

## **Federal Programs: CARES ACT**

Initial and also second round of funding already exhausted

**PPP** - Paycheck Protection Program - exhausted

**EIDL** – Economic Injury Disaster Loan – exhausted

## **For Businesses:**

A series of tax credits to ease the burden of keeping staff on payroll.

- Employee retention benefit: 50% refundable payroll tax credit during COVID-19 crisis for businesses that either fully or partially shut down OR have a 50% decrease in receipts versus the same quarter in the previous year and continue to pay employees.
- Based on qualified wages paid to employees during crisis, tied to number of employees (100+ full time employees = wages paid when they are not providing services due to COVID-19 and less than 100 full time employees = wages paid regardless of business closure status)
- Covers up to \$10,000 paid per employee, including benefits, for the period 3/13/20-12/31/20
- Payroll tax deferred, payments to be spread over 2 years
- Net operating losses (NOLs) modification: NOLs arising in FY's '18, '19, and '20 can be carried back 5 years
- AMT credits available as refundable credits through 2021 can be claimed as a refund now
- Allowable deductible interest expenses are increased from 30% to 50% for 2019 and 2020.

## **State Programs: Has not been released as of 5/27/20**

### **AK CARES GRANT**

#### **Who can apply?**

Small businesses including C-Corps, S-Corps, Partnerships, nonprofits (501(c)3 or 501(c)19), or sole proprietorships with a current Alaska Business License that:

- Did not qualify or were otherwise unable to obtain SBA PPP or EIDL funding
- In operation for at least one year prior to March 11, 2020
- Have on average 50 or fewer employees

#### **Who cannot apply?**



- Marijuana related businesses.
- Secondary income sources.
- Out of State business.
- Business that has received funding or have an approved application for SBA's PPP or has EIDL funding in excess of \$5,000.
- Business with more than 50 full time equivalent employees.
- Business that has filed bankruptcy.
- Businesses that do not meet the eligibility criteria outlined above.

**Grant Amount:**

\$5,000 to \$100,000 based on eligible expenses

**Eligible Expenses**

Amount of grant award based on the following COVID-19 emergency related eligible expenses during the period 8 weeks prior and 8 weeks following the application date:

- Payroll costs and expenses;
- Payment of any short term (less than 24 months) or credit card debt incurred by the applicant to support the applicant's business during the emergency;
- Rent or mortgage payments (unless otherwise waived by lessor/lender);
- Utilities payments;
- Purchase of personal protective equipment required by the business;
- Business related equipment; and
- Expenses incurred to replenish inventory or other necessary re-opening expenses.

During Governor Dunleavy's presser he advised small business owners to start gathering documentation that supports eligible expenses and to also make sure their business license is current. This is a first come, first serve basis.

# AK CARES GRANT



## AK CARES Funding Program: Informational Sheet and Checklist

In response to Governor Mike Dunleavy's Public Health Disaster Emergency Declaration on March 11, 2020, the Alaska Department of Commerce, Community, and Economic Development (DCCED) and the Alaska Industrial Development and Export Authority (AIDEA) intends to partner with Credit Union 1 (CU1) to support small Alaskan businesses impacted by the COVID-19 pandemic, through the proposed AK CARES Funding Program. Subject to approval, the AK CARES Funding Program is proposed to be established in AIDEA to facilitate the DCCED grant program distributing the CARES Act funds allocated for small business relief.

Pending approval, Credit Union 1 would be the program facilitator for AK CARES. To expedite the process, small businesses should review this checklist carefully as it lists what is needed for a successful application submission. Incomplete application packages will not preserve your priority in the queue. Failure to comply with the checklist will result in the application being returned for completion and having to restart the process with a submittal of a new application package. The AK CARES Program will be operated on an equal access/non-preferential (i.e. first-come, first-served basis).

**As of May 21, 2020, the AK CARES program has not yet been finalized and the details listed below may change. We will update this website once the program details have been finalized. The application period will be clearly indicated here at that time.**

## AK CARES Funding Program FAQs

### When can I apply?

Credit Union 1 will start accepting applications on the program launch date. The application submission button will not be live until that date.

### How can I apply?

The application to apply for a small business relief grant will be provided on the DCCED, AIDEA, and CU1 websites.

### Will these funds be issued to businesses as loans or grants?

Grants. However, CU1 will be using the loan process to facilitate the origination, documentation, and funding.

### What is the minimum and maximum grant amounts?

\$5,000-\$100,000.



### What are the terms?

As a grant, there is no repayment required. There will be a grant agreement outlining the conditions of the grant funding.

### Are there fees associated with these grants?

There are no fees that will be charged to the applicant.

### Are there restrictions on the how the proceeds are used?

Grant proceeds are to be used for COVID-19 emergency related expenses ("Eligible Expenses") incurred and previously paid or currently unpaid, by the applicant business or held in arrears. Business will be liable for any misuse of funds.

### Eligible Expenses include:

- Payroll costs and expenses;
- Payment of any short term (less than 24 months) or credit card debt incurred by the applicant to support the applicant's business during the emergency;
- Rent or mortgage payments (unless otherwise waived by lessor/lender);
- Utilities payments;
- Purchase of personal protective equipment required by the business;
- Business related equipment; and
- Expenses incurred to replenish inventory or other necessary re-opening expenses.

### How long will the program operate?

The program will run until the earlier of:

- November 15, 2020;
- The end of the Governor's declared COVID-19 State of Emergency for the State of Alaska;  
or
- Once the program's cap is reached.

