



City of Gustavus

Grant Guidance for 2020 Economic Assistance for Small Businesses and Nonprofits Impacted by COVID-19

Grant Application

All applicants under this program must complete a grant application provided by the city.

Section 1: Business/Nonprofit Information. Provide basic information for contacts, type of business/nonprofit, IRS Employer Identification information, and owners (with 50% or more ownership) for businesses. This information will be used to identify the grant applicant and to identify eligibility for business owners of multiple businesses.

You must list all owners who have a majority interest in the business in Section 1. Majority owners of multiple businesses may not receive a grant for more than one business. If an individual is listed as a majority owner on more than one eligible application, the city will contact the applicant and ask which application should be considered. All other applications for funding with that individual listed as a majority owner will not be considered for funding.

Section 2: Disclaimers. By checking the yes box in Section 1, the applicant is certifying that they understand that:

- Application for the grant DOES NOT GUARANTEE award of funding.
- Applications must include proposed expenses by line item.
- Monthly spending reports with copies of receipts are required by the 5th day of each month.
- The total amount awarded will be based on funds available.
- All businesses and nonprofits receiving funding MUST complete a W-9 prior to receipt of funding.
- All businesses must be current on all city taxes, fees, and charges.
- All businesses must have a current City of Gustavus business license
- All businesses and nonprofits receiving funding MUST provide tax, employee, or other verification data if requested prior to receipt of funding.
- All businesses and nonprofits receiving funding MUST provide a spending plan for the funds prior to receipt of funding. Spending plan will list specific expense items and budgeted amounts for each item.
- All businesses and nonprofits receiving funding MUST be owned and operated by a City of Gustavus resident (Section 6 Proof of Eligibility).
- All businesses receiving funds MUST have had 50 or less employees (total of full time and part time) at a time during 2019.
- To qualify as a small business under this program, your business must have less than \$1,000,000 in total income for 2019 as shown on your tax return.
- It is the sole responsibility of the applicant to determine or seek independent advice to determine the tax implications to the grant funds received by the applicant.

Applicants who do not check yes in Section 1 are NOT eligible for funding.

Section 3: Business Eligibility. This section will be used to determine eligibility of small businesses in Gustavus. Nonprofits should skip to Section 4 of the application.

Physical Location. To be eligible, businesses must have had a physical location within the Gustavus city limits as of January 1, 2020 and must currently maintain a physical presence within the Gustavus city limits. Usually this will mean an office, store, restaurant, home-based business, or some other space that depends on foot traffic. For purposes of this grant application, this includes businesses that may not have a physical location in Gustavus but require a business permit to operate within the Gustavus city limits (not including the requirement for a sales tax) such as commercial fishermen who live within the Gustavus city limits but do not fish within the Gustavus city limits. Businesses who answer no to this question are NOT eligible for funding.

Employees. To qualify as a small business under this program you cannot have had more than 50 employees (total of full time and part time) at any one time during 2019.

Total Income. To qualify as a small business under this program your business must have less than \$1,000,000 in total income for 2019 as shown on tax return. If you had \$1,000,000 or more in total income, you are NOT eligible for funding.

Franchises and Chains. Franchises and chains are NOT eligible for funding under this program.

Age Restricted Businesses. Generally, age restricted businesses are not eligible for funding unless the business was **forced to close for more than four consecutive weeks between March 17, 2020 and May 8, 2020** as a result of federal, state, or local mandates or restrictions. If you answer yes to question 5 you are NOT eligible for funding unless you were forced to close for more than 4 consecutive weeks. The date range for closures under question 5 coincides with the issuance of State Mandate 3, Statewide Closure of Restaurants, Bars and Entertainment and the effective date of the State of Alaska Reopening Plan allowance of these same businesses to reopen. **For purposes of this program, a business closure does not include curbside pickup, delivery, or other actions explicitly allowed by State Health Mandates or local restrictions. If you changed customer service to a pickup or delivery system, you are NOT eligible.**

COVID-19 Harm to Business. Funding under this program is intended to support small businesses and nonprofits who have been directly impacted by COVID-19. You MUST select at least one of the options in question 4. You may select more than one option if they apply. By checking yes in Question 5 you are certifying that the impacts to your business or nonprofit were DIRECTLY tied to the COVID-19 pandemic. If you answer no to question 5 or do not select any of the criteria in question 4, you are NOT eligible for funding.

Delinquent Local Taxes, Assessments, or Other Fees.

Applicants who are currently delinquent or in arrears on any City of Gustavus taxes, or other fees will be required to sign a repayment plan with the city prior to receiving funding under this program. Applicants who answer yes to question 6 ARE eligible for funding if they complete a repayment plan.

Conflict of Interest.

