



Small Business Grant Program - Round 2 (Small Businesses, Nonprofits & Startups)

Frequently Asked Questions (FAQs)

For more information, please visit us at <https://covid.sd.gov/smallbusiness-healthcare-grants.aspx>

Version 1.1

State of South Dakota

Updated as of 16 DEC 2020

Round 2 of the South Dakota Small Business Grant Program will be open to:

- Small Businesses and Non-Profits:
 - Applicants who applied in the first round (returning applicants), and
 - New applicants who have not previously applied
- Small Business Startup applicants who were determined to be eligible in the first round of applications (returning applicants) only.

All applicants will complete an application online via the South Dakota COVID-19 website at <https://covid.sd.gov/smallbusiness-healthcare-grants.aspx>.

If you are a returning applicant, please review Section 1 immediately below.

New applicants should refer to Section 2.

Section 1: For returning applicants:

What is different about Round 1 and Round 2?

- In this round, you will be applying based on year over year reduction in net income (considering any additional grant assistance) experienced between September and November 2020, as opposed to the March through August timeframe for the first round.
- Please do not register a new account on the application portal. You will apply for Round 2 through the system account of the same business representative who applied in the first round. By doing so, you will not be required to fill out the business or eligibility information that you completed in Round 1. The required information for Round 2 is described in the following Financial Information and Documentation sections.

What if I have not heard yet about the eligibility and or/award from my Round 1 application?

- The state is continuing to process Round 1 applications. These applications are still being handled as a priority. You may apply for Round 2 even if you have not heard back on your initial application. You should receive a message prior to 12/30/2020 indicating initial eligibility or ineligibility.

What if I don't receive payment prior to December 30, 2020 year end?

- Due to the addition of a second round of small business and nonprofit grants, the review process will take longer than anticipated. However, the state can still perform financial verification determine final award amounts in January 2021, and payments will continue to be distributed in the new year.

What if I was notified that I did not receive an award in the first round of applications? Should I still apply?

- Yes. There are several reasons that a business may not have received an award for the months of March to August but could still receive an award based for the months of September to November. Key reasons could be reduced year over year net income that exceed the 15% threshold in the September through November time period, seasonal businesses who did not experience substantial losses during March through August, and businesses who received financial aid prior to their first application that exceeded their reduction in net income in March through August.

What if I received an email from the first round stating that my business was not eligible?

- Any returning applicant can apply for this new round. However, certain factors that caused your business to be ineligible, such as exceeding the maximum program revenue, or not having a physical business presence in the state of South Dakota, would also cause you to be ineligible for this round.

The Application

Small Business and Non-profit applicants

1. Business & Financial Information

1a. What if the individual who created my Round 1 application is no longer with the company?

- Please contact the Call Center for assistance at 1-605-937-7243.

1b. What if I need to change business information, like business name, mailing address or bank account information?

- Please contact the Call Center for assistance at 1-605-937-7243.

1c. What financial information must be submitted?

- The applicant will enter Gross Revenue and Operating Expenses for the periods of September through November 2019 and September through November 2020.
- Revenue and expenses can be submitted on a cash or an accrual basis, depending on your business' accounting method.
 - Note: Certain adjustments may be made to your financial statements if they are provided on an accrual basis. Eligibility reviewers will contact you individually to discuss, if your application requires adjustment
- Principal payments for term debt during the months of September through November are also entered in separate fields for the September to November 2019 and 2020 time periods. Please do not include your entire debt payment, but only the principal portion.

1d. May an applicant submit estimated revenue and expense information?

- Applicants must submit actual revenue and expense information and supporting documentation. Estimated revenue or expenses will not be accepted.

1e. What should be included in and excluded from Gross Revenue?

- The program is looking for all revenue resulting from normal operations. The following types of non-operating revenues should not be included:
 - a) Gain on sales of assets or investments. Sales of assets may be included if the asset is your business product.
 - b) Unrealized gain/loss
 - c) Hedging gain/loss

- d) Federal, state and local grants for COVID assistance

1f. What do you define as Operating Expenses?

- The program, is looking for expenditures that would be expensed, as opposed to capitalized. The following types of non-operating expenses should not be included:
 - a) Depreciation
 - b) Amortization
 - c) Deferred taxes
 - d) Impairment Expense
 - e) Owner's draw

1g. How do I account for the Cost of Goods Sold?

