

## **Financing Options for the Youth Center Renovations and Re-financing of Office Building Mortgage**

Virginia Methodist Foundation (as reported by Janie Russell): They are fine with the possibility of loaning us the \$250,000 plus the \$241,516.14 for the office building at 4%. Tommy Herndon asked if we wanted to make it \$500,000 as that is a nice even number. They are willing to do a ten-year loan, but Tommy said we might consider a 30 year. We can make monthly payments as if it were 10 years but if we get in a bind at any point, that will allow us some flexibility. We can pay as much extra as we want at any time. Their loan committee meets the 2nd Wednesday of each month so they would be able to consider it in August if we got an application in by then. (Since their July meeting is the night after our Finance meeting, that might be a little quick!).

Virginia Methodist Credit Union (as reported by Rich Banner): Rich spoke with Jim Eads, CEO, who also serves as the approver of loans. The amount I inquired about, between \$500,000 and \$600,000, would not be a problem. Jim said combining the amount for the renovations and the remaining principal on the office building is unusual given one purpose is non-commercial and the other commercial but should not be a significant impediment. Jim mentioned a 10-year term at 4.5% and a 15-year term with an interest rate that would re-set every five years during the term at the Treasury rate at the date of re-set plus 2.75%. Increases would be capped at 1.5%. The credit union does not include a prepayment penalty in their loans, so we could pay down or pay off the principal at any time without penalty. No appraisal would be required since this is not a residential loan.

Truist (formerly BB&T) (as reported by Pastor Abi): The mortgage on the office building has a remaining balance of \$241,516.14 with a maturity date of 11/05/2026 (about 5 years). Our monthly payment is \$4233.79 and has a variable interest rate that is currently 3.5%. This fluctuates based on the market, but I believe caps at 6.5%. When Abi called, Aldo Elguero from the BB&T lending department, he recommended a 4% fixed rate for a 10-year term, which translates to \$5,000 monthly payment. This would add 5 years to our current payment and about \$800 additional monies needed monthly. The requirements for the application are below. Timeline for the appraisal is most important note – he indicated we need to plan 6 weeks from start to finish (could be sooner, but this is a worst-case scenario to work back from for beginning construction).

Action taken: the Finance Committee decided by unanimous vote to seek financing, when it's needed, from the Virginia Methodist Foundation. The low interest, responsiveness, and willingness expressed by the Committee to do business with an organization related to our denomination were the main factors for the decision.

## **Finance Committee Update**

**Paycheck Protection Program:** The Church participated in 2<sup>nd</sup> round of the Paycheck Protection Program. The loan the Church received during the 2<sup>nd</sup> Round totaled \$197,530. The Small Business Administration accepted our application for forgiveness on August 24, 2021. The proceeds for the loan were used to pay salaries and wages of the Church and Sunbeam Children's Center.

**Employee Retention Credit:** In August, the Church submitted a claim to the Internal Revenue Service to recapture overpayment of payroll taxes. This was done as part of the Employee Retention Credit program. The claim submitted was for the fourth quarter of 2020 and totaled \$94,152. We have not received any notification regarding this claim since it was submitted. We received a check from the IRS on August 24<sup>th</sup> in the amount of \$18,936.30 as part of the ERC program.

**Operational Updates:** A check scanner and the related software was recently obtained through the efforts of Harry Elanko, Director of Finance. The Tellers use the scanner to process checks. The scanner and software improve efficiency, accuracy, and cash flow. A reminder of operational changes made since the beginning of 2021: moved the payroll processing to a third-party (ADP) who handles all payroll and related tax matters; moved the accounting system for the Church to QuickBooks Online allowing access to not only the Director of Finance but the Finance Committee Chair and Vice Chair; made a change with how online transactions are processed by Vanco which send funds directly to the three Church accounts;