

Small Business Grant Program (Small Businesses, Nonprofits, & Startups)

Frequently Asked Questions (FAQs)

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

Version 1.8.1

NOTICE: The application deadline has been extended to 30 October 2020

State of South Dakota

Updated as of 28 OCT 2020

1. Program Eligibility

1a. Who qualifies to apply for 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 March and August of 2019 and 2020;
 - c) The business' 2019 gross revenues do 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 March and August of 2019 and 2020;
 - d) The business' 2019 gross revenues do not exceed \$38.5 million; and
 - e) The business is in good standing with the State of South Dakota.

- **Small Business Startup**

- Eligible small business startups must meet the following criteria:
 - a) The business must be physically located in South Dakota;
 - b) Registered with the Secretary of State or Department of Revenue between September 1, 2019 and June 1, 2020;
 - c) Have a net loss in 3 of the 6 months between March 2020 and August 2020 or average monthly income between March 2020 and August 2020 less than 120% of average monthly income prior to March 1, 2020.

1b. 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 TIN and not by a parent organization at the system level.
- 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.

- 1c. We have a social enterprise through our nonprofits that we would like to apply for the relief fund. Would we apply as a nonprofit or as a small business?**
- If the social enterprise is under the TIN of the nonprofit, apply as a nonprofit. If it is a separate TIN, and not a nonprofit, please apply as a small business.
- 1d. 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.
- 1e. 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 ID Number, you may submit an application. At the TIN level, you would apply to either Small Business or Non-profit based on whether the business is registered as a non-profit.
- 1f. How would you recommend an accounting firm to handle submitting grant applications for clients? Will there need to be some kind of Power of Attorney (POA) or authorization from each client?**
- In this case, we would want substantiation that the firm is authorized to apply on behalf of the business owner. Please submit the POA as an additional uploaded file.
- 1g. 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**
- 1h. We have clients that are property owners. They file their activity on a Schedule E on their tax return. They aren't technically Sole Proprietors, but they have had an economic impact with rentals being down. Are they able to apply just like a sole proprietor would?**
- Property owners are eligible applicants for the Small Business program.
- 1i. We cut two staff and stopped all marketing expenses in order to pay bills. How do we account for that in getting to our 15% reduction? Had we kept our staff and our marketing budget in place we would easily reach the 15% reduction.**
- The resolution requires that we calculate the potential award based on the reduction in business between 2020 and 2019, and that is exceed 15% of 2019 net income. Only revenues received and expenses incurred on a cash basis can be considered.
 - **NOTE: Small Business and Nonprofit grants only require a 15% reduction of business for eligibility; this is not applicable to Startup grants**
- 1j. I was under the understanding that farming (Schedule F) was not eligible for this grant. I just want to clarify that they do qualify and should submit an application.**
- Yes, farming does fall under this program and is eligible to apply. All applicants must certify that the reduction in business is related to impact from COVID 19.
- 1k. 51%+ ownership by a socially or economically disadvantaged individual? Who falls under this category?**
- The SBA defines socially disadvantaged groups as those who have been, historically, subjected to “racial or ethnic prejudice or cultural bias” within the larger American culture. Identified groups include: African Americans, Asian Pacific Americans, Hispanic Americans, Native Americans and Subcontinent Asian Americans. Members of other groups may qualify if they can satisfactorily demonstrate that they meet established criteria.
- 1l. Would a Schedule F farmer that does not have a separately established legal entity qualify for the Small Business Grant?**

- Yes, a schedule F farmer would be eligible. Applicants must also certify that their reduction in business is related to an impact from COVID 19.
- 1m. The client set up an LLC in [Non-SD state], but they do all of their business in SD. Would this be enough to qualify for the grant?**
- The client’s business must be physically located in South Dakota.
- 1n. 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.
- 1o. We operate a Small Business Nonprofit. We have a local physical office here in South Dakota, but we are tied to a national ministry. We have access to all our local financials, but our EIN # is tied to our National Office and we don’t receive a localized tax return. Will this prevent us from qualifying or are there ways we can work through that together?**
- If the business has physical location in the state of South Dakota, and separate financials are maintained for location(s) in South Dakota, an application could be submitted and deemed eligible. Please provide the tax returns for your EIN number.