- The Cost of Goods Sold (COGS) from your financial statements for both years should be aggregated with other expenses in the Operating Expense field.

1h. What Additional Assistance do I report?

- Please enter all federal, state or local grant aid received since your initial application in the Additional Assistance section. If you have applied but have not been notified of acceptance of any grant application, please do not include the estimated payment in the Additional Assistance section. If you have received a payment, or been notified that you will receive a payment, please include this amount.

2. Documentation

2a. What kind of documentation will I need to upload with my application?

- For businesses with greater than \$150,000 in 2019 full-year revenue, provide:
 - A detailed Profit/Loss Statement on a cash or accrual basis for September – November 2019 and
 - A detailed Profit/Loss Statement on a cash or accrual basis for September – November 2020
 - Both statements should be provided using the same accounting method, but the State is not requiring a applicants to submit using either a cash or accrual method

Small Business Startup applicants

3. Financial Information

3a. How will financial information be submitted?

- The applicant will enter Operating Expenses for the period of September through November 2020.
- The applicant will enter any federal, state or local grant assistance received since their first application.
- Expenses should be reported on a cash basis, i.e., inclusion of expenses will be based on when expenses were actually paid, not when they were incurred.
- Profit/Loss Statement on a cash basis for September through November 2020

3b. How is the program award calculated?

- The initial award is 20% of business expenses for September through November 2020
- Any grant assistance received since the initial application will be deducted to arrive at the final award amount, subject to the \$500,000 program award cap.

Section 2: For new applicants:

4. Program Eligibility

4a. Who qualifies to apply for the Small Business Grant Program?

- **Small Business**

- Eligible small businesses must meet the following criteria:
 - a) The business must be physically located in South Dakota;
 - b) The business must have experienced a reduction in year over year cash flow from operations (considering federal aid) of at least fifteen percent between September and November of 2019 and 2020;
 - c) The business' 2019 gross revenue does not exceed \$38.5 million; and
 - d) The business is in good standing with the State of South Dakota.

- **Small Business Nonprofit**

- Eligible small business nonprofits must meet the following criteria:
 - a) The business must be physically located in South Dakota;
 - b) The business must have Federal or South Dakota nonprofit status;
 - c) The business must have experienced a reduction in year over year cash flow from operations (considering federal aid) of at least fifteen percent between September and November of 2019 and 2020;
 - d) The business' 2019 gross revenue does not exceed \$38.5 million; and
 - e) The business is in good standing with the State of South Dakota.

4b. What if my organization has multiple subsidiaries with different business lines with separate Tax Identification Numbers (TINs)? Should the applicant apply at the parent organization level or the TIN level?

- Applications must be submitted by Tax Identification Number and not by a parent organization.
- If an eligible applicant has multiple businesses under a single TIN, then the applicant should apply under the business type that generates the entities' primary revenue.

4c. I receive distributions from a partnership or multi-owner LLC. Should I apply through the entity that receives the distribution of the gain/loss or the operating company that generates the loss/gain?

- Please apply through the TIN and provide the financial information for the operating business that generates the investment gain or loss. Applying as the recipient of the distribution creates the risk of duplicate benefit for the same business losses, which is not permitted.

4d. How do you know what program to apply for when you are a Small Business and also a Small Business Nonprofit, or do you submit two applications?

- For each unique Tax Identification Number, you may submit an application. For a specific At the TIN level, you would apply to either the Small Business or Non-profit program based on business registration.

4e. How would you recommend an accounting firm to handle submitting grant applications for clients?

- Yes, please upload a POA as an additional file to substantiate that the firm is authorized to apply on behalf of the business owner.

4f. If my business does not meet the >15% cash flow reduction requirement, is there any benefit to me applying? Is there a chance the threshold will be reduced if all the funds are not used?

- Yes, if the program is not fully subscribed after the application period closes, the state reserves the right to look at otherwise eligible applicants that did not pass the 15% threshold.
 - **NOTE: Small Business and Nonprofit grants only require a 15% reduction of business for eligibility; this is not applicable to Startup grants**

4g. Are there any specific guidelines for churches outside of nonprofit eligibility?

- There are no specific guidelines for churches beyond eligibility associated with the non-profit program.

4h. If the business has a local physical office in South Dakota, but tied to a national organization, how does it apply?

