



First Baptist Church Greensboro

Frequently Asked Questions Church Conference, May 24, 2020

Prior to the virtual church conference, a congregational letter dated May 12, 2020 summarized pertinent business, focusing particularly on the church's consideration of a Paycheck Protection Program (PPP) loan. Opportunities for congregational discussions via Zoom were held on Sunday, May 17, and Wednesday, May 20. In addition, the Pastor and Deacon Chair welcomed email and written feedback on the business. **This FAQ sheet is intended to concisely report the questions and concerns that have been raised in these discussions and communications, providing summary responses from leadership.**

Do our bylaws give parameters for this virtual format of Church Conference?

No. Our bylaws do not account for virtual meetings, nor do they anticipate a period of extended absence from the building. Like other aspects of our ministry, this is an adaptation from our norm.

The leadership involved in devising this structure for conducting our business included the Chairs of Deacons, Finance and Personnel, members of the COVID-19 Task Force, and our current and past two Moderators. From the beginning, it was granted that this format is outside the scope of our bylaws. The virtual format of this meeting was developed as the best attempt to approximate the pattern of presentation, discussion, feedback and voting of our Church Conference, while remaining inclusive to the widest range of members. Rather than suspend church business, make uninformed or unilateral decisions, or gather in person to hold a Conference, this virtual format was settled on to enable the maximum amount of congregational participation in the timely business of the church.

On PPP: why did we apply?

Church staff (Pastor Alan Sherouse and Church Administrator Scott North) and leadership (Chairs of Deacons, Finance and Personnel) felt responsibility to make it possible for the church to consider all available resources for advancing its mission at the time, and to enable the congregation to be in position to discern whether or not to utilize the PPP.

The primary rationale for potential utilization is, as the program's purpose outlines, to help ensure that financial stress does not necessitate personnel change, as the Personnel Committee has stated the intention to maintain all commitments to our salaried and hourly employees.

While formally it is the responsibility of the Finance Committee to oversee such transactions with the approval of the Deacons, due to the exceptional nature of this loan and these circumstances, all involved felt the best course was to put the matter to congregational vote.

By what date must the money be used?

According to the stipulations of the loan, all monies must be distributed within eight weeks of the loan being received. For FBC, this means that the loan will cover payroll expenses through June 15. If accepted, the total amount of the \$260,000 loan will be spent on payroll expenses.

Will FBC's preschool employees be included in the PPP loan salary distribution? And, will they be supported in the Fall of 2020?

The preschool staff will receive their salary for the contracted terms of employment for the Spring term. However, all loan monies must be distributed by June 15, so the Fall term is outside of the limits of the loan.

Why are we hearing that we have already received a PPP loan before having the opportunity to discuss and approve submitting an application?

External events moved very quickly at a time when the church building was closed. Pastor Alan Sherouse and Church Administrator Scott North learned that the SBA made the PPP loan application available for houses of worship on Friday, March 27. The application opened on April 6 and was described as a "first-come, first-served" process. With the approval of Brad Wall, Cathy Wells and Laura Lomax, First Baptist enlisted the assistance of Chaney & Associates (which provides accounting and business consulting services to churches like ours). Scott was able to complete the SBA application and a separate application required by BB&T/Truist. He made clear that he was authorized by church officers Brad Wall (Diaconate chair) and Nancy Culclasure (Clerk) to submit a loan application but not to sign a promissory note accepting a loan. Scott also asked the bank for clarification of the process. There followed extended back-and-forth in getting all the information required for the loan until Scott expressed his frustration to BB&T with how confusing the process had become. At that point, we were informed by the bank that PPP funding had been exhausted, leading us to believe that we had reached the end. The bank then asked Scott to sign final forms to complete the application. Scott continued to expect that a promissory note, which would have to be signed by church officers, would follow if the loan was granted. We heard nothing more from BB&T until, on April 21, Scott was reviewing the church bank account online and discovered that \$260,000 had been deposited.

If the loan has already been deposited in the church's bank account, do we really have a choice in accepting it?

Yes, we can simply return the loan, but we must make our decision now because of the time constraints imposed by the terms of the loan. If we choose to accept the loan, the money will be spent according to the terms of the loan on payroll expenses by June 15.

How were we able to meet the requirements to be eligible for the loan when others—small businesses, other churches—were not?