2. Program Funding

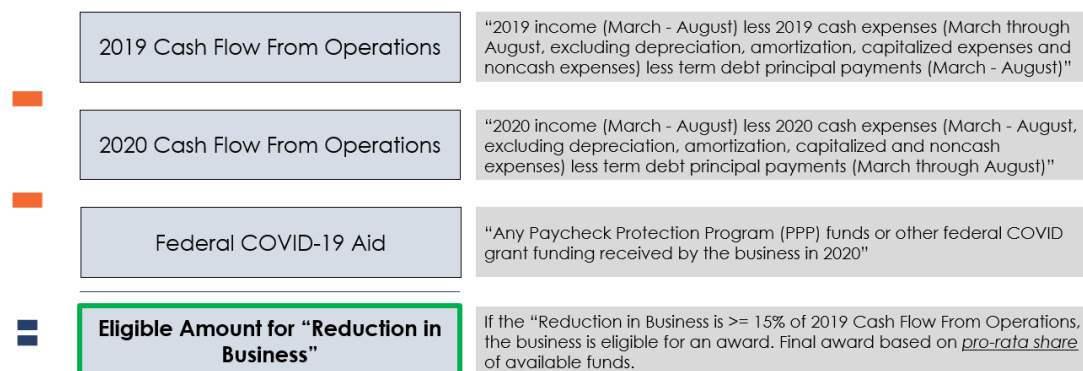
2a. What are the total funds available per business type?

- The Small Business Grant Program has the following fund allocations:
 - *Small Business:* \$400,000,000
 - *Nonprofit:* \$40,000,000
 - *Startup:* \$10,000,000

Businesses that qualify are eligible to receive a percentage of their “reduction in business” based upon available funds and according to the pro-rata percentage determined once the application period is closed.

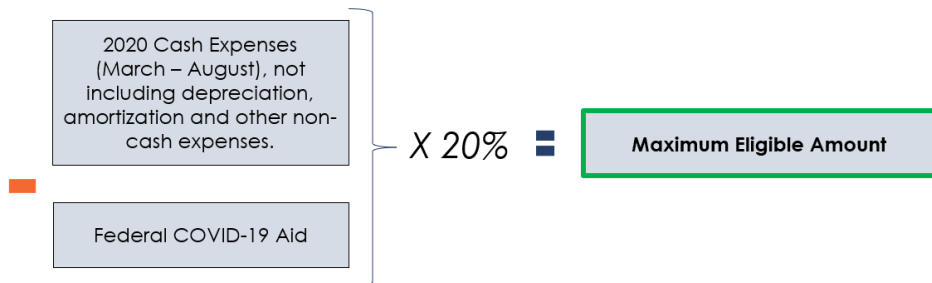
2b. How is the grant amount to be determined?

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



- 2019 Cash Flow from Operations less “2020 Cash Flow from Operations” plus (offset by) Federal COVID-19 Aid equals “reduction in business”, where:
 - 2019 Net is gross revenue, minus gross expenses, for March through September 2019;
 - 2020 Net is gross revenue, minus gross expenses, for March through September 2020;
 - Examples of Federal COVID-19 Aid:
 - Paycheck Protection Program (PPP)
 - Economic Injury Disaster Recovery Loan (EIDL)
 - SBA Express Bridge Loans

- SBA Debt Relief
 - Economic Injury Disaster Recovery Loan
 - Coronavirus Food Assistance Program (CFAP)
- If the reduction in business 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).
- **Small Business Startup**
 - Potential award is 20% of cash expenses during the period of March-August 2020. Eligibility is made by determining whether the startup has negative cash flows in 3 out of those 6 months, or increased sales by less than 20% in those six months over the prior period.



