



METROPOLIS OF
SAN FRANCISCO

METROPOLIS PARISH FINANCE SUPPORT
PARISH CLERGY/PRESIDENT/TREASURER MEEETING
(FEBRUARY 16, 2021)



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AGENDA (90 minutes)

- Welcome, prayer, and opening remarks (His Eminence / His Grace)
- Archdiocesan & Metropolis Finance Committee Status Summaries (including information on parish reporting for annual TC exercise)
- Round 2 Updates - Status and Roundtable discussion on parish experiences and needed clarifications
- Employment Retention Credit Opportunity
- Pension Benefit Funding Update - ACH Forms Needed by ABO/GDC
- Open Discussion - what do parishes need from us this year?
- Next Meeting, closing remarks, and prayer (His Grace)

ARCHDIOCESAN / METROPOLIS FINANCE COMMITTEE UPDATES



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- GOMetSF achieved **102.1%** of Archdiocesan 2020 budget because of all your efforts – **THANK YOU!!**
 - This is inclusive of Bridge Relief funding for which some of our parishes applied to reduce their remaining 2020 TC obligations
- Four of our parishes prepaid their 2021 commitment to the GOA – this opportunity is still open
- GOA is still waiting to receive formal confirmation of PPP Round 1 relief from SBA
- GOA has requested, and received, \$1.98MM of PPP Round 2 funding (implications to parishes unclear at this point and will not be known until later in the year)
- Total Commitment process kicking off in March – same timeline; Benefits Funding deduction in calculation will apply next year (for 2021), not this year in the calculation

2021 TC RELIEF – IDENTIFIED AND POTENTIAL

- As separately communicated to each parish in November, 2020, every parish will see a 10.23% decrease in TC applied to their billing from the GOA in 2021; this will be in the form of a credit and apply against 2021 TC
- If any Bridge Relief funds remain following the 2020 application exercise, the Metropolis will review the needs of parishes and potentially apply relief to parishes in greatest need in 2021
- Additional relief measures are being explored by the Metropolis Finance Committee



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CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS ACT, 2021- CRRSA



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The Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act

- A \$325 billion Paycheck Protection Program “PPP” Second Draw Loans
- Eligible for small business <300 employees & at least 25% reduction in Gross Revenue between comparable quarters in 2019 and 2020
- Max loan size=2.5X monthly payroll costs up to \$2 million
- Borrowers receive full loan forgiveness if they spend at least 60% of their PPP second draw loan on payroll costs over a time period of their choosing between 8 weeks and 24 weeks
- Payroll Costs include employee compensation, state and local payroll taxes, group health insurance and retirement plan, vision, dental, disability and life insurance.
- Expands the list of eligible expenses for forgiveness to include software, cloud computing expenses, and human resources and accounting costs

PPP FORGIVENESS – OLD AND NEW



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- The loan forgiveness process is simplified for borrowers with PPP loans (first and second draw) of \$150,000 or less. Lenders are given a “hold harmless” provision. (Section 305)
- The amendments will apply to any PPP loan made “before, on, or after the date of enactment of this Act, including forgiveness of such a loan.”
- SBA will establish a [one-page loan forgiveness application](#) within 24 days of enactment, requiring the loan recipient to provide information on
 - i) number of employees retained,
 - ii) estimated amount of covered loan spent on payroll costs, and
 - iii) total loan value, as well as an attestation regarding the accuracy of the information.
- The recipient must retain records proving compliance for a period of four years.
- The 60/40 expense allocation between payroll and nonpayroll costs continues to apply. (Sections 307, 311)



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Employee Retention Credit (ERC)

What is the ERC?



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- Employers who qualify, including borrowers who took a loan under the initial PPP, the credit can be claimed against 50 percent of qualified wages paid, up to \$10,000 per employee annually for wages paid between March 13 and Dec. 31, 2020.
- Employers who qualify in 2021, including PPP recipients, the new law expands the credit and allows them to claim a credit against 70% of qualified wages paid.
- Additionally, the amount of wages that qualifies for the credit is now \$10,000 per employee per quarter for the first two quarters of 2021. So, an employer could claim \$7,000 per quarter per employee or \$14,000 for 2021.

