



METROPOLIS OF
SAN FRANCISCO

METROPOLIS PARISH FINANCE SUPPORT
TREASURER'S MEEETING
(SEPTEMBER 2, 2020)

Agenda (7:00pm start; 90 minutes estimated)



METROPOLIS OF
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- Metropolis & Archdiocese Finance Update on 2020 Activity
- Expected 2021 Parish Outlook with NMA and Pension Funding Obligations
- Launch of Parish Financial Health Survey (Phase 2; to be returned by September 17 - no extensions)
- PPP Loan Forgiveness Updates & EIDL Loan Discussions (including sharing of experiences)
- Open Discussion

Metropolis & Archdiocese Finance Update on 2020 Activity



➤ **Metropolis of San Francisco**

- 2020 \$2.5 million budget re-forecast down to \$1.8 million; this is ~29% reduction;
- July YTD actual financials for the Metropolis are tracking with the revised forecast;
- Metropolis ministries are finding different ways to reach our faithful – notable examples are Greek Immersion Camp and Youth Summer Camps (virtual based); Family Wellness (The Relationship Project); and Stewardship (Creating a Culture of True Stewardship – Bill Marianes & Steve Pappas);
- 1:1 calls and emails with various parishes on financial health;
- Beginning to prepare the PPP forgiveness calculation for St. Nicholas Ranch; highly confident we will achieve full forgiveness;
- St. Nicholas Ranch applied and was approved for a \$150,000 EIDL loan (funding pending);

Metropolis & Archdiocese Finance Update on 2020 Activity



➤ **Greek Orthodox Archdiocese of America (Archdiocesan Finance Committee)**

- Meetings held on June 9, June 15, and September 1 to develop and vote on recommendations to the Archdiocesan Executive Committee, Archdiocesan Council, and Clergy-Laity Congress;
- Focus of all meetings was 2021/22 budgets and pension funding obligations;
- August 24 ABC recommendation to retain current Archdiocesan defined-benefit pension plan; Holy Eparchial Synod is the governing body on this recommendation; AFC will develop and implement financial aspects as directed;
- New AFC recommendations to Executive Committee and Archdiocesan Council:
 - Flat parish benefit funding monthly amount be replaced by an allocation system, similar to Total Commitment (TC; also referred to as “NMA”) but that takes Accrued Pension Benefits by Metropolis and Compensation of Participants by Metropolis into account rather than parish expenses;
 - Allow pension funding as a TC deduction;
 - Creation of a joint ABC/AFC committee to determine amounts of parish allocations for benefits funding beginning with 2021;

Metropolis & Archdiocese Finance Update on 2020 Activity



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➤ **Greek Orthodox Archdiocese of America (Archdiocesan Finance Committee)**

- Prior AFC recommendations, as reviewed and agreed by Executive Committee and Archdiocesan Council:
 - **2021 Budget:** no increase in TC sharing to Metropolises (although individual parish amounts may change)
 - **2021 Budget:** HCHC required minimum funding at \$3.5 million;
 - **2021 Budget:** Additional pension contribution of \$1.0 million;
 - **2021 Budget:** Revenue enhancements of \$500k and Expense reductions of \$572k necessary to balance budget;
 - **2022 Budget:** TC increase limited to no more than 2% over 2021 (\$450k);
 - **2022 Budget:** Benefit funding increases by no more than 3% of TC (\$675k);
- \$1 million of PPP funds accrued in 2020 financials for the Metropolises; general methodology was based on payroll (GOA vs. Metropolises 60/40 split); further discussion in future AFC meetings to discuss specifics and finalize amounts;

Metropolis & Archdiocese Finance Update on 2020 Activity



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➤ Greek Orthodox Archdiocese of America (Archdiocesan Finance Committee)

➤ Archdiocesan programs and departments – budget cuts 2020 vs. 2018:

Departments/Ministries that have been eliminated or costs reduced to zero
(previous 2018 budget in parentheses):

Parish Development (200,000)
Development (450,000)
Ionian village (net 0 cost, actual 2016 was \$1.018mil))
Orthodox Observer (818,184)
Office of Internal Assessment and Evaluation (311,891)
Office of Administration (800,000)

Total savings from Departments where costs reduced to zero - \$3.6 Mil

Departments/ Ministries cut by 40% or more (cuts in parentheses)

Greek Education (51% or 281,000)
Registry (87% or 212,000)
Stewardship, outreach, and evangelism (54% or 402,000)
Eparchial Synod (45% or 271,000)
Archdiocesan Council, Committee & Synod meetings (72% or 256,000)

Total \$1.4 Mil

A summary of all budget cuts follows:

| | |
|---|--------------------|
| Total budget cuts as attached | |
| Total Commitment reduction | \$ 612,000 |
| HCHC and EP cuts in 2018 | 1,500,000 |
| Ministries & Departments | 2,855,863 |
| GOA offices | 2,110,936 |
| Operating | 613,859 |
| | <hr/> |
| Total budget cuts from original 2018 Budget | <u>\$7,692,658</u> |

Expected 2021 Parish Outlook with NMA and Pension Funding Obligations



➤ **Philippos Athanasiades comments (no slides)**



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Parish Financial Health Survey (Phase 2)

- Targeted and updated financial health questionnaire to be emailed to all parish Clergy, Presidents, and Treasurers on September 3, 2020;
- Firm completion date of Thursday, September 17, 2020 (two calendar weeks); no extensions;
- Purpose is two-fold: (1) Metropolis will have a much better understanding of where our parishes are on the spectrum of financial health and determine if there are any additional ways to provide assistance; (2) Metropolis can finalize it's TC projection for 2020 to the GOA, which will have both 2020 and 2021 direct budgetary impacts on the Metropolis.