Scott North was instrumental in staying on top of the evolution of the loan qualifications and gathering the evidence needed to help us support our application, with the support of the Pastor, Deacon Chair, Finance Chair and Personnel Chair. Additionally, Scott gathered

information from the Cooperative Baptist Fellowship of North Carolina (CBFNC) on the resources provided by the CARES Act for churches and nonprofit organizations. The CBFNC has advised member churches about considerations when applying for these funds.

The PPP was quickly enacted, not easily understood, and soon exhausted its initial funding. Given smaller staffs and overall financial standing, many smaller churches did not receive PPP support in the initial round.

Given our resources, should FBC accept this loan when many deserving small businesses and faith-based organizations were not granted loans?

While many smaller organizations and churches did not receive initial PPP support, a second round of funding was approved and those businesses and nonprofit organizations that missed out at first now have a second chance at funding. Many have applied and been approved. Additional funds currently remain available for those desiring to apply.

What will we do with any leftover monies?

The loan application was based on the amount FBC would require to meet payroll expenses for the period of the loan's life. It can only be used on these expenses. Church Administrator Scott North does not expect there will be leftover monies if the congregation decides to use the loan.

If our giving is sustained for the remainder of the year and we meet all of our financial obligations with a surplus remaining, what will we do?

We have faith that the congregation will continue to be generous, even as we know it is difficult to predict the future amidst uncertain economic challenges. We do not know the course of the pandemic and how it may affect future employment and income. And, it is apparent that needs will continue to exist in the community resulting from the COVID crisis. We have always been good stewards of our money and will continue to meet the needs of our community. For example, the church's recently-established COVID Response Fund, intended to meet needs resulting from this crisis, has already distributed \$7,700 of the over \$17,000 given, with another round of disbursements currently planned. While the PPP loan can only be used for the stated purpose, any monies in our budget beyond our expenses at the end of the year will be used to faithfully meet the needs of the ministries in which we are engaged. The congregation, particularly the Missions Committee, would decide together how best to utilize such a surplus. This expectation of generosity and good stewardship was a stipulation of the Finance Committee in making the motion to accept and utilize the funds.

Our congregation has long been known for its faithful giving. Why should we now accept a loan from the federal government?

The loan is intended to provide financial support for the church's employees. At the present, church giving remains sustained. However, given the uncertainties of the disease and future employment and income, this loan can be viewed as an exceptional opportunity to continue unhindered and, if giving remains strong, even expand the church's ministries.

Do we now turn to the Government to support our church?

No. The eligibility for churches and houses of worship to receive PPP funds was an exception. Likewise, our application was an exception to our usual practice. All of this underscores the exceptional nature of the present circumstances. Rather than an indicator of future practices, this was viewed by those who supported it as a thoughtful exception to our practices.

Is there an issue with the First Amendment's establishment of religion clause?

No, the PPP specifically and intentionally included faith-based organizations without making any distinction among them and without imposing any terms except how the loan is to be spent. The purpose of the PPP is to maintain employment and not to show favor to any religious organization.

That said, while there is no strict legal concern in the acceptance of this loan, our church must consider the related theological implications. Baptists have traditionally advocated strongly for separation of church and state. The Baptist Joint Committee has granted that there are thoughtful reasons for and against the acceptance of this loan, encouraging churches to consider the full range of implications in a post by Holly Hollman, General Counsel of the BJC: bjconline.org/covid-19-stimulus-packages-and-houses-of-worship/

The CARES Act, which includes the PPP, has been controversial because of how it was implemented. Will we risk FBC's reputation if we accept the loan?

With the second round of funding, and the current available funds, the PPP has become a less competitive program, even more accessible to smaller, less-resourced organizations. Further, our church is not alone in considering a PPP loan. Many of our peer churches of various sizes have received the loan, as have many nonprofits in Greensboro. They are deliberating and considering their actions just as we are.

Why should we accept this money when we have reserves that other organizations do not have?

First Baptist has operated with the organizational philosophy that reserves are a necessary resource for a church of our scope and a campus of our size and expense. Our reserves are relatively small for a church of our size and budget, and a forgivable loan allowing us to maintain our current reserves was viewed as a welcomed strategic resource.

-- Submitted by Nancy Culclasure, Church Clerk, May 23, 2020