

May 12, 2020

Dear Church Family,

As you know our staff both at our church and Mason County Christian School (MCCS) are highly valued and one of our most precious commodities. One of our goals through this pandemic is to support and maintain ALL of our staff. You have most likely heard as part of the economic response to the COVID-19 crisis, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Otherwise known as the Paycheck Protection Program. This program helps cover payroll for small business impacted by the ongoing pandemic, including churches or 501-C3 organizations.

Common sense dictates there are multiple unknowns with our economy in the coming months. In the past few weeks MCCS has experienced the following:

- Two families left MCCS due to unemployment
- Two current tuition reductions with more likely
- Inability to do a physical fund raising Auction which annually generates between \$25, 000 to \$35,000 support

This represents significant revenue needed to maintain the operations of MCCS. As this communication is being written we are aware of some local agencies cutting up to 30% of their budgets anticipating economic struggles in the 3rd & 4th quarter of 2020. Additionally, we've heard varying numbers regarding the percentage of small business that will have to shut their doors. All this to say...economic challenges which will have a ripple affect reaching into the months to come make this opportunity for payroll assistance a very real need.

First Baptist Church (FBC) elders authorized the application for the potential of this loan. On behalf of all employees at both MCCS & FBC, we've applied and have been tentatively approved for a loan of \$125,686. This amount represents last year's average monthly payroll multiplied by 2.5.

Under specific conditions, the loan is forgivable (i.e., not required to be paid back). FBC leadership's intention is to follow the specifics of how this loan may be forgiven which includes using the amount specifically for payroll and providing documentation for how the loan was processed. If any amount of the loan is not used within 8 weeks of receiving then it would accrue interest @ .1% and require repayment within 24 months. All monies used for payroll within the initial 8 weeks is eligible for forgiveness. If any monies were still available after 8 weeks we would return it.

We feel this is an opportunity to help protect staff and quite possibly be granted monies to do so. While most professionals agree this loan will be forgiven if used under the guidelines...our intent is to expect that it would be a loan.

Our church constitution requires a vote on any loan exceeding 2% of our annual budget or approximately \$14,000. While the loaning authorities under CARES Act indicate this is a forgivable monies, we intend to treat it as a loan until it is forgiven and want complete transparency with this church family. This will be up for vote along with our vote for annual budget which accompanies this communication. Therefore we will require 2/3rds of our votes to affirm this transaction.

If there are questions, please feel free to contact elders or pastors.

Blessings,
FBC Elders