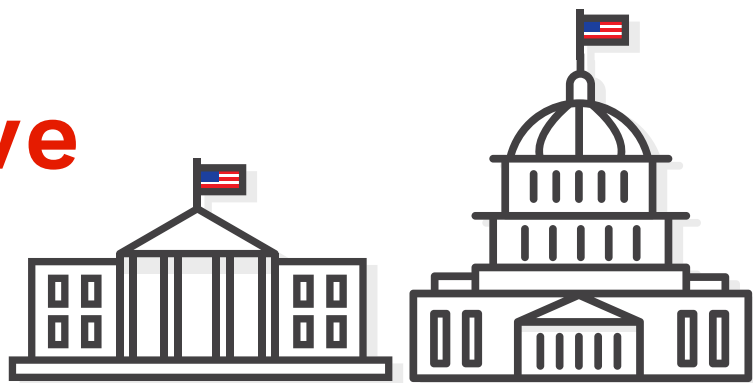


CARES Act Checklist for Churches:

How to Receive Assistance Quickly



There is urgency to act fast in order to receive assistance under the CARES Act's Paycheck Protection Program! Leverage the below checklist as a guide to understand how to receive loan assistance as soon as possible.

***Disclaimer: Vanderbloemen and Pushpay are not legal or financial advisors nor is the content within this document legal or financial advice. This resource is provided for informational purposes only and designed to raise awareness of the CARES Act and ways you can prepare. Please consult your own legal and financial advisors as necessary. The below reflects information as of March 31, 2020. ***

The rapid spread of COVID-19 has forced churches across the Nation to close their doors. Many have been able to quickly shift to a digital strategy to stay connected—whether that's [live-streaming service](#), communicating [via an app or social media](#), or [providing tools for people to give or donate digitally](#). Yet there have already been substantial financial impacts to not only churches, but schools, nonprofits and small businesses. Many have already had to make the tough decision to furlough or layoff staff. In fact, as of March 26, the Nation hit a record high for unemployment claims, with the [Department of Labor reporting](#) a surge of more than three million claims. Will you and your organization be able to stay afloat until June, or beyond?

On March 27, the President signed into law the “Coronavirus Aid, Relief, and Economic Security Act” or the CARES Act, which is said to be the biggest economic relief package in American history. We hope you're able to take advantage of the opportunity for assistance, so your church or institution can continue valuable programs and stay afloat during these unprecedented times.

However, there is a need for you to move quickly this week to prepare documents. While \$349 billion is an enormous amount of money, and it will help many 501(c)(3)s and small businesses—how far will that really go? [Take a look at the breakdown from Sutton Turner at Vanderbloemen.](#)

Below is a checklist to help you prepare immediately so you can receive loan assistance as quickly as possible.

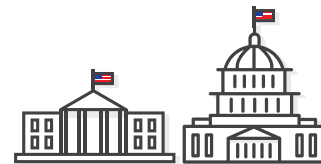
Step-by-step Checklist:

#1 Research the CARES Act

Below are some tangible resources to help you quickly understand key provisions of the CARES Act in more detail. This is a great place to start, as some of these resources focus specifically on how assistance pertains to the Church:

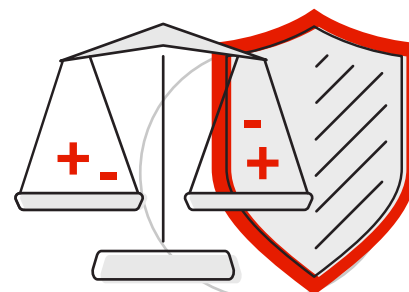
- ▶ [View the blog videos from Vanderbloemen](#)
- ▶ [Churches & Non-Profits, \\$350B will go FAST! By Sutton Turner](#)
- ▶ [SBA Paycheck Protection Program FAQs for Small Businesses](#)
- ▶ [Download Sutton Turner's Slides Here](#)
- ▶ [CARES Act Overview from Whitley Penn](#)
- ▶ [Small Business Guide to the CARES Act from Ernst & Young](#)
- ▶ [Read Bill Here](#)





