



LANCASTER COUNTY SMALL BUSINESS RECOVERY & SUSTAINABILITY FUND PHASE 2 FAQ

(As of July 14, 2020. Subject to change.)

GRANT FUND BACKGROUND

1. **Is the Small Business Recovery & Sustainability Fund (SBRSF) awarding grants or loans?**

The SBRSF is awarding grants that do not have to be paid back. The funding was received as part of the \$150 billion CARES Act Coronavirus Relief Fund which directed federal dollars to states and eligible units of local government.

2. **What is the total SBRSF size?**

A total of \$26,697,500 will be distributed to Lancaster County businesses in two-phases of funding. Phase 1 is now complete with 492 businesses with 20 and fewer employees receiving \$11,735,407, based on approvals at the July 1 and July 8 Lancaster County Board of Commissioners. Phase 2 will award the balance of funding, which is \$14,962,092.

3. **When will Phase 2 funding be available? Who will be eligible?**

We anticipate that the Phase 2 online application portal will open on July 20, 2020. Businesses with 100 employees and fewer will be eligible, with additional guidance publicly available prior to the grant application opening.

4. **What can grant funds be used for?**

*Phase 2 grant funds may be used to cover necessary working capital costs or for retrofitting expenses incurred (or to be incurred) after April 15, 2020. Working capital can include payroll, rent, mortgage, supplies and other operating expenses, with the exception of owner compensation. **Grant funds cannot be used to pay compensation to or to pay back loans to shareholders, partners, the sole proprietor or family members.***

5. **Is there a cap amount on the size of a business grant?**

In Phase 2, grants will be tiered with a maximum cap tied to the number of employees (head count) a business employs. Grant amounts are based on the lessor of the amounts listed below or 25% of operating expenses not including depreciation and amortization on the most recently filed tax return.

<u>Company Size</u>	<u>Maximum Grant Available</u>
51-100 Employees	\$80,000
21-50 Employees	\$50,000
1-20 Employees	\$20,000

Entities should only apply for the amount of grant funding that is allowed within the guidelines-up to the maximum amount based on the number of employees. Not all applicants will receive the maximum award.

While an applicant may qualify for the grant maximum amount, Recovery Lancaster is asking applicants to request only the amount of grant funds needed so that other Lancaster based businesses can have access to grant funds as well. We are all in this together!

6. **Is there enough funding to meet the need?**

Available funds are limited and high demand is anticipated. There is no guarantee that all applicants will receive the funding for which they have applied. Grant awards will be based upon the scoring matrix. (see FAQ number 40).

APPLICATION PORTAL AND ESTIMATED TIMELINES

7. When will the grant application process open?

Businesses may apply at www.RecoveryLancaster.com beginning Monday, July 20 at 8:00 a.m. Prior to that, specific information about how to apply is available on the site. This will give applicants adequate time to gather necessary documentation.

8. How long will the grant application portal be open?

The portal will be open five consecutive days, opening at 8:00AM on Monday, July 20 and closing at 5:00PM on Friday, July 24, 2020.

9. What is the process for applying?

All applicants are encouraged to apply online at www.RecoveryLancaster.com to facilitate processing. By using the portal, applicants reduce the potential for errors and omissions potentially resulting in an ineligible application.

10. May I fill out a paper application?

Applicants are STRONGLY ENCOURAGED to apply online. Paper applications will only be accepted for businesses with 20 employees or less through Thursday, July 16 at 5pm.

Paper applications will be available with drop-off instructions and can be printed from the website or picked-up at Trout CPA, 1705 Oregon Pike, Lancaster during business hours beginning Monday, July 20. All applications received by the application deadline at the Trout drop-off box will be uploaded to the website portal by the application team.

11. Will telephone assistance be available if I have questions about eligibility or required documents for the application?

