

Frequently Asked Questions about Diocese of Maine PPP Implementation

Q - Should the loan be set up as a liability on our balance sheet?

A – Yes. The loan proceeds should be initially recorded as a note payable. Once the Diocese as a whole satisfies the SBA terms and receives notification of debt forgiveness, you will record a journal entry to wipe out the note payable in full and offset it as a credit to grant income.

Q- Should the expenses incurred that are paid using the PPP Loan be considered an operating expense? If yes, should the PPP amount come from operating income as well?

A – Assuming the loan is forgiven by the bank and SBA, the grant income will be an “aid from Diocese” item and not operating income for purposes of the Parochial Report. The expense items will all be treated as operating expenses as you would normally handle them.

Q - For health and dental insurance, do we deduct the portion that is taken out of an employee's paycheck each period?

A – Medical and dental insurance are billed directly to the church. You report as expense the net of what you pay less the amount received from the employee.

Q - Should life insurance expense be part of the PPP?

A – Life insurance is an allowable benefit cost for the program.

Q – Should water expense for an apartment that is rented be included as a utility expense?

A – Yes

Q – How do I determine the amount of interest owed for purposes of executing the promissory note?

A – A sheet is being developed that will apportion interest owed by the Diocese across all Affiliates participating in the program.

Q – The Promissory Note makes provision for signatures from the Rector, Warden and Treasurer. Are all three signatures required?

A – Only one signature is required.

Q – When does the 8-week window start? Is it on the day that we received the funds or earlier?

A – The 8-week window starts on April 24, 2020, the day the Diocese received the funds. That means payroll numbers 10,11,12 and 13 on May 7, 2020, May 21, 2020, June 4, 2020 and June 18, 2020 would be included.

Q – Should the first monthly report to be submitted be for April?

A – Yes. Although the first payroll date is May 7, 2020, the Diocese would like to receive a report for April because we have no way of knowing if you used the proceeds for costs not involving the Diocesan Payroll Program (e.g., pension payments, utility payments, interest payments etc.).

Q- For monthly reporting, when we report payroll, should we include cash housing allowance?

A – Yes.

Q – Since the Diocese already has ADP payroll information do you want individual affiliates to report this.

A – Yes. Once the funds were wired to your accounts, you have control of them and need to report how the loan proceeds were spent.

Q - Is property insurance through Church Insurance considered an allowable expense under the 25% allocation?

A – No

Q – Can you provide a little more insight into the rule changes and impact of the second allocation? Does the original 8-week window still apply?

A – The rule change allows for the provision of cash housing allowance that can be included as a payroll cost. The original 8-week period still applies. The other change is to allow seasonal employees which affects Camp Bishopswood.

Q – What is an allowable utility expense under the program?

A – Covered utility payments are business payments for a service for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 20, 2020. Neither sewer payment nor payments for fuel are allowable utility expenses.

Q – What happens if we don’t expect to spend all the money in the 8-week period?

A – It would be helpful if you can determine this sooner rather than later and make arrangements to return anticipated unused funds to the Diocese so that they can be redeployed before the end of the program.

Q – Regarding the line for Lease Payments on the PPP reporting form, is that strictly for real estate leases, or does it also cover equipment leases such as a photocopier?

A – That is an allowable expense, provided the lease agreement was executed prior to February 15, 2020. In the reporting form it should be shown as a lease payment. For audit purposes the monthly reporting form asks for a copy of the underlying lease agreement.