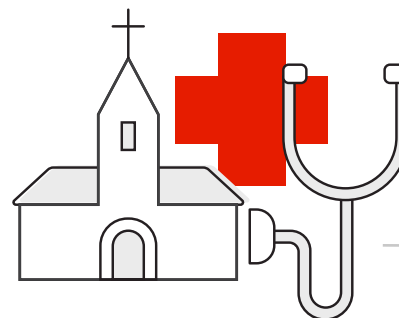
#2 Consult Legal and Financial Counsel

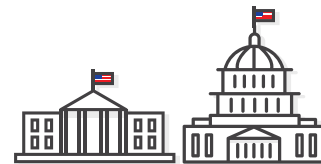
- ▶ Vanderbloemen and Pushpay are not legal or financial advisors and this document should not be construed as legal or financial advice.
- ▶ We recommend consulting legal counsel and financial advisors to determine the applicability of the CARES Act to your Organization and confirm the right steps to ensure your application and documentation are prepared correctly.
- ▶ If you do not have legal or financial advisor support on retainer, reach out to your congregation to see if anyone in your community is a lawyer or financial advisor and can provide assistance.
- ▶ Other options to explore are [The Church Lawyers](#) or the [Alliance Defending Freedom, Church Alliance](#).



#3 Understand qualifications and coverage:

- ▶ **Confirm you qualify:** Small businesses and small non-profit organizations, including schools, churches, nonprofits and organizations under 500 employees may qualify.
- ▶ **Confirm time period for assistance:** Assistance provides loans to the above organizations to help from February 15, 2020 to June 30, 2020.
- ▶ **Understand coverage:** There is approximately \$349 billion set aside for the program, and these funds can be used to provide:
 - Payroll costs: salaries/wages, retirement benefits, state and local taxes and vacation earned, group health insurance benefits, including paid sick/parental leave, medical and insurance premiums
 - Utilities
 - Mortgage interest payments (but not principal) or rent payments. *It is unclear at this time if ministerial housing allowance for pastors will be covered.*
 - Interest on any other debt obligations that were incurred before the loan period. *Details here are still being defined by the SBA.*
- ▶ **Understand possible coverage limitations:** \$349 billion is a considerable amount of money, but there is also considerable need. It is possible (perhaps likely) that not every eligible recipient will receive the maximum loan amount. Also, the CARES Act contains language that may imply that small business concerns in underserved and rural markets, including veterans and military, or those owned and controlled by socially and economically disadvantaged individuals, women, and businesses in operation for less than 2 years may receive loan priority.





#4 Collect documents in advance

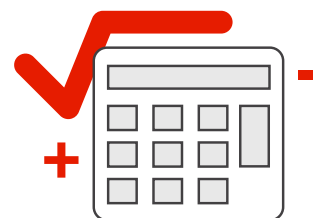
▶ Start a spreadsheet! Important items to include in the spreadsheet:

- Payroll costs for the preceding 12 months prior to the date on which the loan is made. Separate these out month-by-month.
 - ▶ For seasonal employees— take the *greater* of (i) payroll costs from Feb. 15, 2019 to May 10, 2019, and (ii) March 1, 2019 to June 30, 2019, and average these monthly payroll costs.
 - ▶ For organizations that have not been in business for 12 months, take payroll costs for January 2020 and February 2020 and average these monthly costs.
 - Account for all salary wages, meaning everything you account for in payroll costs.
 - Line item documentation of the costs of benefits including retirement, healthcare, insurance premiums, bonuses, commissions, vacation, family or sick leave, severance pay.
 - Include all 1099 contractors (capped at \$100,000 annually per contractor).
 - Include a line item for housing allowance (*it is not clear at this time if you will get assistance for this, but better to include just in case. These costs are real payroll dollars for a church and they are included in a church's normal payroll costs*).
- ▶ How to calculate FTE Hours **NOTE:** For purposes of calculating payroll costs, (A) exclude compensation in excess of \$100,000 annually for each employee, (B) exclude compensation to employees principally residing outside of the U.S., and (C) exclude qualified sick and family leave under the Families First Coronavirus Response Act for which a tax credit is allowed (confer with your tax and other advisers on whether this applies).



#5 Calculating how much assistance to anticipate

- ▶ From your spreadsheet, take the monthly average of the preceding 12 months, and multiply it by 2.5.
- ▶ The maximum amount allowed for a loan is \$10 million.
- ▶ View an example of how to calculate the loan amount below or [click here \(slide #9\)](#).

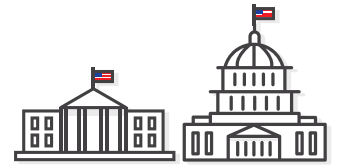


	3/19	4/19	5/19	6/19	7/19	8/19	9/19	10/19	11/19	12/19	1/20	2/20
Payroll Costs												
	\$15,700	\$15,878	\$15,700	14,700	\$15,700	\$14,800	\$15,700	\$15,100	\$15,700	\$15,500	\$15,700	\$15,500
Total Payroll												

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.



