

State of South Dakota Coronavirus Relief Funds

An Overview of Round 2 Small
Business Grant Programs

December 14, 2020



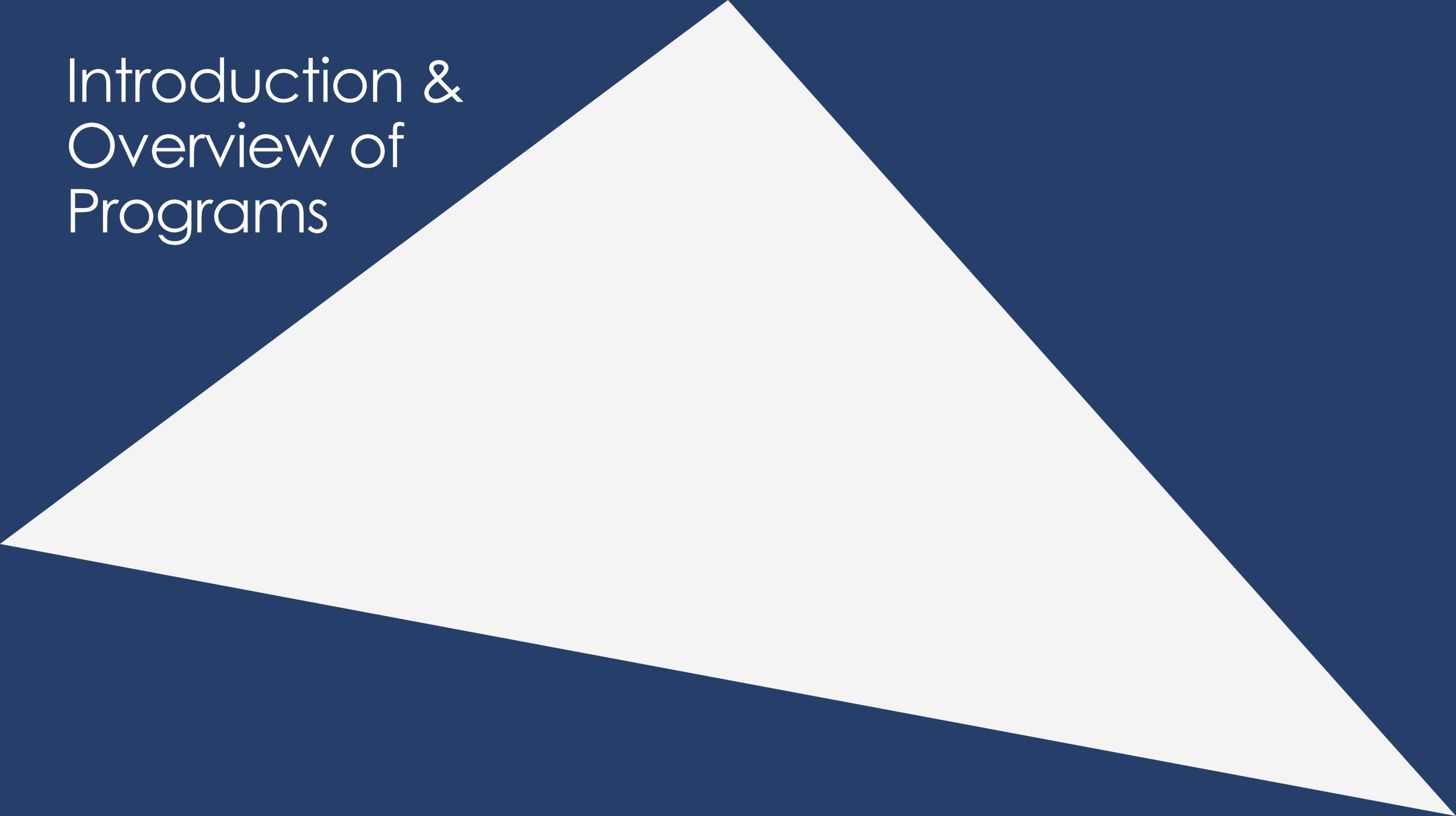
Agenda

Introduction & Overview of Programs

Application and Award Process

Program Eligibility & Award Calculations

Additional Information and Resources



Introduction & Overview of Programs

Introduction

The State of South Dakota received \$1,250,000,000 in federal funds to be used for costs incurred due to the public health emergency in response to the Coronavirus Disease 2019 (COVID-19).

In consultation with the legislature, the Administration is opening a **second round** of Small Business Grant Programs which are intended to reimburse eligible entities for business losses incurred between September – November of 2020.



The screenshot shows the 'HEALTHCARE PROVIDER APPLICATION' form on the SDGOV website. The form includes the SDGOV logo, the application number 'SA-0072', and the application status 'New'. The form is divided into four main sections: '1. Business Information', '2. Funding and Eligibility Information', '3. Document Uploads', and '4. Certifications and Authorizations'. A 'Submit' button is located at the bottom of the form. A file upload section at the bottom left shows 'Files (0)'.