- *Increase in average monthly income:*
 - Average monthly gross revenue from September 1, 2020 to February 29, 2020 divided by (/) Average monthly gross revenue March 1, 2020 to August 31, 2020
 - Determine the number of months between Mar-Aug 2020 with a net loss (cash basis), defined as gross revenues and gross expenses.
 - Examples of Federal COVID-19 Aid:
 - Paycheck Protection Program (PPP)
 - Economic Injury Disaster Recovery Loan (EIDL)
 - SBA Express Bridge Loans
 - SBA Debt Relief
 - If you have had three or more months with a net loss is 3 or more, or the increase in average monthly gross revenue is less than or equal to 20%, you are eligible.
- 2c. We have several clients that are dentists, eye clinics, etc. They are concerned that the time period provided for cash flow is not going to reflect their economic burden. For example, they were shut down in March, April, & May. They received some cash flow for bills paid during their closure time. They reopened in June, have billed for services, but have not collected due to hardship on their customers. How will they receive aid?**
- The program award will be based on cash flow, in this case actual cash received from customers, not on the accrual basis of when invoicing was performed.

3. Application

3a. What kind of information do I need for the application?

- Basic business information (e.g., legal name, TIN);
- Income, cash expenses, and term debt principal payments, including backup, from March to August of 2019 and 2020 as well as records of other Federal 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.

3b. What kind of documentation will I need to upload with my application?

● **Small Business**

- Secretary of State Registration as a domestic or foreign company
- W-9
- Point of contact information (phone, email, physical address)
- Business TIN (or EIN, if applicable)
 - One submission per TIN (Tax ID Number) i.e. Employer Identification Number or SSN*
- Bank account information for electronic payment of funds
- Government-issued ID
- Articles of incorporation or organization, if applicable
- Certificate of Good Standing from South Dakota Secretary of State (more details in 3c)
 - Not required for Sole Proprietorships
- For businesses with greater than \$150,000 in 2019 revenue, provide your 2019 tax return and a detailed Profit/Loss Statement on a cash basis (see details in grant calculation) for March – August 2019 and March - August 2020
- For businesses with less than \$150,000 in 2019 revenue, provide your 2019 tax returns and 2020 income and expenses on a cash basis (See details in grant calculation) for March – August 2020

● **Small Business Nonprofit**

- Secretary of State Registration as a domestic or foreign company
- W-9
- Point of contact information (phone, email, physical address)
- Business TIN (or EIN, if applicable)
 - One submission per TIN (Tax ID Number) i.e. Employer Identification Number or SSN*
- Bank account information for electronic payment of funds
- Government-issued ID
- Certificate of Good Standing from South Dakota Secretary of State (more details in 3c)
 - Not required for Sole Proprietorships
- For businesses with greater than \$150,000 in 2019 revenue, provide your 2019 tax return and a detailed Profit/Loss Statement on a cash basis (see details in grant calculation) for March – August 2019 and March - August 2020
- For businesses with less than \$150,000 in 2019 revenue, provide your 2019 tax returns and 2020 income and expenses on a cash basis (See details in grant calculation) for March – August 2020
- **IRS letter confirming non-profit status, or the Secretary of State certification of non-profit status**
- **First page of your 990 filing from 2019**

● **Small Business Startup**

- Secretary of State Registration as a domestic or foreign company
- W-9
- Point of contact information (phone, email, physical address)
- Business TIN (or EIN, if applicable)
 - One submission per TIN (Tax ID Number) i.e. Employer Identification Number or SSN*
- Bank account information for electronic payment of funds
- Government-issued ID
- Articles of incorporation or organization, if applicable
- Certificate of Good Standing from South Dakota Secretary of State (more details in 3c)
 - Not required for Sole Proprietorships
- For businesses with greater than \$150,000 in 2019 revenue, provide your 2019 tax return and a detailed monthly Profit/Loss Statement on a cash basis (see details in grant calculations) for the periods of both September 2019 – February 2020 and March – August 2020

- For businesses with less than \$150,000 in 2019 revenue, provide your 2019 tax returns and a monthly Profit/Loss statement on a cash basis (see details in grant calculations) for March – August 2020)
- **Small Business Startup Calculation Worksheet (available at https://covid.sd.gov/docs/SouthDakota_Small%20Business-StartupCalculation%20Form.xlsx)**

3c. 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

The screenshot displays the 'Filing Information' page for a business. At the top, it features the South Dakota state seal and the text: 'OFFICE OF THE SECRETARY OF STATE', 'STEVEN J. BARNETT, SECRETARY OF STATE', and 'JASON LUTZ, DEPUTY SECRETARY OF STATE'. Below this is the 'Filing Information' section, which includes a 'Name' field, a 'General Information' section with 'SOS Business ID', 'Filing Type' (Limited Liability Company - Domestic), 'Status' (Good Standing, highlighted with a red box), 'Duration Term' (Perpetual), and 'Managed By' (Manager-Managed). There are also fields for 'Registered Agent Address' and 'Principal Address'. At the bottom, a table lists documents filed in the office, including annual reports from 2012 to 2020 and an initial filing.