Survey Preview

Paycheck Protection Program Flexibility Act of 2020 (PPP Loan and CARES Act Updates)



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- Enacted into law June 5, 2020; provides greater relief in terms of forgiveness and extends repayment period
- Post-June 5 PPP borrowers must use a covered period of 24 weeks after the loan proceeds are received
- Other borrowers have the option to extend the 8-week period to 24 weeks(Highly Recommended)
- Minimum 60% of PPP loan spent on Payroll (Details next slide)
- Maximum 40% of PPP spent on Non-Payroll Expenses (Details next slide)
- Opportunity to avoid FTE Reduction penalties if headcount is restored by December 31, 2020
- Application for Forgiveness must be submitted within 10 months after the end of 8 or 24 week period

Paycheck Protection Program Flexibility Act of 2020 (PPP Loan and CARES Act Updates)



- Payroll Testing period is 8 or 24 week
- Payroll Costs include wages, salary, housing allowance, PTO, state and local payroll taxes, group health insurance and retirement plan
- Non-Payroll Cost include Business rent/lease for real or personal property (in force before 02/15/2020), interest on loans for real and personal property (in place before 02/15/2020) and utility expense (Electricity, Gas, Water, Telephone, Internet Access)
- Max. payroll costs per employee is \$15,385 for 8-week; \$46,154 for 24-week period
- Use Form 3508 EZ to apply for forgiveness as long as parish did not reduce wages more than 25% and didn't reduce FTE (Full-Time Equivalent)

Paycheck Protection Program Flexibility Act of 2020 (PPP Loan and CARES Act Updates)



Forgiveness Calculations (3508EZ Form)

- Line 5. Add amounts on line 1, 2, 3 and 4 = Total payroll and nonpayroll cost
- Line 6. PPP Loan Amount
- Line 7. Payroll Cost 60% (Divide line 1 by 0.60)
- Line 8. Forgiveness Amount is the smallest of Lines 5, 6, and 7)

Paycheck Protection Program Flexibility Act of 2020 (PPP Loan and CARES Act Updates)



Process for Loan Forgiveness

1. Borrower needs to submit PPP Loan Forgiveness Application (SBA Form 3508, 3508EZ) with all required documents (next slide) to loan originating financial institute (lender)
2. Lender reviews & decides within 60 days from receipt of a complete package from borrower.
Submits its decision to SBA
3. SBA responds to lender within 90 days
4. Lender notifies borrower of the forgiveness amount

Paycheck Protection Program Flexibility Act of 2020 (PPP Loan and CARES Act Updates)



Documents to Submit - Payroll

1. Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
2. Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount.
3. Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period

Paycheck Protection Program Flexibility Act of 2020 (PPP Loan and CARES Act Updates)



Documents to Submit – Non-Payroll

1. [Business mortgage interest payments](#): Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period
2. [Business rent or lease payments](#): Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period
3. [Business utility payments](#): Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments

Reminder: 1, 2 and 3 must be in service before 02/15/2020

PPP Loan Forgiveness Updates & EIDL



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- **Message to Parishes:** If you can spend the borrowed amount during the 8-weeks within the SBA guidelines, then apply for the forgiveness and have the loan off your Balance Sheet. Otherwise, the 24-week period is advantageous to satisfy the 60% test. If you haven't applied for a PPP loan, apply – there is over \$100B still available in the program (deadline is August 8); call your designated, or any, member of the Metropolis Parish Finance Support Team with additional questions or to discuss specific situations

- **Resources:** [AICPA](#); [SBA Joint Statement](#); [Treasury Joint Statement](#); [Journal of Accountancy](#)
 - [AICPA Loan Forgiveness Calculator](#)
 - SBA [Loan Forgiveness Instructions \(Full\)](#) and [Easy Application Instructions \(EZ\)](#)
 - SBA [Loan Forgiveness Application \(Full\)](#) and [Easy Application \(EZ\)](#)

PPP Loan Forgiveness Updates & EIDL



- If your parish applied and received an EIDL emergency advance from the SBA you are now eligible to receive an EIDL loan and should have received a notification directly from the SBA.
- EIDLs are not forgivable except for the EIDL advance of up to \$10,000 previously received.
 - If you also received a PPP loan, the EIDL emergency advance is deducted from the PPP loan forgiveness amount.
- EIDL loans bear interest at 2.75% per annum and have maturities of up to 30 years.
- Personal guarantees for loans up to \$200,000 and the requirement of the inability to obtain credit elsewhere are waived. Because of this "lack of encumbrance", only Parish Council is required – not Parish Assembly and not Metropolis [see UPR Article 16, Section 3; Article 29, Section 1 G&H]

Action Step:

Parishes should consider [taking advantage of the EIDL program](#) given the low interest rate and extended repayment terms if they have a financial need.

PPP Loan Forgiveness Updates & EIDL



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- [Simplified application at this SBA link](#) – no intermediary financial institution; loan application and funding is directly through SBA;
- For churches (non-profits) there is still a requirement for a certification (and credit check) to proceed through the application; this is no different than the PPP loan application process – o.k. for the Treasurer or other member of the Parish Council to provide the certification; this does not put the onus on the individual – it is the incorporated parish that is applying;
- According to the SBA, loans under \$25k require no collateral or personal guarantee; loans greater than \$25k and up to \$200k require no personal guarantee but personal property is put up as collateral (not real property, only personal property);
- Your designated, or any, member of the Metropolis Parish Finance Support team will be happy to assist in the process if it is needed;
- While it is up to each parish to determine if they should apply for an EIDL, it is none-the-less incumbent on every parish to consider an application under this program, and to consider other avenues, to ensure their financial health is maintained and this includes, among other things, the ability to service NMA payments, as is outlined in the [UPR \[Article 34, Section 8\]](#)

Open Discussion



Q&A