State of South Dakota Coronavirus Relief Funds
An Overview of Small Business Grant Programs

October 13, 2020
Agenda

Introduction & Overview of Programs

Application and Award Process

Program Eligibility & Award Calculations

Additional Information and Resources
Introduction & Overview of Programs
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 has determined that the unexpended portion of these coronavirus relief funds be spent on several different programs aimed at supporting small businesses and healthcare providers across the State.
# Introduction & Overview of Programs

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**Funding**

- **Small Business COVID Interruption**: $400,000,000
- **Small Nonprofit COVID Interruption**: $40,000,000
- **Small Business Startup Program**: $10,000,000
- **Community Based Healthcare Providers**: $115,000,000
- **Acute Care in Hospitals**: $15,000,000

**Purpose**

- Small businesses in South Dakota under $38.5M in 2019 gross revenue who have been impacted by COVID-19
- Small nonprofits in South Dakota under $38.5M in 2019 gross revenue who have been impacted by COVID-19
- 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
Application & Award Process
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 on a pro-rata share of available funds.

   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 on a pro-rata share of available funds.

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.

All funds must be disbursed by December 30th 2020
Application and Award Process

Correspondence for all applications will be directed to Rob@gmail.com, but applicant must log in through each username to submit separate applications.

For businesses with only 1 TIN/application, the preferred option is to use your email address as your username.
Program Eligibility & Award Calculations
Small Business Program Eligibility & Award Calculations
Small Business Program Overview

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

**Small Business Eligibility**
- **Total Allocation**: $400,000,000
- **Grant Amount**: Maximum $100,000 per entity
- **Recipients**: Small businesses
- **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
Grant amounts for small businesses shall be based on a cashflow from operations model for March through August as follows:

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<th>Small Business Grant Calculation</th>
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<td><strong>2019 Cash Flow From Operations</strong>&lt;br&gt;“2019 income (March - August) less 2019 cash expenses (March through August, excluding depreciation, amortization, capitalized expenses and noncash expenses) less term debt principal payments (March - August)”</td>
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<td><strong>Federal COVID-19 Aid</strong>&lt;br&gt;“Any Paycheck Protection Program (PPP) funds or other federal COVID grant funding received by the business in 2020”</td>
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<td><strong>Eligible Amount for “Reduction in Business”</strong></td>
</tr>
</tbody>
</table>

If the “Reduction in Business is >= 25% 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.

Federal COVID-19 Aid

• Paycheck Protection Program Loans
• Economic Injury Disaster Recovery Loan
• Coronavirus Food Assistance Program (CFAP)
• Any other COVID-19 federal payment or grant
Small Business Required Application Documents

Required
1. Secretary of State Registration as a domestic or foreign company and Department of Revenue sales & use tax license
2. W-9
3. Point of contact information (phone, email, physical address)
4. Business TIN (SSN or EIN, if applicable)
   o One submission per TIN (Tax ID Number) i.e. Employer Identification Number or SSN*
5. Bank account information for electronic payment of funds
6. Government-issued ID
7. Articles of incorporation or organization, if applicable
8. Certificate of Good Standing from South Dakota Secretary of State, if applicable
9. 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
10. 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

*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.

NOT Required
Documentation regarding COVID-19 federal aid received
Small nonprofit applicants will be able to request funding to compensate for the financial impact of COVID-19.

**Small Nonprofit Program Overview**

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

**Small Nonprofits**
- **Total Allocation**: $40,000,000
- **Grant Amounts**: Maximum $100,000 per entity
- **Recipients**: Small nonprofits
- **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 (March - August) less 2019 cash expenses (March - August, excluding depreciation, amortization, and noncash expenses) less term debt principal payments (March through August)” |
| 2020 Cash Flow From Operations | “2020 income (March - August) less 2020 cash expenses (March through August, excluding depreciation, amortization, capitalized expenses and noncash expenses) less term debt principal payments (March - August)” |
| 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 >= 25% 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. Secretary of State Registration as a domestic or foreign company and Department of Revenue sales & use tax license
2. W-9
3. Point of contact information (phone, email, physical address)
4. Business TIN (SSN or EIN, if applicable)
   - One submission per TIN (Tax ID Number) i.e. Employer Identification Number or SSN*
5. Bank account information for electronic payment of funds
6. Government-issued ID
7. Certificate of Good Standing from South Dakota Secretary of State, if applicable
8. For entities 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
9. For entities 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
10. IRS letter confirming non-profit status, or the Secretary of State certification of non-profit status
11. First page of your 990 filing from 2019

