

COOPERATIVE BAPTIST
fellowship
OF NORTH CAROLINA

TIP SHEET

CARES ACT Paycheck Protection Program

On March 27th, 2020 President Trump signed into law the \$2 trillion [CARES Act](#), (Coronavirus Aid, Relief, and Economic Security Act). The bill includes financial assistance to both 501(c)(3) organizations and small businesses with 500 or less employees through the Paycheck Protection Program (PPP). Churches and non-profit religious organizations are included in the PPP. When applications opened for the PPP loans through local banks, the \$349 billion ran out within two weeks. On April 23, the federal government injected an additional \$310 billion into the Paycheck Protection Program to help small businesses, nonprofits and churches.

In an effort to educate ourselves and our churches, CBFNC publicized and participated in a webinar on Saturday, March 28, 2020 conducted by Chaney & Associates, a firm that provides accounting services for churches and non-profit organizations. The webinar outlined the specifics of the PPP, based on information currently available.

This page contains resources CBFNC has collected, including a link to the recording of the webinar with Chaney & Associates. While we believe, to the best of our knowledge, the essential information provided about the CARES Act in the webinar is accurate, we do not necessarily endorse every comment made by the presenter.

CBFNC provides these resources as a service to churches and small business owners in the CBF network. We are not lawyers or accountants and trust that our constituents will perform their own due diligence as they determine their response.

We have worked with others in the larger CBF network, including CBF Global and the CBF Benefits Board, who have studied the CARES Act.

As Baptists, this aspect of the CARES Act logically raises church-state issues. Some of our resources address these issues. However, the bill is now law and churches will need to discern whether or not they want

to participate in the program. We Baptists champion the separation of church and state in the interest of religious liberty. We also champion freedom of conscience and trust churches to follow their conscience as they make wise decisions in these unprecedented times.

Webinar & Video Links:

Chaney & Associates Webinar Recording (3/27/20)*
https://zoom.us/rec/share/zO1ZCYzZzWRIT9bH-4kvzeKI_Q6fcaaa80CYY-qUOnU4lc6S7gltKKIH7S-suBvWwL | Access Password: Chaney

Details of CARES Act for Churches, Schools & Nonprofits from Vanderbloemen*

Videos with detailed explanation about preparing to access benefits and links to other information.

www.vanderbloemen.com/blog/details-of-care-act

**CBFNC does not endorse the comments and views expressed in the videos above. We provide these resources for informational purposes to assist churches in making their individual decisions about how to respond.*

Other Links:

CARES Act Bill

<https://www.congress.gov/bill/116th-congress/senate-bill/3548/text>

Baptist Joint Committee for Religious Liberty

<https://bjconline.org/covid-19-stimulus-packages-and-houses-of-worship/>

Guidestone's COVID Pandemic Phase III Stimulus Package makes churches eligible for relief

www.guidestone.org/NewsRoom/NewsReleases/2020/2020_03_27-COVID-Pandemic-Phase-III-Stimulus-Package, Vanderbloemen, and Outfitters4

Church Benefits Board

<https://churchbenefits.org/COVID-19/>

CARES Act Frequently Asked Questions

Disclaimer: CBFNC does not endorse the Paycheck Protection Program of the CARES Act. This FAQ is for information only. In addition, CBFNC is not responsible for the information provided. This FAQ was created from several reliable sources.

What is the CARES Act and Paycheck Protection Program?

CARES Act is the \$2.2 trillion economic relief package to support the people of the United States during the COVID-19 pandemic. The Paycheck Protection Program is a \$350 billion portion of the CARES Act that provides forgivable loans to small businesses and all 501c3 nonprofits including churches and religious nonprofits.

Who can apply?

All 501c3 organizations who do not take Medicaid or Medicare including all churches and religious non-profits under 500 employees.

How much loan can you apply for?


The maximum amount of loan is 2.5 times the average monthly payroll cost.

How do I calculate the maximum loan amount?

Payroll costs include:

- Salary or wages
- Vacation, parental, family, medical and sick leave
- Health benefits
- Retirement benefits
- State and local taxes

Calculate the average monthly payroll (using the above expenses for total payroll) for March 2019 – February 2020. Divide that by 12 and then multiply the average of the 12 months by 2.5. See below for an example:



Calculation of Loan Amount

Payroll Costs	3/2019	4/2019	5/2019	6/2019	7/2019	8/2019	9/2019	10/2019	11/2019	12/2019	1/2020	2/2020
Total Payroll	\$15,700	\$15,878	\$15,700	\$14,700	\$15,700	\$14,800	\$15,700	\$15,100	\$15,700	\$15,500	\$15,700	\$15,500
Average Payroll for the above:	\$15,473	Multiplied by 2.5	=	\$38,683								

Average Payroll from the above 12 months: \$15,473 X 2.5 = \$38,683
Maximum amount of allowable loan \$10M

This amount can be used by Churches, Non-Profits, all other 501c3s and small businesses for Payroll, Benefits, Utilities, and interest other debt obligations.

Are there limits to individual salary/wage that can be used for each individual?

Yes. It is limited to \$100,000 annual salary for each employee (not including health/retirement benefits).

Can housing allowance be included as part of the salary?

There is no clarification at this time on pastoral housing allowances so it is recommended to include this cost at this time.

What can the loan be spent on?

- Payroll costs
- Group health insurance benefits, paid sick leave, medical and insurance premiums
- Mortgage or rent payments
- Utilities
- Interest on any other debt obligations that were incurred before the loan period.


What are the guidelines for the forgiveness of the loan?

Forgiveness of the loan will be calculated based on the number of full time equivalent (FTE) employees. As long as the church/organization has the same or greater number of FTE, by June 30, 2020, the loan will be 100% forgiven.

If the number of FTE drops below the amount the loan was based on, the percentage remaining will be considered a loan that will be paid back to the SBA at a maximum interest rate of 1% over 2 years. Loan payments will be deferred for six months, however interest will accrue over that period.

What else should I know about the loan from SBA?

Even though the SBA will administer the loans, local banks will be used to process applications and loans. No fees are included in the loan and no collateral or personal guarantees will be required. Because these loans will be backed by the federal government, credit rating will not be required.



Forgiveness of Loan

Example #1

18 FTE in 2020	Divided by	19 FTE in 2019	=	94.70%
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94.70% of the total Loan Amount will be Forgiven.

5.3% of the total Loan Amount will be paid back over a 2-year period of time.

What paperwork will I need as part of the application?

Though complete directions have not been released from the SBA to banks, churches should be prepared with the last three years of year-end financial reports along with detailed payrolls cost of the previous 12 months.