- If the business has a physical location in the state of South Dakota, and separate financials are supplied for those location(s) in South Dakota, an application could be eligible. If the local location does not have a separate TIN, or does not file taxes separately, please provide the tax return for the national organization.

5. Award Determination

5a. What is the minimum and maximum award per business type?

- **Small Business**
 - Maximum Award: \$500,000 per eligible business entity, Minimum \$500
- **Small Business Nonprofit**
 - Maximum Award: \$500,000 per eligible business entity, Minimum \$500

5b. How is the grant amount to be determined?

- Grant amounts will be based upon the “reduction in business” that is calculated by the following formula:



- 2019 Cash Flow from Operations i.e. 2019 Net Operating Income is Gross Revenue, minus Operating Expenses, for September through November 2019;
- 2020 Cash Flow from Operations i.e. 2020 Net Operating Income is Gross Revenue, minus Operating Expenses, for September through November 2020;
 - Examples of COVID-19 Grant Aid:
 - Economic Injury Disaster Recovery (EIDL) Advance Grant
 - SBA Loan Debt Forgiveness
 - Coronavirus Food Assistance Program (CFAP)
 - Paycheck Protection Program (PPP)
 - Under guidance issued by the US Treasury Department, the State of South Dakota is required to assume that PPP loans will be forgiven. The grant calculation will include the full amount of the PPP loan, less the business’ EIDL Advance Grant, if applicable, as a grant.
- If the Reduction in Business calculated is more than 15% of your 2019 Net Operating Income, you are eligible for an award.
- Once all applications are received, grant awards shall be based on a pro-rata share of available funds
 - The pro-rata percentage will be determined according to the subscription level of the program (dollar value of approved/eligible applications vs. total dollar value of the program).

6. Application

6a. What kind of information do I need for the application?

- Basic business information (e.g., legal name, TIN). If you are a sole proprietor, please use your name. If you have an Employer Identification Number (EIN), please use the same business name you used in your EIN application to the IRS.
- Bank account information for electronic payment of funds
- Revenue, cash expenses, and term debt principal payments, including backup, from September to November of 2019 and 2020 as well as amounts of other COVID grant funding received;
- Self-certifications:
 - Financial information submitted is accurate;
 - Business is a going concern and in good standing;
 - Federal awards received;
 - Reduction in business is related to COVID; and
 - Mailing address or direct deposit banking information.

6b. Would an LLC taxed as an S-Corp be an LLC type of entity or an S-Corp?

- Please select the type of organization based on your how you are registered as a business with the state and your established articles of incorporation.

6c. If I own more than one business, can I apply for each business?

- Yes, if an eligible applicant owns and operates more than one eligible business with separate TINs, then an applicant may submit an application for each TIN. If an eligible applicant operates multiple eligible businesses under one TIN, then the applicant should apply under the business type that generates its primary revenue.
- Organizations that conduct business in locations both in and out of South Dakota under a single TIN, should submit one application at the TIN level and provide financial information for only South Dakota locations, but provide the tax return for the TIN.
- Sole proprietors with multiple businesses doing business as (DBA) under their Social Security Number (SSN) must submit all income sources under a single application.
- **NOTE:** You are required to create a new username for **EACH** unique Tax ID Number (TIN)/business entity
 - Multiple usernames can be created under a single email address and all correspondence will flow through that single email
 - The username must follow an email address format (____@____.com).
 - For businesses with only 1 TIN/application, the preferred option is to use your email address as your username

6d. Is it possible to delete an item that you selected instead of what you wanted?

- If you have not submitted the application, you can edit sections within the application. Once you have submitted, you will need to contact the Call Center (details listed in Additional Support) to remediate.

6e. How do you bypass the Ownership section on the Nonprofit application?

- The ownership section is not required once Nonprofit status is selected.

6f. Is the government-issued ID for the person signing the application or the contact person listed on the application?

- The government issued ID is requested for the signatory.

6g. What is the 1099-Status?

- The 1099 is a document sent to organizations that have received income from another organization. The options are Exempt (Corporations), which means you do not need to receive a 1099 statement from the State, or Non-Exempt (Sole Proprietor, LLC, Non-Profit, LLP), which means you must receive a 1099.

6h. Under Ownership, who should I include if my business is shareholder owned?