The screenshot shows the 'COVID-19 in South Dakota' website. The header includes the text 'COVID-19 in South Dakota' and a call to action: 'about COVID-19? We're here to help. → Call South Dakota's Information Line at 1-800-455-6868'. The main content area is titled 'Small Business & Healthcare Grants' and lists several categories of grants: 'Small Businesses', 'Small Non-Profit Businesses', 'Small Start-Up Businesses', 'Community Based Healthcare Providers', and 'Acute Care Hospitals'.

Overview of Programs (Small Business – Round 2)

	Small Business COVID Interruption	Small Nonprofit COVID Interruption	Small Business Startup Program	Community Based Healthcare Providers	Acute Care in Hospitals
Purpose	Small businesses in South Dakota under \$38.5M in 2019 gross revenue who have been impacted by COVID-19. Losses incurred between September – November	Small nonprofits in South Dakota under \$38.5M in 2019 gross revenue who have been impacted by COVID-19. Losses incurred between September – November	Small business start ups in South Dakota established between 9/1/19 – 6/1/20 who have been impacted by COVID-19.	Community based health care providers funded by the state through Medicaid or other federal/state dollars	Acute care in hospitals (PPS, CAH, Specialty) and Inpatient Hospice in South Dakota who have been impacted by COVID-19
Award Method	Reduction in business	Reduction in business	Percent of cash expenses	Reduction in business	Reduction in business
					

Overview of Programs – Key Differences

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.

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.
- Returning applicants 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 sections.

What about 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.
- Due to the addition of a second round of grants, the review process will take longer than anticipated.
- The state can complete financial verification and award determination, and payments can and will still be distributed in the new year.

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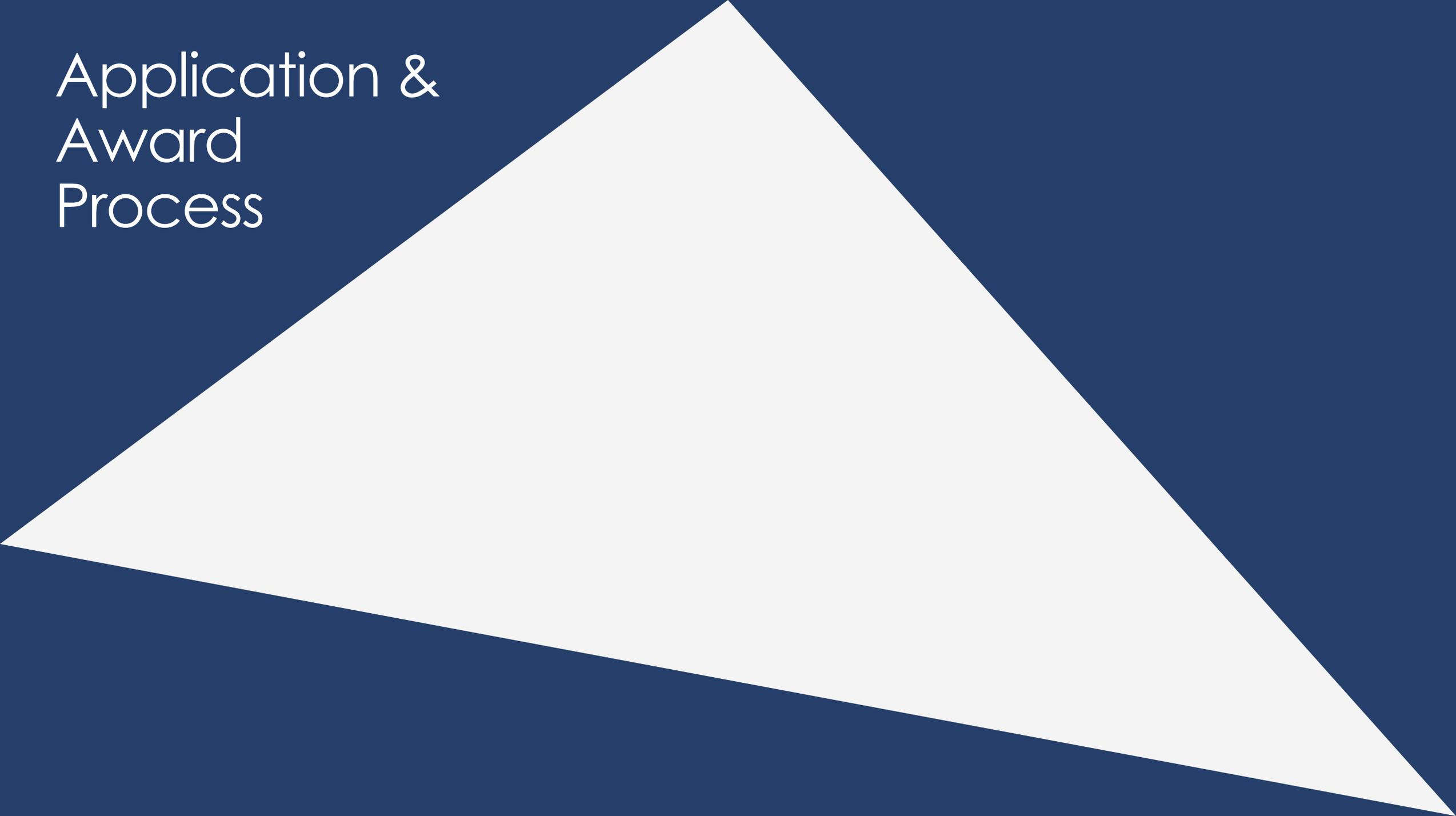
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Application & Award Process

A large white triangle is positioned in the center of the image, pointing upwards. The triangle's base is at the bottom, and its apex is at the top. The background is a solid dark blue color. The text 'Application & Award Process' is located in the top-left corner of the image, written in a white, sans-serif font.