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

3d. Where and how will my organization apply?

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

3e. 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 multiple locations, including in and out of South Dakota, should submit one application at the TIN level and upload both TIN level and South Dakota based financial information.
- **NOTE:** 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

3f. 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.

3g. Question #5 on the Nonprofit application asks for bank statements; is that for all six months for both years?

- For financial data, we are looking for Profit and Loss (Income) Statements for March-August 2019, and March-August 2020; bank statements are not applicable.

3h. How do you bypass the Ownership section on the Nonprofit application?

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

3i. 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, so that we have some level of assurance that the applicant is a real person with some connection to the business that is applying.

3j. Should I include federal grants or loans for COVID-19 in my gross revenue?

- No. Federal grants or loans for COVID-19 should not be included in revenue and should instead be entered in the "Additional Assistance Information" section of the application. Grants will impact the award calculation and loans will not. However, the State is still asking for disclosure of federal COVID-19 loans.

3k. If you have applied for a federal grant/employee retention tax credit, but have not received it, should you still list it?

- If you have not received the tax credit, it will not reduce your award. However, please provide this information for the state's benefit.

3l. 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.

3m. What is the 1099-Status?

- The 1099 is a document sent to businesses that have received income from another organization. The options are Exempt (Corps), 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 need to receive a 1099 from the State.

3n. Under Ownership, who should I include if my business is shareholder owned?

- Please enter ownership information that adds up to 100% ownership. Please make a single entry for each entity or individual owner with 20% or more ownership of the business. On a separate document, list all other entity or individual owners with less than 20% ownership along with their respective percentage ownership interest. This document should be uploaded as part of your application.

You are only required to disclose the direct owners of the business applying for assistance. You are not required to disclose indirect owners of the business. 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 business's ownership information and percentages you supply are exempt from disclosure under South Dakota's public records laws.

3o. What processes does your back office do when an application is submitted? How long is that process?

- All applications will be reviewed for completeness and to determine eligibility. Once all applications have been reviewed, the State will determine if pro-ration is required for the program, make notifications to applicants and disburse payments. All payments must be disbursed by December 30, 2020.

3p. 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.