### I'm not a CU1 member. Can I still apply?

Yes.

### If I'm not a member of Credit Union 1, will I need to join to apply?

You will not need to join to apply, but you will need to join upon approval before proceeds can be disbursed. Credit Union 1 will donate the \$5 membership share.



I have a personal account with Credit Union 1, but my business account is at another financial institution. Do I have to open a business account?

Yes, you will need to open a separate business account before proceeds can be disbursed. Credit Union 1 will donate the \$5 membership share.

I have a job through an employer, but I own a side business. Am I eligible to apply?

No, this grant program will not provide funds for secondary sources of income.

I need more than the program cap of \$100,000. Can I apply for multiple grants?

No. CU1 will only accept one grant application per business license and Federal Tax ID number/EIN.

My business has several subsidiaries which do not have individual business licenses. Are they eligible to apply individually?

No, only one grant application per business license and Federal Tax ID number/EIN will be accepted.

Are there grant limitations for common ownership?

Common ownership is allowable, as long as each business entity meets the program qualifications.

I am a sole-proprietor. Can I apply for this grant?

Yes, provided you meet the eligibility criteria.

### Who Can Apply?

- Small businesses based, licensed and located in Alaska with an Employer Identification Number (EIN) including C- corps, S-corps, Partnerships, LLCs, nonprofits (501(c)3 and 501(c)19, or sole proprietorship meeting the following criteria:
  - Have held a valid license to do business in the State of Alaska at least one year prior Governor Dunleavy's March 11, 2020 COVID-19 Emergency Declaration.
  - Have on average 50 or fewer employees
  - That was excluded, did not qualify, or were otherwise unable to obtain funding from U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP), the SBA Economic Injury Disaster Loans (EIDL), or other federal funding programs under the CARES Act. Exception: Applicants who have received a SBA EIDL grant/advance for less than \$5000 are eligible to apply. However, the amount received from the EIDL grant will be deducted from the total grant amount awarded under this program.
- Credit Union 1 members and non-members are welcome to apply.



## Can Nonprofits apply for the AK CARES grant program?

Yes, if your nonprofit is a (501(c)3 or 501(c)19, and meets the program guidelines in addition to meeting the following requirements:

- Current or 2018 IRS Form 990 on file with the IRS
- IRS letter of determination of nonprofit status for more than 2 years
- Directed by a voluntary board of directors or local advisory board whose majority of members are residents of the state of Alaska
- Have provided in-state aid or service during 2 calendar years preceding the date of application

## Who is NOT eligible for AK CARES grant program?

- Marijuana related businesses
- Secondary income sources
- Out of State businesses
- Business that have received funding or have an approved application for SBA's PPP or EIDL funding in excess of \$5,000.
- Business with more than 50 full-time equivalent employees
- Businesses which have filed for bankruptcy
- Businesses who do not otherwise meet the eligibility criteria
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## How do I calculate the grant amount in the application?

Subject to the cap of \$100,000 per applicant, the maximum amount of funding a business can apply for is based upon the following calculation:

1. Eligible Expenses incurred in the eight (8) weeks prior to the application date; plus
2. Eligible Expenses to be incurred over the next eight (8) weeks by the business to re-staff/re-open (subject to review and limits based on prior year's expenses during the same period).

The total amount of Eligible Expenses which cannot be funded by controlled disbursement (i.e. funded directly to Applicant) cannot exceed 25% of the total loan amount. All grant funds must be spent on eligible costs by December 30, 2020.

Grant proceeds will be paid directly to designated payees provided on the Schedule of Eligible Expenses.

## Here is what you will need to provide for a successful application package

- Completed business grant application



- All certifications must be acknowledged
- Application must be signed
- **Completed Schedule of Eligible Expenses. Supporting documents that confirm expenses include (but are not limited to):**
  - Bank or credit card statement
  - Invoice
  - Purchase order
  - Lease agreement
  - Billing statement
  - Payroll report
- **For reimbursement of paid expenses include receipt or bank statement for confirmation.**
- **Additionally nonprofits will need to provide:**
  - Current or 2018 IRS Form 990 on file with the IRS
  - IRS letter of determination of nonprofit status for more than 2 years
- **Current business License, professional License (if applicable), Articles of Incorporation (if applicable), current biennial report (if applicable), and all documentation needed to start a business account found on this <https://assets.ctfassets.net/79es7xr9jhws/2pWczQpr4immtQWoc0jHDN/52160a8631d248a094095768aa366a33/CU1-Business-Services-Checklist.pdf>**

#### What to expect once an application is submitted:

- Applicant will receive a confirmation email when Credit Union 1 has received the completed application packet.
- Applicants that submit an incomplete application packages will be will be emailed a checklist of required documents and missing information. An application will not be placed in the processing queue until the completed package is received.
- As this granting process is first-come, first-served, completed applications will be processed in the order they are received.
- A Credit Union 1 representative will call applicants with any follow up questions.
- Applicants will be notified via email, once their application has been approved.
- Applicants who are denied will be notified of the decline reasons via email.
- If the applicant needs a new account, a Credit Union 1 representative will contact the applicant for a phone interview. The applicant will not need to open a new account until the grant application is approved. While going through the new account process, applicants will retain their place in the funding queue.
- Grant documentation will be finalized via electronic signature using DocuSign. Fax and branch options will also be available for those that require additional assistance.
- Grant proceeds will be controlled disbursed via cashiers' check to listed payees.