Yes, we will have telephone assistance available beginning Thursday, July 16. If you have questions about eligibility, need assistance with required documentation for the application or questions on how to locate information on a tax form, call 717-239-6961 between 8 a.m. – 5 p.m., Monday – Friday, or leave a message and someone from the grant fund team will return your call.

12. Will the application be available in multiple languages? Will there be technical assistance available for non-English speakers, as well?

The application will be readily available in Spanish in the online portal. Technical assistance for Spanish speaking applicants will be provided by ASSETS. Please call 717-393-6089 for assistance.

13. Can I save my application and come back to it later?

Yes, but applicants saving their application still must go back into the website and officially submit their application prior to the closing of the portal.

ELIGIBILITY

14. Who is eligible?

Eligible applicants are businesses (corporations, partnerships, LLCs, sole proprietors, and nonprofits) that operate in Lancaster County whose companywide employee headcount was 100 or fewer for the pay period that includes March 1, 2020.

- 15. If I have received other funding assistance, can I still receive grant funding through the Small Business Recovery and Sustainability Fund?**
Yes. If your business received other federal, state or local loans or grants you are still eligible to apply. This includes, but is not limited to, EIDL, PPP and PIDA. Businesses that received a grant award from the first round of the Small Business Recovery and Sustainability Fund are NOT eligible for additional funding.
- 16. My business has multiple locations in Lancaster County. May I apply more than once?**
No. You may only submit one application for that business entity. Applications are submitted based on the Employer Identification Number (EIN) or Social Security Number of the entity.
- 17. May I submit an application if I have business locations in multiple counties?**
An eligible applicant for Phase I must have a physical operating location in Lancaster County, Pennsylvania, and must have employed 100 or fewer employees companywide from March 1 through March 7, 2020. All funds awarded must be used for costs incurred in Lancaster County facilities and operations. For example: Company A has three locations (Lancaster, York and Berks counties). Total headcount for all three locations is 54. Company A is eligible to apply because the company's headcount is 100 or fewer. A second example: Company B has three locations (Lancaster, York and Berks counties). Total headcount for all three locations is 105- Company B is not eligible to apply because the company's headcount is greater than 100.
- 18. Should the information provided in the grant application include just my operations in Lancaster County or my companywide information?**
The information provided should include the entity's entire operations and information.
- 19. If I own more than one business (including common ownership of several entities among a small number of people), am I allowed to apply for each business individually or should I apply as a group?**
Each entity operating under a separate employer identification number or Social Security number is considered an eligible applicant.
- 20. As a franchisee, may I submit an application?**
Yes, however, an eligible franchisee applicant for Phase II must have a physical operating location in Lancaster County, Pennsylvania, and must have employed 100 or fewer employees companywide as of March 1 through March 7, 2020. All funds awarded must be used for costs incurred in Lancaster County facilities and operations. Franchisees should count the total number of employees on March 1 through March 7, 2020, under an individual EIN or SSN as their total headcount.
- 21. Will businesses in operation for less than a year be eligible?**
Yes, however the business will have to meet the eligibility requirements and submit its most recently (2019) completed tax return.
- 22. May I apply these grant funds against costs that were used to claim forgiveness under another grant or loan program (e.g., PPP loan)?**
No. Funds received under this grant program may not be applied against any costs that were also used to satisfy the requirements of another grant or loan program.
- 23. Is there a limit on the amount of grant funds that can be used for owner compensation or other payments to owners or entities related by common ownership (e.g., related party rent)?**
No grant funds may be used for owner compensation. Grant funds can be used to pay rent to related parties for leases in existence prior to February 15, 2020.