In order to ensure that no conflict of interest exists, applicants must disclose if they, their spouse, or any household member serves in an official capacity in state or local government. If the applicant answers yes to question 7, they ARE still eligible for funding, but due diligence will be carried out to ensure that the applicant, their spouse, or household member is not involved in the review, approval, or appeal of any grant eligibility determinations.

Section 4: Nonprofit Eligibility. This section will be used to determine the eligibility of nonprofits for funding under this program. Businesses who complete Section 3 of the application will skip Section 4.

Physical Location. To be eligible, non-profits must have had a physical location or have provided substantial services within the Gustavus city limits for 2019; and must currently maintain a physical presence or provide substantial services within the Gustavus city limits. Nonprofits who answer no to question 1 or 3 are NOT eligible for funding.

Volunteer Board. To be eligible for funding, the nonprofit must be directed by a volunteer board or local advisory board with a majority of members who are Alaska residents. If you answer no to question 2 you are NOT eligible for funding.

IRS Determination. All nonprofits applying for funding under this program MUST have an IRS determination letter declaring their nonprofit status. The letter MUST have been issued in 2019 or earlier.

COVID-19 Harm to Nonprofit. Funding under this program is intended to support small businesses and nonprofits who have been directly impacted by COVID-19. You MUST select at least one of the options in question 5. You may select more than one option if they apply. By checking yes in Question 6 you are certifying that the impacts to your business or nonprofit were DIRECTLY tied to the COVID-19 pandemic. If you answer no to question 6 or do not select any of the criteria in question 5, you are NOT eligible for funding.

Delinquent Local Taxes, Assessments, or Other Fees.

Applicants who are currently delinquent or in arrears on any City of Gustavus taxes, or other fees will be required to sign a repayment plan with the city prior to receiving funding under this program. Applicants who answer yes to question 8 ARE eligible for funding if they complete a repayment plan.

Conflict of Interest.

In order to ensure that no conflict of interest exists, applicants must disclose if they, their spouse, or any household member serves in an official capacity in state or local government. If the applicant answers yes to question 8, they ARE still eligible for funding, but due diligence will be carried out to ensure that the applicant, their spouse, or household member is not involved in the review, approval, or appeal of any grant eligibility determinations.

Section 5. How to Submit the Application.

Completed applications may be submitted to the City of Gustavus by email at treasurer@gustavus-ak.gov (include “economic grant” in the subject line), by mail to PO Box 1, Gustavus, AK, 99826, or by dropping it off at City Hall.

Section 6: Proof of Eligibility

If an application is selected for an award, the applicant may be required to submit additional documentation including tax records and other financial data required to confirm the information in the application. All business information will be kept strictly confidential and will not be shared or used for other purposes.

Most eligibility requirements will be found in the applicant's 2019 tax records or other financial data. In the event that the applicant has not filed their 2019 tax return they may use their 2018 tax return information as a basis for this application.

Section 7: Certification

The applicant is required to print, sign, and date the application. By signing the application, the applicant is certifying that all of the information provided is true and accurate. The applicant is also agreeing to provide verification information as requested by the city.

The complete, signed application, spending plan, and all required verification data will constitute the complete grant agreement.

Other Grant Information

Grant Award Amounts. Funding will be distributed in the amount of \$1650. This amount is determined by dividing the allocated amount of \$150,000 by the number of likely eligible small businesses and nonprofits (91). If, by October 31, 2020 there are remaining funds from this allocation, the city may decide to provide additional funding.

Future Funding.

The city may decide to appropriate additional funding for the program either to allow for future rounds of funding within this program.

If the city decides to use any leftover funds from the first round, a new round of funding may be approved. In this case applicants who were considered eligible and were funded during the first round of funding will be eligible to apply. Applicants who did not submit an application, submitted a late application, or who were deemed ineligible MAY submit a new application under any future funding rounds.

Eligible Expenses.

Eligible expenses include:

- Payroll and benefits.
- Rent.
- Utilities.
- Payments to vendors.
- Payment of credit cards or short term loans for charges or loans secured after March 1, 2020 and used to maintain the business during the COVID-19 impacts.
- Other operating expenses may be eligible but must be approved before the funds are used.

Reporting Requirements and Grant Closeouts

Grant recipients will be required to certify that they have spent all funds and submit an annotated spending plan showing the final distribution by line-item. The city will work with grant recipients to complete this requirement prior to December 31, 2020. Monthly reports on

the expenditures must be received by the city by the 5th day of each month. No other reporting will be required for closeouts.

Appeals

If an applicant is deemed ineligible for grant funding under this program, they may appeal that decision to the Gustavus City Council. In the event of an appeal, the applicant will be responsible to provide information, in writing, on why they disagree with the determination and why they should be eligible for funding. Appeals MUST address the specific criteria that was used to determine the application ineligible.

