

## **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 – Please refer to the sheet that apportions 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.

Friday, May 15, 2020

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

A - Yes

**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 you your accounts, you have control of them and need to report how the loan proceeds were spent.