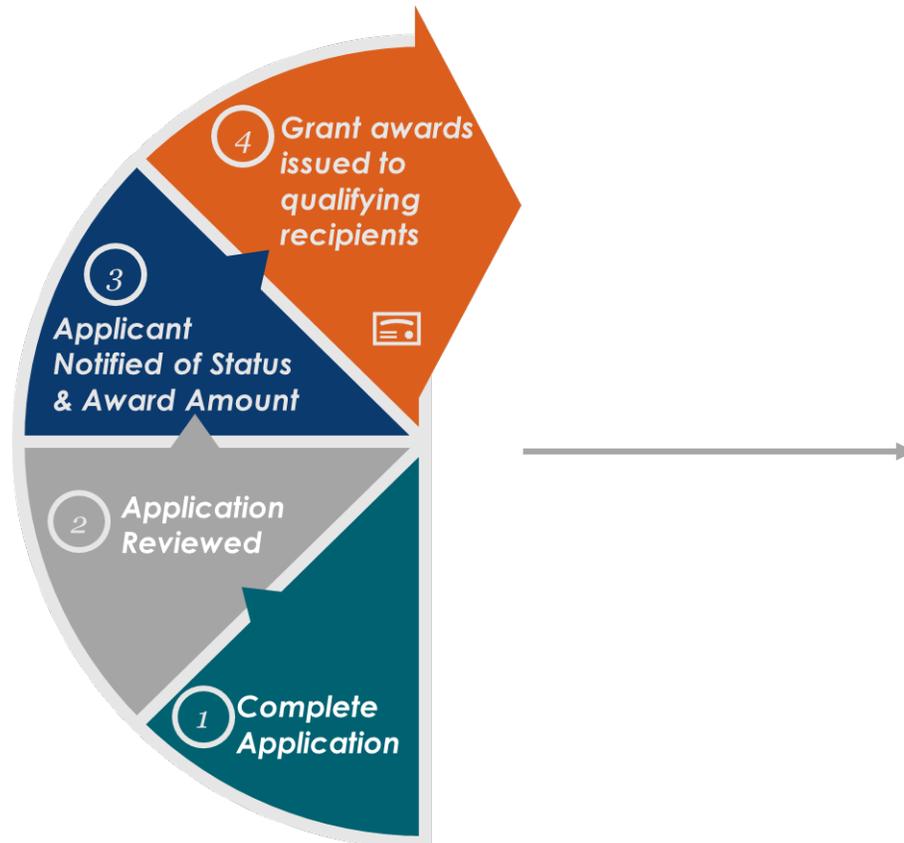
Application and Award Process (Round 2)

Returning Round 1 Applicants

- Log in to your existing account
- Submit a new application for each TIN for losses incurred during September – November