Appeals MUST be received by the city within 10 calendar days of notification of ineligibility.

Other Frequently Asked Questions

- If I am approved for a grant, do I have to pay it back?
 - No. So long as you use the money to pay for eligible operating expenses you do not have to pay it back.
- How will you decide which applicants are funded and which are not?
 - If the resources aren't available to fund all approved grants from eligible businesses and nonprofits, then awards will be reduced to accommodate all eligible recipients who have submitted a grant application.
- Am I eligible for this program if I have applied for or received funding from the Federal Paycheck Protection Program (PPP) or Economic Injury Disaster Loan (EIDL)?
 - Yes. You may receive funds under this program even if you have received other COVID-19 related funding relief. However, the funds granted through this program may not be used for expenses that you have used PPP or EIDL funds for. You may use funds for the same type. For example, if you received PPP funds that you used to pay a portion of your payroll, you may not use these funds to pay the SAME payroll, but you may use it to pay payroll costs that you have not received PPP funding for.
- What is considered a "small business"?
 - Eligible small businesses include those that:
 - Had less than \$1,000,000 in total income in 2019, and
 - Had no more than 50 total full time or part time employees at any one time in 2019
- Are franchises eligible?
 - No. Chains and franchises are not eligible. However, local nonprofit organizations that are affiliated with a national or state nonprofit organization are eligible.
- Does my business have to be located within the Gustavus city limits?
 - Yes. Your business must have a location within the Gustavus city limits. This physical location can be an office, store, restaurant, food truck, home-based business, or space that depends on foot traffic. Your business may also be a business like a taxi that doesn't have a set physical location but is licensed or permitted through a city business permit. For purposes of this program, commercial fishermen are eligible if they reside within the Gustavus city limits or moored their vessel within the Gustavus city limits for at least six of the past 12 months AND have a Gustavus business permit (collect and remit sales taxes).
- Are seasonal and mobile businesses eligible?
 - Yes, seasonal and mobile businesses are eligible if they can show that they are either based in or do substantial business within the Gustavus city limits. This includes food trucks, taxis, and businesses that operate a stand at one or more locations.

- Are certain types of businesses ineligible?
 - Yes. Any business legally restricted to patrons over age 18 or 21 is ineligible unless those businesses were forced to close for at least four consecutive weeks between March 17 and May 22, 2020. Other businesses related to gambling, betting, or gaming except for nonprofit organizations engaged in lawful fundraising activities are also ineligible.
- I own multiple businesses. Can each of my businesses receive a separate award?
 - No. If an individual owns a majority interest in more than one business, then only one of those businesses may receive an award. If an individual owns a minority interest in multiple businesses, each business is eligible.
- Must my business or nonprofit have been harmed by the COVID-19 pandemic?
 - Yes. Businesses and nonprofits must be able to show that they have been harmed by the COVID-19 pandemic in one or more of the following ways:
 - Full or partial closure due to government order
 - Has had to lay off, furlough, or not pay one or more employees
 - Lost monthly revenue of 25% or more
 - Likely to close without financial assistance and/or
 - Non-profits meet this requirement if they meet any of the conditions above or have expanded/modified services to address community health, safety, social, and/or economic needs related to COVID-19.
- Will I be required to prove that my organization is eligible?
 - Yes. If you are selected for an award under this program you will have to verify your eligibility by providing documentation such as tax returns and a signed statement. Persons who knowingly provide false information will be required to pay back any funds they receive and may be subject to criminal prosecution.
- What if I haven't filed 2019 taxes?
 - If your business is required to provide tax returns but has not yet prepared or filed a 2019 tax return, you will be required to submit a copy of your 2018 return instead.
- I am a sole proprietor and don't have an Employer Identification Number (EIN) from the IRS. What do I do?
 - Sole proprietors may provide their Social Security Number or an Individual Tax Identification Number (ITIN).
- How will I know if I have been selected for grant funding?
 - Funding awards should be announced within 10 working days upon approval. Applicants will be contacted by phone or email and informed whether they have or have not been selected for funding.
- Whose contact information should I provide?
 - Please provide a current telephone number and email address for a legally authorized representative of the business or nonprofit. You will be required to show that the representative is authorized to receive funding on behalf of the business or nonprofit before funds will be disbursed.
- How do I submit my application?
 - You may submit your completed application to the City of Gustavus by emailing it to treasurer@gustavus-ak.gov (include "economic grant" in the subject line), submit it by mail to PO Box 1, Gustavus, AK, 99826, or drop it off at Gustavus City Hall.
- Will additional funding for this program be available in the future?
 - It is possible, but not guaranteed, that more funding will become available for COVID-19 economic assistance grants in the future.