- 3q. If you started multiple applications under one user, how can you delete the wrong applications?**
- Please contact the Call Center to resolve this issue.
- 3r. What type of document is needed to show the latest Certificate of Nonprofit Status? Is that the same as the Certificate of Good Standing listed in required documents?**
- The clearest form of documentation is the determination letter from the IRS.
- 3s. 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.
- 3t. I show the PPP money as income on my financial statements. Do I list this as income on my application under the Funding and Eligibility section? Then list it again under the Additional Assistance Information?**
- Please provide federal aid, including PPP loans, in the Additional Assistance section. Do not include any federal aid received in your revenue numbers in Funding and Eligibility.
 - Under guidance issued by the US Treasury Department, which made the Coronavirus Relief Funds available to South Dakota for these grant programs, Applicants must list the entire amount of any PPP loan received. Under the US Treasury Guidance, South Dakota is required to assume that PPP loans will be forgiven and, therefore, the full amount of the PPP loan must be used in calculating the Applicant's Reduction in Business when determining any grant amount determined by the State of South Dakota.
- 3u. We are a Nonprofit only filing a 990 postcard. What do we use for income statements?**
- Yes, if you file the 990 postcard version as your federal tax return, then that is what you would provide in your application.
- 3v. Regarding the government-issued ID - is it ok if the driver's license shows as expired? Due to COVID, the state extended the due date to renew for a year.**
- Yes, that is acceptable.
- 3w. EIDL Loan Proceeds - If I received the employee grant of \$1,000 per employee and also a loan proceeds, do I combine the loan and grant under the EIDL grant box on the application?**
- If you have received both an EIDL grant and EIDL Loan, do not combine them in a single number. Please enter one in the EIDL field provided, and the other in the Other field, with a description.
- 3x. Where do you get the copy of the Certificate of Good Standing from Secretary of State if you are a farmer?**
- If you are a sole proprietor, this is not a required document. Please check the appropriate box, but do not supply the document.
- 3y. For farmers, sole proprietorship, it looks like all the required documents will be disregarded except the 2019 taxes and government-issued ID (driver's license). Am I correct on this?**
- For sole proprietors, we will require 2019 taxes, a government issued ID, and 2020 revenues and expenses. However, please check all the document boxes.
- 3z. We have a C-Corp with 90+ stakeholders, with no single person over 5% of the total shares; does everyone need to be included?**
- You only need to include enough people to match the 100% total. Please include the largest two owners, and then include a Shareholder owner for the remainder, and attach a list of the other shareholders.
- 3aa. Can I review the grant agreement before completing the application?**
- This week, the grant agreement will be sent to you after you complete the application, and your application will not be considered complete until you have signed and returned it. Next week, applicants will see the grant agreement as a step prior to submitting the application.
- 3bb. It is required to upload articles of incorporation or organization, but I don't have one as I'm a sole proprietor. The same with a Certification of Good Standing from SoS but again I don't have one, as I don't need one. Do I upload a sheet of paper stating that?**
- We understand that sole proprietors do not have to register with the Secretary of State or develop Articles of Incorporation. Those documents are not expected for sole proprietors.
- 3cc. For the Schedule C, do I upload the one from my 2019 tax return?**
- To support the financial reporting requirements for 2019, yes, you would upload the Schedule C from your 2019 tax return.

3dd. What does “government-issued ID” refer to?

- Any government-issued photo identification, such as a driver’s license or passport.

3ee. Do you need a government-issued ID from each owner or just the applicant?

- Only the application signatory needs to present their government-issued ID.

3ff. Is it correct that nonprofits do not have to list any names on ownership form?

- Nonprofits are not required to provide a list of names for ownership.

3gg. Is a copy of the Sales Tax License required or is the State registration copy enough?

- The State registration copy is enough to apply for the grant.

3hh. Can I submit my application using Accrual or Cash accounting?

- Yes, you can use either Cash or Accrual accounting to submit your application. Per question 3ii, applications submitted on an Accrual basis will be reviewed for potential adjustments.

3ii. I submitted my application using financials on an accrual basis. Do I need to make any adjustments to my application? If so, how do I go about making adjustments?

- All applications that were submitted using financials on an accrual basis will be reviewed. The resolution that established the Small Business and Non-profit programs identified certain expense categories that should not be included in the grant calculation. In alignment with this, certain non-cash expenses such as depreciation, amortization, and capitalized expenses will be deducted from your eligible award amount. Eligibility reviewers will contact applicants whose financial statements required adjustment in order to review and explain any adjustments that have been made.

In order to minimize review time, the State encourages applicants to submit all financials on a cash basis, but accrual-based financials will be accepted and modified.

4. Financial Information

4a. How will financial information be submitted?

- Copies of financial information will be submitted electronically as part of the application. Financial information for revenue and expenses for the periods of March through September 2019 and 2020 will be uploaded as part of the application process. Applicants are requested to submit the revenue and expense information in the form of a Profit & Loss (Income) Statement.
 - For businesses with less than \$150,000 in 2019 revenue, a Profit & Loss (Income) Statement is not required; instead, provide your 2019 tax returns and 2020 income and expenses on a cash basis (See details in grant calculation) for March – August 2020.

4b. Must actual revenues and expenses be submitted, or may an applicant submit estimated revenue and expense information?

- Applicants must submit actual revenue and expense information, including for the period of March through August 2020. In designing the small business grant program, the State incorporated stakeholder feedback that requested relief considering revenue and expenses through September. Documentation requirements have been relaxed for businesses with less than \$150,000 2019 gross revenue.

4c. How are “gross revenues” and “gross expenses” defined?