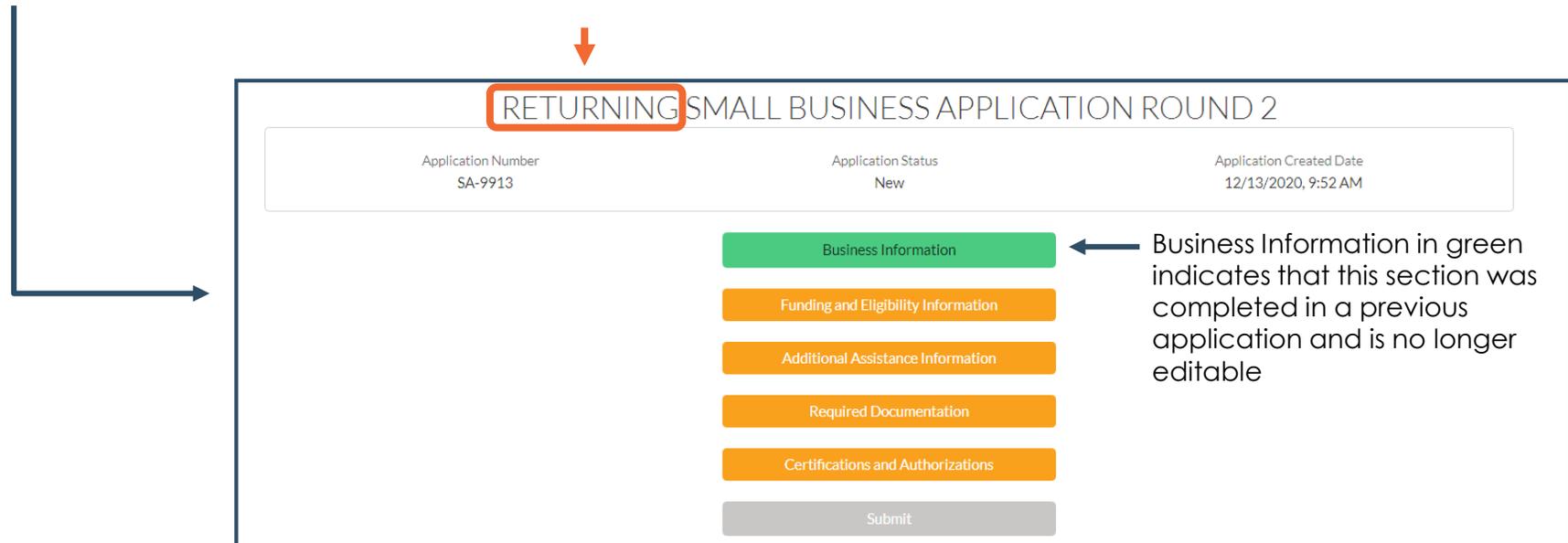
New Applicants

- Create a new account for your business(s), one per TIN
- Submit a new application for each TIN for losses incurred during September – November

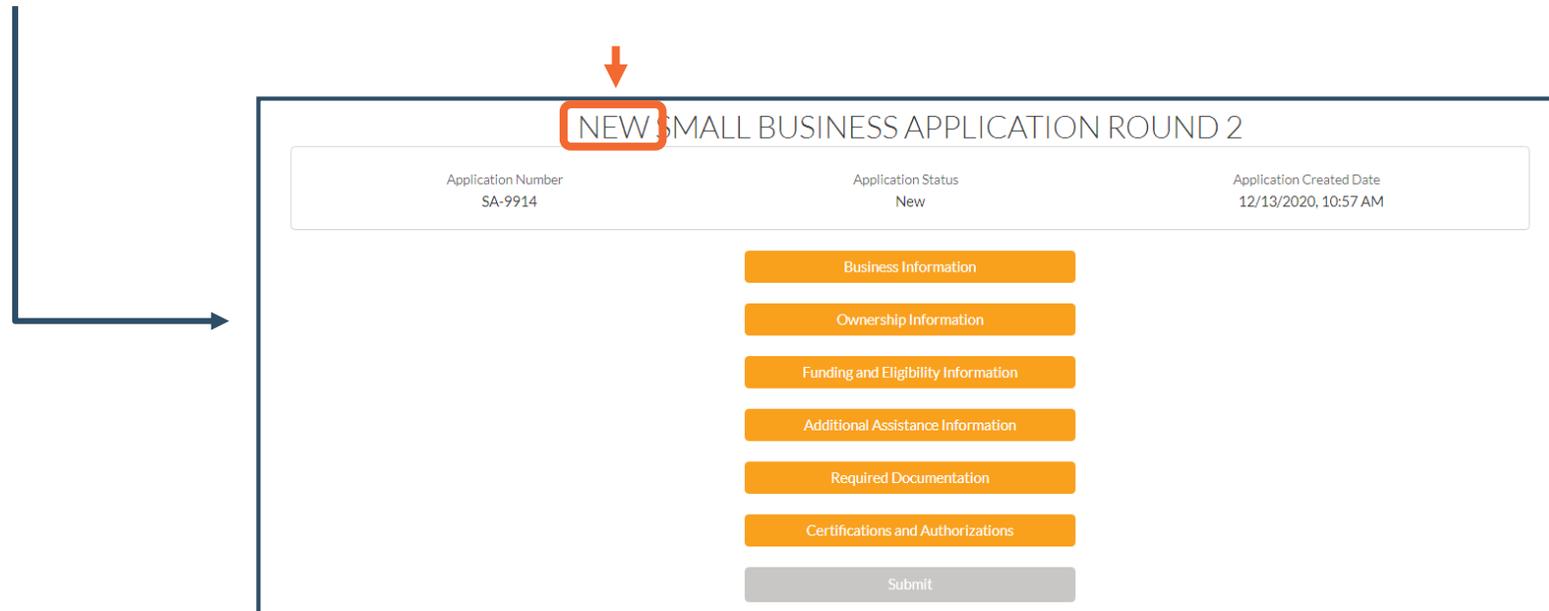


- 1 Eligible applicant completes application online on the South Dakota COVID-19 website at <https://covid.sd.gov/smallbusiness-healthcare-grants.aspx>. To be complete application must be submitted through the application portal with all requested documentation. Once the application has been initiated, 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.
- 2 Applications will be reviewed after they have been determined to be complete. Once all applications for a program are received, final award amounts will be calculated.
- 3 Applicant will receive a notification indicating grant approval or denial, and if approved, the dollar amount of the grant.
- 4 Awards will be issued to qualifying grant recipients.

