Congregational Finances During the Pandemic – 2

The United Church of Canada
L’Église Unie du Canada

April 1, 2020
Erik Mathiesen
Clyde Harris
A New Creed

We are not alone,
we live in God's world.

We believe in God
who has created and is creating
who has come in Jesus
  the word made flesh
  to reconcile and make new
who works in us and others
by the spirit.

We trust in God.

We are called to be the Church:
to celebrate God’s presence
to live with respect in Creation,
to love and serve others,
to seek justice and resist evil,
to proclaim Jesus, crucified and risen,
  our judge and our hope.

In life, in death, in life beyond death,
  God is with us.
  We are not alone.
  Thanks be to God.
“Toto, we’re not in Kansas anymore” - Dorothy

“Q1 2020 was one for the ages” — Fiera Capital

“Break on through to the other side” — The Doors

“Do not abandon yourself to despair. We are Easter people” Pope John Paul II

“What do we do now?! — Erik Mathiesen CFO
BALANCING ACT

Cash crunch vs Ministry

PRESERVING CASH
- Cashflow /liquidity
- Short term financial survival
- Availability of government and other options
- Risk tolerance

PEOPLE
- Personal and societal anxiety is high
- Pastoral care needs never higher
- Trying to support paid staff and volunteers
- Church voice more important than ever

EHM ~ The United Church of Canada
Before you do anything rash......

- **Check with your Region**
- Especially if contemplating lay-offs.
- Have you accessed the government programs fully?
- Have you done everything you can to avoid layoffs?
- The church has never moved so fast.

And things are changing fast, so check back!
What We’ll Cover Tonight  April 1

- Latest news
  - Federal emergency supports
  - United Church emergency response
- Emerging details re accessing government and broader church funding
- Saving cash
- Limiting short-term layoffs
- Actions recommended

More next week!
Federal Government supports @April 1

And things are changing fast, so check back!

EHM ~ The United Church of Canada
Federal Response evolving

- March 18 – 10% wage subsidy
  - ADP to fully administer

- March 25 - up to $2,000/mth CERB for job loss

- March 30 - A wage subsidy of 75% of eligible salary, $40,000 loan program

- April 1 – clarifications – one or the other!
A wage subsidy of 75% of eligible salary for qualifying small employers, including charities and nonprofits, for up to 3 months, retroactive to March 15, 2020. The subsidy is worth up to $847 per week per employee, with no limit on how much an organization can receive.

- Awaiting news re process
- Eligibility subject to a 30% threshold re revenue loss
Federal Temporary Wage Subsidy 2

- 30% rule re decline in revenue
  - Compare to prior year
  - Re-apply each month
  - I.e. Compare March 2020 to March 2019
  - Consider whether to report month or YTD

- Online portal for application

- 6 weeks to payment?!

Given how tight church budgets are, we will lobby for liberal interpretation.
Federal Temporary Wage Subsidy - 3

- Cap on eligible salary will mean that there isn’t full 75% reimbursement on highest salaries.
- The wage subsidy will cap at $847/week. That is, wages up to $58,700 will be subsidized at 75%. That is $1,129.33/week subsidy which is more than EI.
- An apparent option that needs checking out is whether it is possible to keep staff on and not top up salaries.
“We are trusting you to do the right thing. If you have the means to pay the remaining 25 per cent that’s not covered by the subsidy, please do so,”

“And if you think this is a system you can take advantage of or game, don’t. There will be serious consequences for those who do.”
Federal Loan Program

- The Canada Emergency Business Account will provide interest-free loans of up to $40,000 to small businesses and not-for-profits to help cover operating costs. Organizations should contact their financial institutions to apply for these loans. To qualify, organizations must demonstrate they paid between $50,000 to $1 million in total payroll in 2019. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25 percent (up to $10,000).
Canada Emergency Response Benefit

- Canada Emergency Response Benefit, ("CERB") available to laid-off staff irrespective of eligibility for EI.
- It provides a flat benefit of $2,000 for workers who have been out of work for 14 consecutive days in any four-week period for reasons relating to COVID-19.
- must have earned $5,000 in 2019.
- Online applications start April 6.
What each ministry should do NOW

• Tell your bank you want to apply for the $40,000 interest free loan ASAP (even though detail not yet known)

• Avoid layoffs if you can.

• Aim to cover April payroll locally if possible

• Get prepared to apply for the wage subsidy as soon as it becomes available.

• Set up online capability for Service Canada and for Charities Business account.
United Church Emergency Response

- every region exploring possibilities
- March 26, The General Council Executive approved the creation of a far-reaching emergency loans program for communities of faith to provide support through the COVID-19 crisis.
  - Details of this program are being finalized.
  - Will be kept as simple as possible to enable timely access to funds.
  - General Council seeking unprecedented amount of debt financing
• intended to supplement federal funding programs and respond to transition from them as federal programs expire.

• Special case intervention now

• interest free loans extending beyond government programs

• eligibility to be confirmed in consultation with the region

• needs based and viability based
Denomination Cash Management

- Allowing assessment payments to be pushed out into the fall is already a multi million cash crunch at the denomination level
- Also allowing loan repayments to be suspended
- Similarly our Mission & Service granting continues while the supporting gifts may slow.
- This necessitates taking on debt just as the governments are doing
Hierarchy of Support

- Federal interest free loan
- Federal Wage subsidy
- Within the church
  - Access own investments
  - Obtain or increase local line of credit.
  - National LOC guarantee to be provided on request
  - Automatic NSF protection for payroll run
    - Staff will be paid and congregation/region contacted for remedy
    - $125 penalty

SORT THIS OUT IN ADVANCE!
We are called to be the Church

- We are being asked to utilize government measures to avoid layoffs
- We seek to continue to be community and reach out to others as health regulations allow
- If short term layoffs are determined to be necessary, be ready to respond in a way that speeds benefits
  - Record of Employment issuance
  - ADP processing
Cashflow Help

- Saving cash
  - Request moratorium on loan payments if loan with a church body.
  - Push out assessment due date
    - If auto pay, ask us to stop
    - If direct pay, just don’t pay
  - If paying insurance annually, request mode change (UCC Protect total cost is the same!)
Insurance details

- Insurance protocols for empty buildings not as strict
- Switch insurance premium schedule to PAR
- Likelihood of business interruption insurance coverage is very unlikely

- Be aware of any breaks offered by local providers (ie no data overages, extended timeframes to pay)
Sustaining Revenue

- Sustaining donations
  - Check website for best practices and procedures
  
  https://www.united-church.ca/covid-19

- Dedicated fax line for PAR

  1 - 416-232-6003
Let’s get digital, digital.....

- Search for ROE Web
  - If you don’t have an ROE web account, create one.

- My business account for charities
  - **My Business Account** (MyBA) is a secure and convenient way for businesses and organizations to access their Canada Revenue Agency (CRA) account information online.
Contacts for action

- Loan guarantees by denomination
  - emathiesen@united-church.ca

- Deferring monthly withdrawals of assessments
  - assessments@united-church.ca

- Suspending church loan payments (if national)
  - mpimpinella@united-church.ca

- Stewardship queries
  - djagger@united-church.ca

- Any emergency loan possibility or lay-offs.
  - Contact your region
God who is with us now and always,
Support us and guide us in this time of uncertainty
So we may feel brave and strong to offer kindness to
others, in the spirit that these safe interactions are
the true dwelling of the holy.
In your name we pray.

Amen.

(Jim Harbell)