- Gross revenue and gross expenses are defined consistently with customary accounting standards and should be submitted in the form of a Profit & Loss (Income) Statement. Per generally accepted accounting principles (GAAP), businesses are responsible for reporting their Profit & Loss (Income) Statements, summarizing their revenues, costs, and expenses during a specified time.

4d. Where does the principal payment on term debt get entered?

- Please include principal payments for term debt in your cash expenses for 2019 or 2020.

4e. Do inventory purchases in 2019/2020 count as cash flow from operating activities? This is referring to raw materials. Typically, you expense via Cost of Goods Sold when the inventory is used, not purchased. If someone bought substantial inventory with Cash in either of those periods, it may skew the numbers (same as if a business made a large capital expenditure).

- The State is looking for information on a cash basis. Expenses should be included based on the date that cash was disbursed.
- 4f. If your business is normally accrual basis, do you need to convert to cash basis for this grant?**
- Yes, the data requested for both 2019 and 2020 is on a cash basis.
- 4g. Since our fiscal year is the same as the Federal fiscal year (October 1 thru Sept. 30), we have not done our 2019 (which is October 1, 2019 – Sept 30, 2020) tax return. Am I correct that our previous one will suffice?**
- Yes, if your fiscal year ends on September 30, 2020, please submit your 2018 tax return, as the state realizes that your 2019 return would not yet be prepared.
- 4h. If your Startup was established in February 2020, you did not have enough funds to cover all the bills/expenses in March & April, and those bills were paid as late as June, will these bills be counted as expense for cash flow for March & April or when they were paid? For example, if my cable/phone bill for the month of March was paid in June, which month's cash flow expense will it be counted in?**
- Expenses should be reported on a cash basis, i.e., on when expenses were actually paid, not when they were incurred.
- 4i. For the Startup, which was started in 2020, do we just need to provide cash flow and Profit & Loss (Income) Statements for just the three negative months or for all six months between March to August?**
- Please provide revenue and expenses for all 6 months between March and August 2020.
- 4j. If PPP currently is not forgiven, is it included in the calculation? Regarding the EIDL grant of \$1000 per employee, it may not be forgiven as when you request forgiveness on the PPP loan you have to reduce the PPP amount by the EIDL grant and then the EIDL grant will be set up as a loan and will not be forgiven.**
- Please enter all federal aid received as a separate entry in the Additional Assistance section. Do not include federal aid in your revenue numbers in the Funding and Eligibility section. Grants will reduce the amount of your eligible award.
 - Under guidance issued by the US Treasury Department, which made the Coronavirus Relief Funds available to South Dakota for these grant programs, Applicants must list the entire amount of any PPP loan received. Under the US Treasury Guidance, South Dakota is required to assume that PPP loans will be forgiven and, therefore, the full amount of the PPP loan must be used in calculating the Applicant's Reduction in Business when determining any grant amount determined by the State of South Dakota.
- 4k. With the under \$50,000 automatic forgiveness on PPP loans, if the loan is under that amount should it be included in revenue. Lenders have said that they are not seeing forgiveness applications being processed.**
- No federal aid should be included in your revenue numbers. Federal aid will be factored in based on data entered in the Additional Assistance section.
- 4l. How are the items purchased for resale treated?**
- Item purchased for resale would be recognized based on when cash was expended to purchase them.
- 4m. If revenue is currently higher than prior years due to a timing difference, i.e., business received payment sooner than normal, would this impact the eligibility or amount of grant even if the business's income overall for the year will be lower?**
- Revenue for both periods in 2019 and 2020 is based on receipt of payment. We must base all awards on revenues and expenses that fall within the timing, on a cash basis, identified for the program.
- 4n. We have several line items on our P&L that are restricted and that do not go toward operations but they skew our bottom line in 2020 to appear that we have money in the bank. Should I just calculate the income that is applicable to operations and wait to see if questions come back? Or is there a way to communicate this on the application or on the P&L?**
- We are not interested in restricted assets, but in cash revenue and expenses related to operations, not to long-term expenditures.
- 4o. What do you define as operating expenses? Are we only including payroll, utilities and mortgage? What else should go into that number?**

- For the Small Business program, we are looking for any expenditures that have been expensed, as opposed to capitalized.

4p. 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.

4q. Is the owner’s payroll (draw) included in the cash flow calculations for both years for a sole proprietorship?