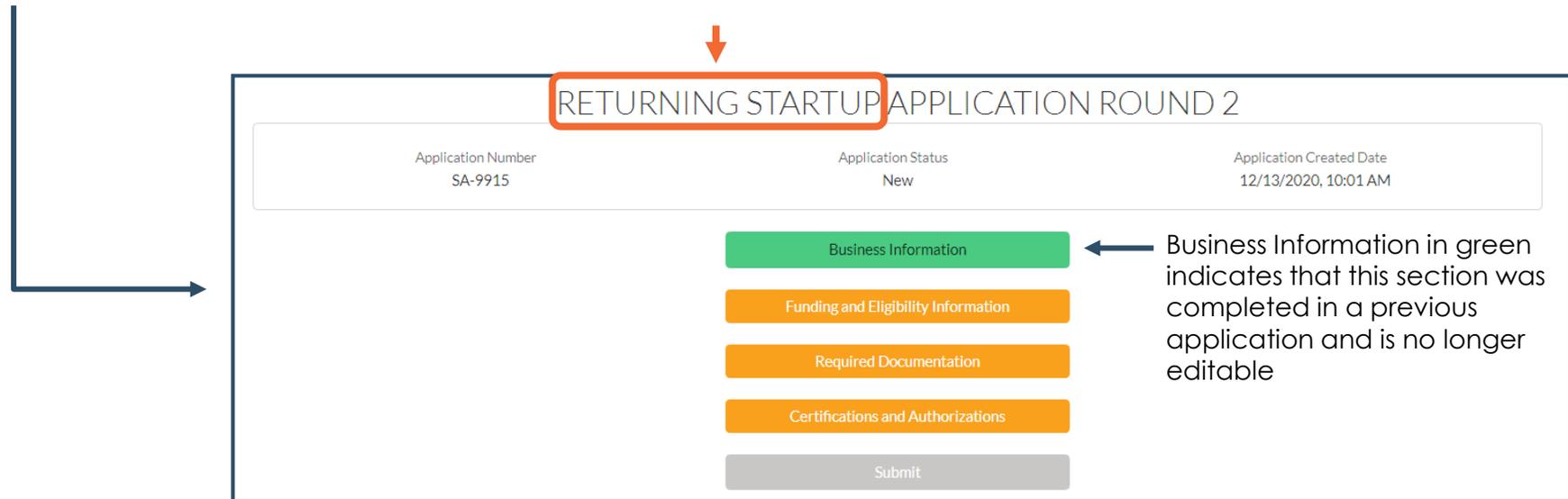
Application Screenshots – Round 2 (Returning User)



Application Screenshots – Round 2 (New User)

