroll costs?”**
 - compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation;
 - cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips);
 - payment for vacation, parental, family, medical, or sick leave;
 - allowance for separation or dismissal;
 - group health care coverage, including insurance premiums, and retirement; and
 - state and local taxes assessed on compensation of employees.



Paycheck Protection Program (PPP) – Application Process – Calculating Payroll Costs

- **Excluded from Payroll Costs:**
- Any compensation of an employee whose principal place of residence is outside of the United States;
- The compensation of an individual employee in excess of an annual salary of \$100,000, prorated as necessary;
- Federal employment taxes imposed or withheld between February 15, 2020, and June 30, 2020, including the employee's and employer's share of FICA (Federal Insurance Contributions Act) and Railroad Retirement Act taxes, and income taxes required to be withheld from employees; and
- Qualified sick and family leave wages for which a credit is allowed under the Families First Act – to be explained in Thursday's webinar.



Paycheck Protection Program (PPP) – What can Proceeds be Used for

- The proceeds of a PPP loan are to be used for:
 - payroll costs;
 - costs related to the continuation of group health care benefits during two-month period following loan;
 - periods of paid sick, medical, or family leave, and insurance premiums;
 - mortgage interest payments (but not mortgage prepayments or principal payments); rent payments; utility payments;
 - interest payments on any other debt obligations that were incurred before February 15, 2020; and/or other SBA loans.



Paycheck Protection Program (PPP) – Other issues with Application

- The current SBA form asks for information regarding “Applicant Ownership”, which is not relevant to non-profits. Please complete that section as follows:
 - For Incorporated Parishes— “not applicable nonprofit religious corporation that does not issue stock”;
 - Use the same rubric for the ”Signature of Owner.”



Additional Steps

- Loan will need to be approved by the vestry. You should have a resolution signed certifying this fact and authorizing a person to complete the application.
- You can obtain unanimous consent by email if ALL vestry members vote AND all vestry members have to vote yes.
- We'll send you a template, or contact April Caballero with the Office of the Bishop can provide you another copy.
- We are always available to answer questions!



Paycheck Protection Program (PPP) – Resources

- To find a SBA Lender:
<https://www.sba.gov/paycheckprotection/find>
- To download the latest version of PPP Loan Application for Borrowers:
<https://www.sba.gov/document/sba-form--paycheck-protection-program-borrower-application-form>
- Interim SBA Rules on PPP Loan Application:
<https://content.sba.gov/sites/default/files/2020-04/PPP--IFRN%20FINAL.pdf>



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Chancellor's Office is Here to Support YOU!

- Please call or email us so that we can help!
- Additional form, resolutions and documents will be required by the lenders as they develop them and we will work with you to address those documents



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Questions, concerns or thoughts?

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