24. **I need grant funding to support my small business operations in light of the ongoing pandemic. However, I was convicted of a felony in the past. Am I still eligible for this grant program?**
Maybe. Businesses are ineligible if an owner of 20 percent or more of the equity of the applicant is presently incarcerated, or, for any felony, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction or within the last 5 years, for any felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance, or within the last year, for any other felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; or 4) commenced any form of parole or probation (including probation before judgment).
25. **If I own a passive business am I eligible to apply?**
No, passive businesses such as commercial and residential landlords are ineligible.
26. **Can I apply if my business had a loss on its most recently filed tax return?**
Yes. A Lancaster based business that employees 100 or fewer employees and had a loss on its most recently filed (2019 or 2018) tax return can apply for a grant in Phase 2.
27. **I'm a new business that started in 2019, can I apply?**
Yes, but you must have filed a 2019 tax return and submit that with your application. For all businesses started in 2019, the revenue comparison calculation will be on your average monthly gross revenue/income throughout 2019 compared to your average monthly revenue in March-May 2020.
28. **Does the business have to be a member of the Lancaster Chamber or EDC?**
No. Grant funds are available for all businesses in Lancaster County that meet the eligibility criteria regardless of their membership status with any organization.

APPLICATION INFORMATION

29. **What information will I need to gather to submit a grant request?**
At this time, the necessary information to complete the application is:
- *Entity Demographic Information and EIN/SSN number*
 - *Industry by NAICS Code*
 - *March-May 2019 Revenue Statement*
 - *March-May 2020 Revenue Statement*
 - *2019 Gross Revenue*
 - *2019 Net Profit (Loss)*
 - *2019 Total Operating Expenses*
 - *2019 Depreciation Included in Operating Expenses*
 - *The year the business was established*
 - *Employee Headcount on March 1 through March 7, 2020*
 - *Entities with 21-100 employees reported in the application MUST submit your payroll report for the pay period that includes March 1, 2020. This report will establish your headcount for the purposes of the application. This is the supporting documentation for the grant application.*
 - *Copy of the Business' Last Submitted Federal Tax Return to support net profit, operating expenses, depreciation and other demographic information.*
 - *Background Information on How COVID-19 Has Impacted Business Operations and/or Working Capital*
 - *If Applying for Retrofit, Submit Receipts or Estimates*

- *NOTE: You may utilize your 2018 federal tax return for the above references and supporting documentation ONLY if your 2019 return has not yet been filed due to an extension.*

30. For purposes of determining my number of employees, do I use headcount or the full-time equivalents?
The grant application is based on headcount. For applicants who employ 20 or fewer employees, count each full-time and each part-time employee you employed directly on March 1 (Sunday) or March 2 as one headcount. The number of hours an employee works does not apply to headcount. For example: an entity has 7 full-time employees and 4 part-time employees, the entity’s headcount is 11 employees.

For applicants who employ 21-100 employees count each full-time and part-time employee you employed directly for the period of March 1 through March 7, 2020. NOTE: Those with 21-100 employees must submit a payroll report for the pay period that includes March 1, 2020. This report will establish your headcount for the purposes of the application. This is the supporting documentation for the grant application.

31. For employee headcount, is it just permanent full-time and part-time employees? I utilize sub-contractors or do seasonal/job-specific hiring. Do I count them?
Employee headcount includes full time and part time employees for which the entity will issue a form W-2. Third party subcontractors are not included in headcount.

32. Is the owner included in the headcount?
Yes, if the owner works in the business.

33. What are acceptable documents to submit to support Total Revenue amounts entered in the application for March 1 to May 31, 2019 and 2020?
Preferred documents are internal income statements showing revenue, expenses and net income for March 1 to May 31, 2019 and a statement for March 1 to May 31, 2020 from a computerized accounting system such as QuickBooks or other software. If income statements from the businesses accounting software are not available, please submit a report in PDF format from excel or word or a legibly hand-written document following the format below:

<u>Month</u>	<u>2019</u>	<u>2020</u>
March 1-31	\$ XX,XXX	\$ XX,XXX
April 1-30	\$ XX,XXX	\$ XX,XXX
May 1-31	\$ XX,XXX	\$ XX,XXX
Total	\$ XX,XXX	\$ XX,XXX

Documents that are not acceptable to support Total Revenue are copies or pictures of bank statements, pages of records from tablets, composition books, papers, or other documents that do not provide, at a minimum, Total Revenue by month for March, April and May, 2019 and 2020 and totaled for those periods.