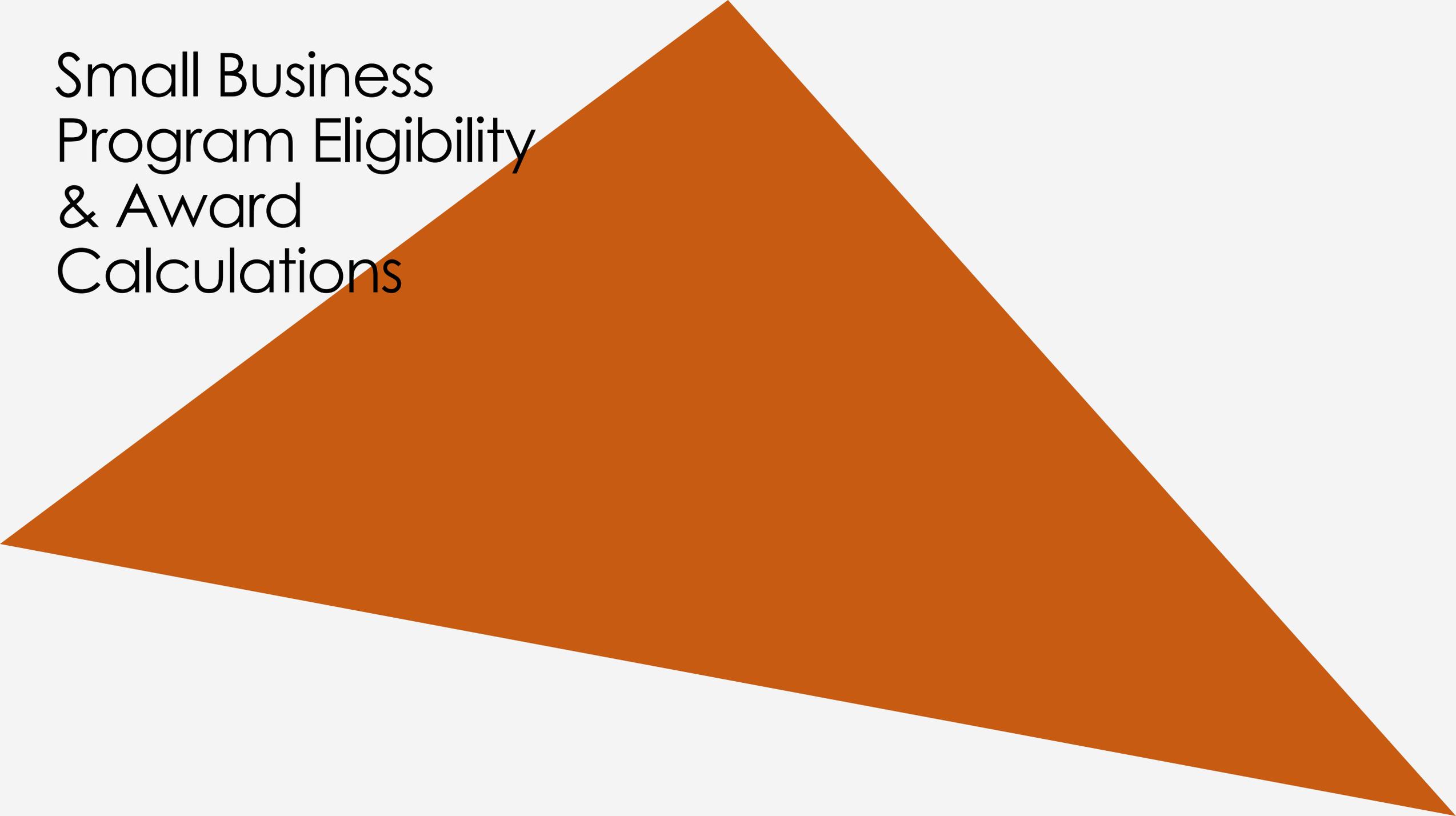


Application Screenshots – Round 2 (Returning Startup)





Program Eligibility & Award Calculations



Small Business
Program Eligibility
& Award
Calculations

Small Business Program Overview (Round 2)

Small business applicants will be able to request funding to compensate for the financial impact of COVID-19 for the period of September – November.

Small Business Eligibility



Total Allocation
TBD



Recipients
Small businesses



Grant Amount
Maximum \$500,000
per entity



Award Method
"Reduction in
business" calculation

Additional Criteria

- Businesses must be physically located in South Dakota
- Meet financial criteria*
- Provide a certification that the business is a going concern
- Have gross revenues of less than \$38.5 million in 2019

*Eligibility criteria/calculations further detailed on subsequent slides

Small Business Grant Calculation

Grant amounts for small businesses shall be based on a cashflow from operations model for September through November as follows:

2019 Cash Flow From Operations	"2019 income (Sept – Nov) less 2019 cash expenses (Sept - Nov, excluding depreciation, amortization, capitalized expenses and noncash expenses) less term debt principal payments (Sept - Nov)"
2020 Cash Flow From Operations	"2020 income (Sept - Nov) less 2020 cash expenses (Sept - Nov, excluding depreciation, amortization, capitalized and noncash expenses) less term debt principal payments (Sept - Nov)"
COVID-19 Aid	"Any Paycheck Protection Program (PPP) funds or other COVID grant funding received by the business in 2020"
Eligible Amount for "Reduction in Business"	If the "Reduction in Business is \geq 15% of 2019 Cash Flow From Operations, the business is eligible for an award. Final award based on pro-rata share of available funds.

Small Business Programs Grant Calculation

Small businesses were eligible to receive a variety of federal funds from various funding agencies, presenting a unique challenge in avoiding duplication of benefits.

COVID-19 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.

Small Business Required Application Documents

Required



1. W-9
2. Government-issued ID
3. 2019 tax return
4. Point of contact information (phone, email, physical address)
5. Bank account information for electronic payment of funds
6. Business TIN (SSN or EIN, if applicable)
 - o One submission per TIN (Tax ID Number) i.e. Employer Identification Number or SSN*
7. If you are a sole proprietor, Department of Revenue Sales & Use or Contractor Excise tax license, unless you are exempt from sales tax
8. If you are not a sole proprietor, Secretary State Registration or Certificate of Good Standing,
9. **For businesses with greater than \$150,000 in 2019 revenue, provide a detailed Profit/Loss Statement (see details in grant calculation) for Sept – Nov 2019 and Sept – Nov 2020**

NOT Required

Documentation regarding COVID-19 federal aid received



*Sole proprietors with multiple businesses doing business as (DBA) under their SSN must submit all income sources under a single application. Business owners with multiple TINs must apply separately for each TIN.

Small Nonprofit Program Overview

Small nonprofit applicants will be able to request funding to compensate for the financial impact of COVID-19.

Small Nonprofits



Total Allocation
TBD



Recipients
Small nonprofits



Grant Amounts
Maximum \$500,000
per entity



Award Method
“Reduction in
business” calculation

Eligibility Criteria

- Nonprofit must be physically located in South Dakota
- Meet financial criteria*
- Provide a certification that the entity is a going concern
- Nonprofits must have gross revenues of less than \$38.5 million

*Eligibility criteria/calculations further detailed on subsequent slides

Small Nonprofit Grant Calculation

Grant amounts for nonprofits shall be based on a cashflow from operations model for March through August as follows:

2019 Cash Flow From Operations

“2019 income (Sept - Nov) less 2019 cash expenses (Sept - Nov, excluding depreciation, amortization, and noncash expenses) less term debt principal payments (Sept – Nov)”



2020 Cash Flow From Operations

“2020 income (Sept - Nov) less 2020 cash expenses (Sept – Nov, excluding depreciation, amortization, capitalized expenses and noncash expenses) less term debt principal payments (Sept – Nov)”



Federal COVID-19 Aid

“Any Paycheck Protection Program (PPP) funds or other federal COVID grant funding received by the business in 2020”



Eligible Amount for “Reduction in Business”

If the “Reduction in Business is \geq 15% of 2019 Cash Flow From Operations, the business is eligible for an award. Final award based on pro-rata share of available funds.