NOT Required

Documentation regarding COVID-19 federal aid received
Small Business Startup Program Overview

Small businesses established between 9/1/19 – 6/1/20 in the State of South Dakota will be able to request funding to compensate for the financial impact of COVID-19.

**Small Businesses Startups**

- **Total Allocation**: $10,000,000
- **Grant Amounts**: Maximum $100,000 per entity
- **Recipients**: Small business startups
- **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
The financial eligibility of South Dakota start-ups can be calculated in one of two ways: reduction in average monthly income or net operating loss.

**Small Business Startup Eligibility Calculation**

**Reduction in Average Monthly Income**

- **Average Monthly Income** (March 1, 2020 to August 31st, 2020) < **1.2 X Average Monthly Income** (Prior to March 1, 2020)

**Net Operating Loss**

- Monthly Cash Flow (+)
- Monthly Cash Flow (-)
- Monthly Cash Flow (+)
- Monthly Cash Flow (+)

Demonstrate that the business operated at a net loss (cash basis) in at least three of the six months between March 1, 2020, and August 31, 2020.
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.

\[
\text{2020 Cash Expenses (March – August), not including depreciation, amortization and other non-cash expenses.}^* \\
\times 20\% \\
\]

\[= \text{Maximum Eligible Amount}\]

*Final award based on pro-rata share of available funds.

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

Small business startup applicants are required to complete and upload an eligibility & calculation template as part of the application.

The Calculation Worksheet can be found at: https://covid.sd.gov/docs/SouthDakota_Small%20Business-StartupCalculation%20Form.xlsx
# Small Business Startup Required Application Documents

**Required**

1. Secretary of State Registration as a domestic or foreign company and Department of Revenue sales & use tax license
2. W-9
3. Point of contact information (phone, email, physical address)
4. Business TIN (SSN or EIN, if applicable)
   - One submission per TIN (Tax ID Number) i.e. Employer Identification Number or SSN*
5. Bank account information for electronic payment of funds
6. Government-issued ID
7. Articles of incorporation or organization, if applicable
8. Certificate of Good Standing from South Dakota Secretary of State, if applicable
9. 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
10. 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

**11. Small Business Startup Calculation Worksheet**

*Available at [https://covid.sd.gov/docs/SouthDakota_Small%20Business-StartupCalculation%20Form.xlsx](https://covid.sd.gov/docs/SouthDakota_Small%20Business-StartupCalculation%20Form.xlsx)

**NOT Required**

- Documentation regarding COVID-19 federal aid received
Additional Information & Resources
Important Notes & Reminders

1. Applications will be open from October 13\textsuperscript{th} to October 23\textsuperscript{rd}

2. Business owners and providers with multiple TINs must complete one application for each TIN
   - Each application requires a unique registration and username
   - 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. Small Business Startup Program applicants must complete calculations on the Microsoft Excel form provided by the State at https://covid.sd.gov/smallbusiness-healthcare-grants.aspx

4. Sole proprietors applying with a SSN must consolidate all businesses and financial information under one application

5. Grant amounts calculated at less than $750 will not be awarded

6. Applicants must provide a screenshot of your entity’s Certificate of Good Standing (see required documents). An official copy from the State is not required

7. 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
Next Steps & Resources Available

Next steps:

1. Review lists of required documentation information in preparation for applications opening on October 13
2. For small business startups, download the Small Business Startup Calculation Worksheet available on the State’s website, https://covid.sd.gov/docs/SouthDakota_Small%20Business-StartupCalculation%20Form.xlsx
3. Reach out to the help phone number or email address for assistance
4. Submit applications from: October 13th – October 23rd
5. 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:
4. Daily office hours:
   - Healthcare programs: 3PM Central
   - Small Business programs: 4PM Central