

FREQUENTLY ASKS QUESTIONS /

Where are the PPP funds right now? How are they reflected in our statement of financial position?

The accounting for the PPP funds results in a liability on our balance sheet of \$155,100 and a corresponding amount of cash in the bank as of December 31, 2020.

Why does FBC qualify for loan forgiveness?

The primary goal of the PPP is to provide funds to keep workers paid and continuing to receive benefits such as employer provided healthcare. After receiving the loan proceeds, a receiving organization was not to reduce full-time employee head count or decrease salaries and wages for any employee by more than 25%. FBC maintained employment of 100% of both full and part-time employees and has not made any reduction in salaries or wages.

What happens if the congregation decides to vote for loan forgiveness?

If the congregation votes to apply for loan forgiveness, FBC will submit the required application for loan forgiveness in April 2021. Forgiveness of the loan means FBC does not pay back the money and owes 0% interest on the funds. FBC meets the requirements for loan forgiveness.

What will we do with the PPP funds if the congregation decides to apply for loan forgiveness?

The PPP funds are not currently earmarked or designated for specific use. The Stewardship Committee has authority to make decisions about PPP fund expenditures. The Stewardship Committee expects to first prioritize paying bills and covering payroll. Should PPP funds not be needed for this purpose in the future, the church may consider other use of the funds.

Other uses of funds could include one or a combination of the following:

- Building repairs or improvements, technology upgrades, replacing part of our aging vehicle fleet, and investing funds in our Endowment fund - all of which have a long-term impact on our ability to provide ministry.
- Support known ministry or mission needs that either provide immediate relief to those in need, be an investment in long-term ministries or both.
- Reduce debt which would free resources for future use.
- Hold it in reserve for future needs.
- Other opportunities that have not yet been identified.

What will happen if we pay back the funds and then have a dip in contributions? Can we expect to need these funds in the future?

Most agree the economic impact of the pandemic is not over, and many organizations do not expect to fully realize the economic impact of the pandemic for another 12 to 18 months or more. In addition, we are entering into a time of transition for, including an interim period, our senior pastor. Many churches experience a reduction in giving during the senior pastor interim period. Unfortunately, FBC is experiencing both the

uncertain impact on the economy from the pandemic and the uncertain impact of a change in senior pastor leadership at the same time. There are no models or easy ways to predict the impact on contributions over the next 12 to 18 months. While we are hopeful we will maintain financial stability, we are mindful of potential financial stressors for our contributors and our church.

The 2021 budget was based on an estimate of contributions that exceeds the actual final level of 2020 contributions. There is a certain amount of flexibility in the budget and the Stewardship Committee will work with the Pastors to monitor and manage expenditures, however the uncertainty could result in the need to take more significant steps.

Should the church choose to pay back the PPP funds and then experience a significant shortfall in contributions, the Stewardship Committee and Personnel Committee would likely need to explore reducing staff, as expenses have already been significantly reduced in other areas.

What have we done as a church to respond to the reduction in contributions during the pandemic?

In spring 2020, the Stewardship Committee and pastors worked together to reduce our 2020 ministry budget by 30%, which helped us end the year in a stronger financial position. Because the Stewardship and Personnel Committees knew the PPP funds were available, they chose not to reduce personnel or pay to personnel, supporting our faithful staff through what is already a difficult time.

Further, the pandemic resulted in a significant curtailment of ministry activity and use of our building. These reductions in activity resulted in additional financial savings on budget items such as utilities, teaching materials, guest services expenses, and other similar items.

The result of these combined actions meant expenses were lower for 2020 than contributions. However, our level of ministry was also lower than we would have preferred. We anticipate a re-integration of in-person ministry activities in the coming year and expect to have more expenses in this area.

The Pastors and Stewardship Committee again worked together to reduce the ministry budget for the 2021 budget year, resulting in a 2% overall budget reduction.