Small Nonprofit Required Application Documents

Required



1. W-9
2. Government-issued ID
3. 2019 tax return (990 or 990N)
4. Point of contact information (phone, email, physical address)
5. Bank account information for electronic payment of funds
6. Business TIN (SSN or EIN, if applicable)
 - o One submission per TIN (Tax ID Number) i.e. Employer Identification Number or SSN*
7. Secretary of State Registration or Certificate of Good Standing,
8. **For businesses with greater than \$150,000 in 2019 revenue, provide a detailed Profit/Loss Statement (see details in grant calculation) for Sept – Nov 2019 and Sept – Nov 2020**
9. IRS determination letter, or Secretary of State certification of non-profit status

NOT Required

Documentation regarding COVID-19 federal aid received



Small Business Startup Program Overview

The Small Business Startup Program – Round 2 is only open to applicants who previously applied to the small business startup program during Round 1. You must be a returning applicant in order to file a new application for your business's September – November 2020 period.

Small Businesses Startups



Total Allocation
TBD



Recipients
Small business startups



Grant Amounts
Maximum \$500,000
per entity



Award Method
Percentage of cash
expenses

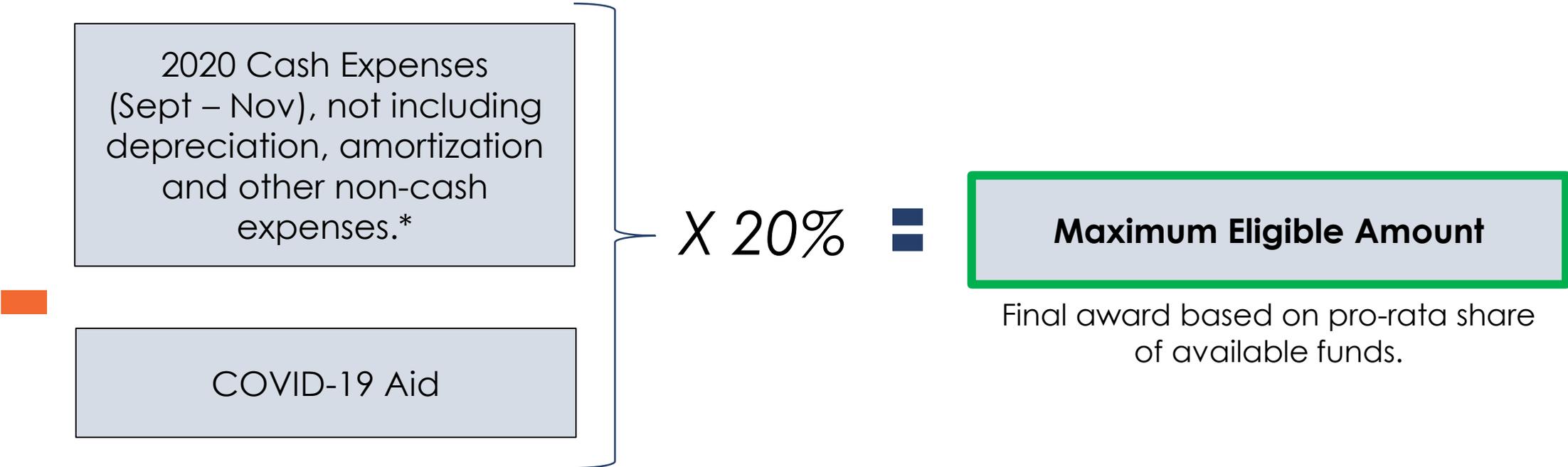
Eligibility Criteria

- Business must be in South Dakota
- Provide a certification that the business is a going concern
- Meet financial criteria*
- Registered business between 9/1/19 - 6/1/20
- Be open and operating on date of application

*Eligibility criteria/calculations further detailed on subsequent slides

Small Business Startup Grant Calculation

After a small business startup passes one of the two eligibility screens, a calculation will be applied to determine the maximum eligible amount.



*For the Small Business Startup program, capital expenditures (cash basis) may be included in the 2020 Cash Expenses calculation