- Please do not include the owner’s payroll, unless included in the income statement.

4r. What is the calculation for the decrease in revenue?

- Please refer to the graphic in 2b for the reduction in business calculation.

4s. Does a capitalized expenditure count in the cash flow calculation?

- Capitalized expenditures should not be included in the cash flow calculation.

4t. Do I include all the CFAP payments that are currently pending regarding agricultural payments?

5. Award Process

5a. 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 indicating grant approval or denial, and if approved, the dollar amount of the grant.
- Grant awards will be issued to qualifying grant recipients.

5b. What is the minimum or maximum award per business type?

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

Eligible businesses who submit a completed application and are determined eligible for an award will receive a percentage of their reduction in business based upon available funding.

After calculating awards, any business that qualifies for less than \$500 will not receive grant funding due to the administrative burden in processing such payments and the level of impact such payments would likely have on the business’s ongoing operations.

5c. 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.

5d. 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

5e. With the increase in the maximum award amount from \$100k to \$500k, will the businesses be given an option to only take a partial payment?

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

6. Additional Support

6a. 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>.
- There will be regular live “office hours” when applicants may speak with program personnel to ask questions
- A call center has been established and will be operational beginning on October 13, 2020 at 1-605-937-7243.
 - 26-28 October: 8AM – 5PM central time**
 - 29-30 October: 8AM – 8PM central time**
- Contact support via email:
 - Small Business: COVID.BIZGRANTS@state.sd.us
 - Healthcare: COVID.HEALTHCAREGRANTS@state.sd.us

6b. 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 OCT 2020	N/A	Initial FAQ development
1.1.0	15 OCT 2020	Program Eligibility	Questions 1c – 1g added
1.1.0	15 OCT 2020	Program Funding	Question 2c added
1.1.0	15 OCT 2020	Application	Questions 3f – 3r added
1.1.0	15 OCT 2020	Financial Information	Questions 4e – 4k added
1.1.0	15 OCT 2020	Award Process	Question 5c added
1.2.0	16 OCT 2020	Program Eligibility	Questions 1i – 1o added
1.2.0	16 OCT 2020	Application	Questions 3s – 3ee added
1.2.0	16 OCT 2020	Financial Information	Questions 4k – 4p added
1.3.0	19 OCT 2020	Application	Wording on question 3n updated
1.4.0	20 OCT 2020	Application	Questions 3ff – 3gg added
1.4.0	20 OCT 2020	Award Process	Question 5d added
1.5.0	21 OCT 2020	Application	Clarification added to 3b (Sole Proprietorships)
1.5.0	21 OCT 2020	Application	Content added to question 3e
1.5.0	21 OCT 2020	Application	Content added to question 3t
1.5.0	21 OCT 2020	Financial Information	Content added to question 4j
1.5.0	21 OCT 2020	Financial Information	Question 4p added
1.5.1	22 OCT 2020	Application	Wording on question 3j updated
1.5.1	22 OCT 2020	Award Process	Question 5b: Max award changed to \$500k from \$100k
1.5.1	22 OCT 2020	Award Process	Question 5b: Award qualification moved from \$750 to \$500
1.5.1	22 OCT 2020	Program Eligibility	Question 1g: Reduction of Business set to 15% for SB
1.5.1	22 OCT 2020	Program Eligibility	Question 1j: Reduction of Business set to 15% for SB
1.5.1	22 OCT 2020	Application	Question 2b: Reduction of Business set to 15% for SB
1.5.3	23 OCT 2020	Financial Information	Question 4b: Corrected time period to MAR-AUG
1.5.3	23 OCT 2020	Additional Support	Question 6a: Corrected call center hours

1.6.0	23 OCT 2020	Financial Information	Questions 4q – 4s added
1.6.1	26 OCT 2020	Additional Support	Question 6a: Updated extended call center hours
1.7.1	27 OCT 2020	Award Process	Question 5e added
1.7.1	27 OCT 2020	Program Eligibility	Revised 1g and 1i
1.8.0	28 OCT 2020	Application	Questions 3hh and 3ii added
1.8.1	28 OCT 2020	Program Eligibility	Question 1a: Reduction in Business % updated