Key Take-aways:



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- The updated Employee Retention Credit (ERC) provides a refundable credit of up to \$5,000 for each full-time employee you retained between March 13 and Dec. 31, 2020 and up to \$14,000 for each retained employee between Jan. 1 and June 30, 2021.
- You qualify as an employer if you were ordered to fully or partially shut down or if your gross receipts fell below 50% for the same quarter in 2019 (for 2020) and below 80% (for 2021).
- You can claim your credit immediately by reducing payroll taxes sent to the IRS.
- If your credits exceed payroll taxes, you can request a direct refund from the IRS.
- The new law, retroactive to March 27, 2020, now allows employers who received Paycheck Protection Program (PPP) loans to claim the ERC for qualified wages not treated as payroll costs in obtaining forgiveness of the PPP loan.

What wages qualify for the ERC?



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- Wages/compensation, in general, that are subject to FICA taxes, as well as qualified health expenses qualify when calculating the employee retention credit. These must have been paid after March 12, 2020 and qualify for the credit if paid through June 30, 2021. Keep in mind, the thresholds on these wages and the percentage of credit increases on 2021.
- When determining the [qualified health expenses](#), the IRS has multiple ways of calculating depending on circumstances. Generally, they include the employer and employee pretax portion and not any after-tax amounts.
- **For the purposes of the employee retention credit, a full-time employee is defined as one that in any calendar month in 2019 worked at least 30 hours per week or 130 hours in a month (this is the monthly equivalent of 30 hours per week) and the definition based on the employer shared responsibility provision in the ACA. ****Clergy wages do not qualify for this credit******
- Employers with 100 or fewer full-time employees (this threshold increases to 500 beginning in 2021) can use all employee wages — those working, as well as any time paid not being at work with the exception of paid leave provided under the [Families First Coronavirus Response Act](#).

How do the credits work?



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- The employee retention credit is allowed against the employer's share of Social Security taxes. However, the credit is fully refundable. So, if the credit exceeds the employer's total liability of the portion of Social Security in any calendar quarter, the excess is refunded to the employer.
- At the end of the quarter, the amounts of these credits will be reconciled on the employer's [Form 941](#).
- You may not claim the ERC on wages that were forgiven through the PPP loan in 2020 and for round 2 in 2021.

CONTACT YOUR PAYROLL PROVIDER – THEY CAN PREPARE WHAT YOU NEED TO FILE THE CREDIT

PENSION BENEFITS FUNDING UPDATE



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- 34 of 56 parishes on AutoPay; 1 parish paying by check – **Please sign up for ACH**
- Contact Philippos or George separately if there are concerns to be discussed one-on-one
 1. The ACH program is not new, and it is not a GOA proposal. It was adopted many years ago by the ABC and made a mandatory part of the program.
 2. The new system is much fairer. Now the payments consider the ability to pay, as well as being influenced by the fact that higher paid participants cost more. That higher cost should not be born by parishes with lower paid participants.
 3. Virtually every parish should contribute something to the plan, and now that is happening.
 4. The Task Force is considering but does not want to implement penalties for late payments. It is not fair to those that are paying on time that others may shirk their responsibilities or pay late.
 5. The ACH bank account information is not shared with the GOA and benefit payments are never comingled with GOA funds. The payments go directly to the ABO and to the pension plan.

WHAT SHOULD BE OUR FOCUS AREA IN 2021?

- Parish support team (13 to 14 parishes each):
 - Philippos Athanasiades
 - Osama (Sam) Dawood
 - Jim Eckstaedt
 - George Efstathiou
 - George Psefteas
 - Financial Health of our Parishes (multiple sources of assistance)



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OTHER, DISCUSSION, CLOSING, NEXT MEETING

- Other items for discussion
- Next meeting proposed for Tuesday April 6, 2021 7:00pm
- Closing comments and prayer



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