- Please make a single entry for each entity or individual owner with 20% or more ownership of the business. Also make an entry for “Shareholders” and enter the aggregate ownership percentage of this group. Upload a separate document listing all other entity or individual owners.
- You are only required to disclose the direct owners of the business applying for assistance. For example, Entity A owns 80% of Business Z, while John Smith owns 20%. You must disclose that both Entity A and John Smith are owners of Business Z. You do not need to disclose the individual partners, shareholders, or members of Entity A.
- The ownership information you supply are exempt from disclosure under South Dakota’s public records laws.

6i. What is the DUNS number? Is this something many applicants can skip?

- Data Universal Numbering System (DUNS), many organizations will not have a DUNS Number, which is why it is not required in the application.

7. Financial Information

7a. How will financial information be submitted?

- The applicant will enter Gross Revenue and Operating Expenses for the periods of September through November 2019 and September through November 2020.
- Revenue and expenses can be submitted on a cash or an accrual basis, depending on your business’ account method.
- Principal payments for term debt during the months of September through November are entered in separate fields for the 2019 and 2020.

7b. May an applicant submit estimated revenue and expense information?

- Applicants must submit actual revenue and expense information and supporting documentation. Estimated revenue or expenses will not be accepted.

7c. What should be included in and excluded from Gross Revenue?

- The program is looking for all revenue resulting from normal operations. The following types of non-operating revenues should not be included:
 - a. Gain on sales of assets or investments. Sales of assets may be included if the asset is your business product.
 - b. Unrealized gain/loss
 - c. Hedging gain/loss
 - d. Federal, state and local grants for COVID assistance

7d. What do you define as Operating Expenses?

- The program, is looking for expenditures that would be expensed, as opposed to capitalized. The following types of non-operating expenses should not be included:
 - e. Depreciation
 - f. Amortization
 - g. Deferred taxes
 - h. Impairment Expense
 - i. Owner’s draw

7e. How do I account for the Cost of Goods Sold?

- The Cost of Goods Sold (COGS) from your financial statements for both years should be aggregated with other expenses in the Operating Expense field.

7f. What Additional Assistance do I report?

- Please enter all federal, state or local grant aid received since your initial application in the Additional Assistance section. If you have applied but have not been notified of acceptance of any grant application, please do not include the estimated payment in the Additional Assistance section. If you have received a payment, or been notified that you will receive a payment, please include this amount.

8. Documentation

8a. What kind of documentation will I need to upload with my application?

- **Small Business**
 - W-9
 - Government-issued ID
 - South Dakota Secretary of State Registration or Certificate of Good Standing (not required for sole proprietors).
 - If you are not a sole proprietor and are unable to supply a Certificate of Good Standing, please provide your Articles of Incorporation or Organization
 - If you are unable
 - For sole proprietors, South Dakota Department of Revenue Sales Tax or Contractor Excise Tax License (unless business is exempted from sales tax e.g. farming and real estate rental businesses)
 - 2019 Federal tax return
 - 2018 Federal tax return will be accepted if your fiscal year ends on September 30
 - For businesses whose 2019 full year revenue exceeds \$150,000
 - Detailed Profit/Loss Statement for September through November 2019 and September through November 2020
- **Small Business Nonprofit**
 - W-9
 - Government-issued ID
 - South Dakota Secretary of State Registration or Certificate of Good Standing
 - 2019 Federal tax return (990 or 990N)
 - 2018 Federal tax return will be accepted if your fiscal year ends on September 30
 - For businesses whose 2019 full year revenue exceeds \$150,000
 - Detailed Profit/Loss Statement for September through November 2019 and September through November 2020
 - IRS determination letter, or the Secretary of State certification of non-profit status

8b. File naming conventions

- Please upload files with names that describe the type of document, such as “Driver License” or “Profit and Loss September - December 2019”. If you upload a scanned document that contains multiple documents, please identify each type of document in the name of the file.

8c. What am I required to provide to prove that I am in “Good Standing” with the State of South Dakota?