Small Business Startup Required Application Documents

Required



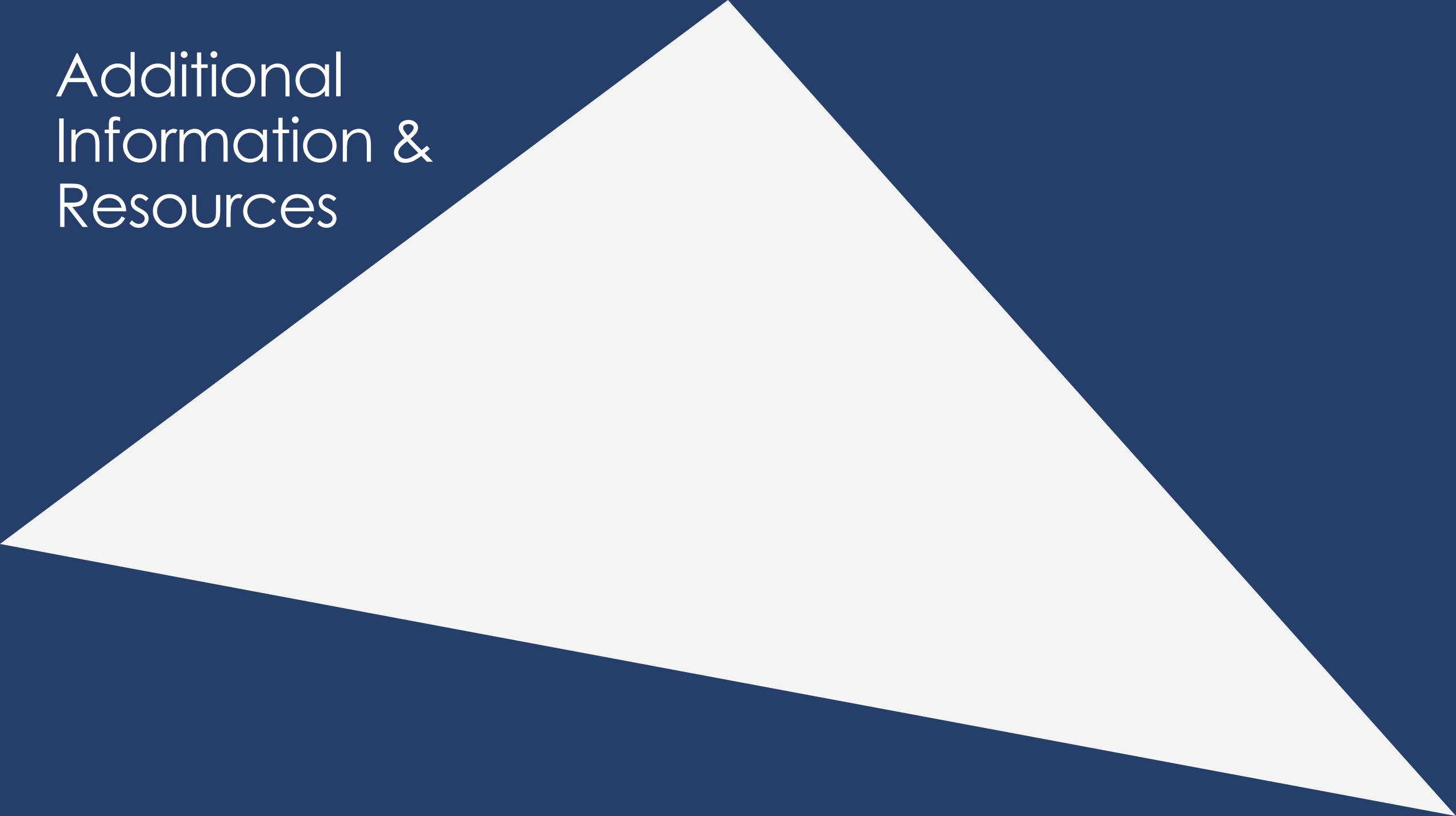
1. Operating Expenses for the period of September – November 2020
2. Federal, state, or local grant assistance received since Round 1 application
3. Profit & Loss statement (on a cash basis) for September – November 2020
4. Small Business Startup Calculation Worksheet **not required** for Round 2

NOT Required

Documentation regarding COVID-19 federal aid received



Additional
Information &
Resources

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Important Notes & Reminders

1. Applications will be open from December 14th to December 20th
2. Business owners and providers with multiple TINs must complete one application for each TIN
 - Each application requires a unique registration and username
 - New applicants may create multiple usernames under the same email address. However, each username must be unique and must be in “email address” format:
jsmith@example.com
3. Sole proprietors applying with a SSN must consolidate all businesses and financial information under one application
4. Grant amounts calculated at less than \$500 will not be awarded
5. Applicants may provide a screenshot of your entity’s Certificate of Good Standing (see required documents), if applicable. An official copy from the State is not required
6. Applicants that do not possess Secretary of State Registration as a domestic or foreign company are permitted to submit an application without providing this document
7. For Round 2, returning Small Business Startup Program applicants are not required to complete the small business calculation excel form. Required information will be entered into the application

Next Steps & Resources Available

Next steps:

1. Review lists of required documentation information in preparation for applications opening today
2. Reach out to the help phone number or email address for assistance
3. Submit applications from:
December 14th – December 20th
4. Sign grant agreement

Resources available:

1. Help line: (605) 937-7243
 - Open 8AM – 5PM central time Monday through Friday
2. Email:
Businesses Grants:
COVID.BIZGRANTS@state.sd.us
Healthcare Grants:
COVID.HEALTHCAREGRANTS@state.sd.us
3. Program communications, trainings, application, frequently asked questions:
 - <https://covid.sd.gov/smallbusiness-healthcare-grants.aspx>