#6 How to apply for CARES Act benefits

► Contact your local or regional bank:

- Ensure your bank is participating in the CARES Act's Paycheck Protection Program or public-private partnership (PPP) being administered by the SBA. Lenders may be your current bankers but they can give you a referral if not.
- You can call your bank or find SBA-approved lenders in your area through SBA's [online Lender Match tool](#). Or, you can call your local Small Business Development Center or Women's Business Center and they will provide free assistance and guide you to lenders.
- The bank will receive funding from the SBA and the government will take liability for the loan, not your bank.
- Many lenders are not yet accepting PPP applications yet, and they have until April 11 to do so. However, some lenders are gearing up portals to get applicants going.



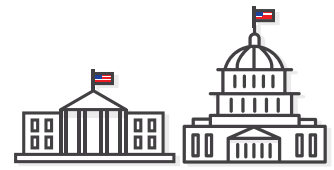
- **Issue a Good Faith Certification:** Provide a certification that the uncertainty of the current economic conditions makes the loan necessary to support ongoing operations and that funds will be used to retain workers and to maintain payroll or to make critical payments for the mortgage, lease and utility payments.
- **Bring the above spreadsheet and documentation** in-person, or have it on hand when you call the bank.
- **Confirm timing and how you'll receive the funds.** At this time, it has not been confirmed when applicants will receive the loan money. The President indicated that funds will be delivered as early as three weeks. In addition, validate with your bank on how you should anticipate receiving the loan funds—direct deposit, a check in the mail, or other means.



#7 Understand the loan forgiveness process:

► Research loan parameters:

- The full amount of the loan may be forgiven, provided you abide by certain parameters. Meaning, the amount of the loan used for payroll costs, interest on covered mortgages, covered rent obligations, and covered utility payments (not interest on other debt) for an 8 week period are forgivable, assuming there have been no reductions in full time equivalent (FTE) employees or material reductions in salary.
- For amounts that are not forgiven, know that no loan payments under this program are due for 6 months to one year and there are no SBA fees included in the loan, and any lender fees will be capped. There is no personal guarantee.



► **Calculating loan forgiveness:**

- The goal is for your 2020 FTEs to be equal to or greater than the number of 2019 FTEs you have. Essentially, they want you to have equal to or more employees from February 15, 2020, to June 30, 2020, as you did last year during that same period.
- If you will have fewer employees in 2020 than in 2019, you will need to complete the below calculation:



Divided by:
$$\frac{\text{Average FTEs per month for the 8 week period after the loan origination date}}{\text{Average FTEs per month during the period of (i) February 15, 2019 - June 30, 2019, or (ii) January 1, 2020 - February 29, 2020}}$$

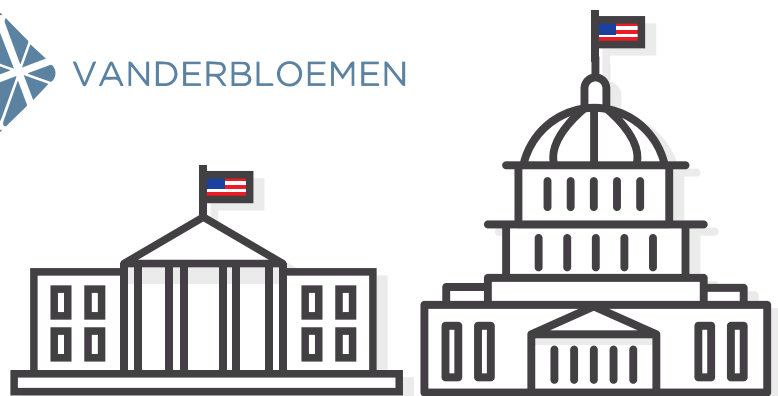
- If you are a seasonal employer with fewer employees in 2020 than in 2019, you will need to complete the below calculation:

Divided by:
$$\frac{\text{Average FTEs per month during the 8 week period after the loan origination date}}{\text{The average FTEs per month during February 15, 2019 - June 30, 2019}}$$

- There are also complex forgiveness reduction calculations for reductions in salary over 25%, but further regulations or SBA guidance is needed to properly make these calculations.
- Funds that are not forgiven have a loan maturity of 10 years with an interest rate of less than 4%.

We hope the above will help your church be able to quickly receive assistance. Keep an eye out for additional information from the [Vanderbloemen](#) and [Pushpay](#) teams as we continue the conversation and provide additional resources to help your team during the COVID-19 pandemic and beyond..

Let's continue to support each other and spread the message of the hope, power, and love we have in Christ. Because that is who He is.



We have provided links to resources throughout this Checklist for your convenience, we do not endorse these materials and are not responsible for them. The above reflects resources and information as of March 31, 2020.