- Applicants can provide a Certificate of Good Standing from the South Dakota Secretary of State by following these steps:
 - Navigate to the South Dakota Secretary of State, Business Services Online, Certificates of Good Standing:
 - <https://sosenterprise.sd.gov/BusinessServices/Business/CertOfExistenceInstr.aspx>
 - Search by Verification Number or click the link for “Search Tool” to search by business name
 - Click on your business name
 - Click the “Printer Friendly Version” to save the record as a PDF
 - Upload the PDF with your application

OFFICE OF THE SECRETARY OF STATE
STEVEN J. BARNETT, SECRETARY OF STATE
JASON LUTZ, DEPUTY SECRETARY OF STATE

Filing Information

Name: [REDACTED]

General Information

SOS Business ID: [REDACTED]

Filing Type: Limited Liability Company - Domestic

Status: **Good Standing**

Duration Term: Perpetual

Managed By: Manager-Managed

Registered Agent Address: [REDACTED] Principal Address: [REDACTED]

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
12/18/2019	2020 Annual Report	[REDACTED]
01/28/2019	2019 Annual Report	[REDACTED]
12/29/2017	2018 Annual Report	[REDACTED]
02/28/2017	2017 Annual Report	[REDACTED]
04/13/2016	2016 Annual Report	[REDACTED]
03/10/2015	2015 Annual Report	[REDACTED]
02/27/2014	2014 Annual Report	[REDACTED]
02/25/2013	2013 Annual Report	[REDACTED]
02/22/2012	Initial Filing	[REDACTED]

9. Award Process

9a. What is the award process?

- Applications will be reviewed after they have been determined to be complete. In order to be deemed complete, the application must be submitted through the application portal with all requested documentation. As part of the registration process, the applicant will be provided with log-in credentials. The applicant may re-enter the application portal to access the application in order to complete the application and track its status once submitted.
 - **IMPORTANT NOTE:** Once you have submitted an application, do not click on the Healthcare or Small Business links, as this will return you to the new application screen. Instead, click on the “Applications” button in the top menu.
- Applicant will sign grant agreement.
- Applicant will receive a notification from the State indicating preliminary eligibility prior to December 30
- Applicant will receive a notification from the State indicating final eligibility and eligibility award amount (if any) either in December 2020 or January 2021
- Payments will be issued to qualifying grant recipients.

9b. Can I review the grant agreement before completing the application?

- The grant agreement will be sent to your email address after you complete the application, and your application will not be considered complete until you have signed and returned it.

9d. Are applicants required to sign a grant agreement before they even know if they qualify or have all the info needed in their applications? Should we assume the amount in the agreement is blank at this time?

- Yes, the standard agreement is completed prior to the award, and thus does not contain a specific award amount. This was done to streamline the process for applicants.

9e. If you started multiple applications under one user, how can you delete the wrong applications?

- Please contact the Call Center to resolve this issue.

9f. Is there a way to print the application at the end before submitting?

- You cannot print the application until it has been submitted through the system.

9g. If you get a grant, does it have to be spent by December 31st, 2020? And do you have to show what it was used for?

- No, there is no additional reporting, and payments are considered spent once they are disbursed to the applicant.

9h. Will the COVID-19 Relief Fund grant money be taxed?

- The grant will not be taxed as an income tax, but it will be taxed as a Federal tax

9j. How will I receive information regarding my application once it is submitted?

- Information regarding the application will be sent to the email address registered by the applicant. Applicants should ensure their email filter is not directing to a junk file or spam folder, and Applicants should regularly review their spam/junk folders to make sure they do not miss an email regarding their application.

9k. Do businesses have the option to only accept a partial award payment?

- No, you will receive the amount that you qualify for based on the program’s grant and pro rata calculation.

10. Additional Support

10a. How can my business obtain assistance for the application process?

- There will be an initial educational webinar and question session scheduled shortly after the opening of the application period. Details will be posted at <https://covid.sd.gov/smallbusiness-healthcare-grants.aspx>.
- A call center has been established and will be operational beginning on December 14, 2020 at 1-605-937-7243. The call center operates from 8AM – 5PM central time
- Contact support via email:
 - Small Business: COVID.BIZGRANTS@state.sd.us
 - Healthcare: COVID.HEALTHCAREGRANTS@state.sd.us

10b. Where can I find additional information on the program?

- <https://covid.sd.gov/smallbusiness-healthcare-grants.aspx>

FAQ Change Log

Version #	Revision Date	Change Location	Description of Change
1.0.0	14 DEC 2020	N/A	Initial FAQ development
1.1.0	16 DEC 2020	FAQ 9b	Modified wording in FAQ9b for relevance to Round 2
		FAQ 9c	Removed FAQ 9c