34. Will my information be publicly released?
Certain application information will be available publicly for all applicants: entity legal and D/B/A name of applicant, municipality in which the business is located, funding amount requested, and criteria score result. Proprietary business information that will NOT be publicly released includes revenue amounts, operating expense amounts, purpose of funding and whether other funding was obtained.

35. Will I receive a grant if my application is incomplete, or contains errors?
No. A grant will not be awarded if the application is incomplete, not properly executed, contains erroneous information or lacks proper documentation. It is the applicant’s responsibility to ensure the application is complete and accurate.

36. Where can I see what I will need to certify to?

Please check Appendix A of this document for the SBRSF Certification Document. Upon disbursement of grant funds, applicants will sign another certification for the County of Lancaster.

RETROFIT

37. Why are retrofit costs before April 15 ineligible?

The Recovery & Sustainability Fund team reached an agreement with the Lancaster County Commissioners that retrofit costs incurred and paid on or after April 15 would reasonably represent implementation of retrofit solutions based upon Centers for Disease Control and other guidance available related to the current pandemic for novel COVID-19 mitigation practices.

38. What are examples of qualifying retrofit?

Qualifying retrofits are changes made at the business to mitigate the spread of the COVID-19 virus. Documentation may be required, but examples include: materials for required office layout changes, screens/barriers, signage, airflow remediation, website changes to accommodate for new safety protocol, etc.

SCORING AND APPROVALS

39. How will applications be scored?

Scoring is automated. Scoring criteria has been developed that weights 65% on need, 30% on business sustainability variables, and 5% on diverse business ownership. These criteria weights will be applied to applications automatically based on information submitted. Application team members will review information submitted for accuracy and subjective analysis might be applied, as necessary.

40. What is the approval process for applicants?

All applications will be automatically scored based upon the below criteria, with the highest ranked applications being recommended for approval to the Lancaster County Board of Commissioners at its next available public meeting following the application review period (anticipated to be early August). The Commissioners will receive the full list of applicants. (See FAQ Question 34.)

41. What are the scoring criteria?

Criteria	Weight	5	4	3	2	1
Year over Year Revenue Decline (March-May) <u>or</u> average monthly revenue decline for businesses started between January 1 – Dec. 31, 2019	30%	100-80%	79-60%	59-40%	39-20%	19-0%
Funding Request	20%	Business has only requested retrofit funding		Business has requested retrofit and working capital funding		Business has only requested working capital funding

Other Funding Since March 1 (Note: Entities that received funding through this program in Phase I are not eligible.)	15%	Have not received any type of special COVID assistance funding including PPP, SBA EIDL, PIDA CWCA, Lancaster City Emergency Fund		Received \$25,000 or less of total special COVID assistance funding, including PPP, SBA EIDL, PIDA CWCA, Lancaster City Emergency Fund, Statewide Small Business Assistance		Received more than \$25,000 of total special COVID assistance funding, including PPP, SBA EIDL, PIDA CWCA, Lancaster City Emergency Fund, Statewide Small Business Assistance
Time in Business	10%	>10 years		3-10 years		< 3 years
Number of Employees on March 1, 2020	10%	50-100	21-49	10-20	2-9	1
Last Year's Net Profit / (Loss) + Depreciation as a % of total revenue	10%	≥0%		0% – (5%)	(5%) – (10%)	(10%) >
Diverse Business Ownership <i>(Tiebreaker: extra scoring for 51% of business ownership being from a diverse demographic)</i>	5%	Yes				No

42. How do I determine if my business qualifies for diverse business ownership?

Businesses whose ownership is more than 51% owned by African Americans, Hispanics, Woman, Asian Americans, Disabled persons, Veterans or other minorities qualifies.

43. If you applied but did not receive a grant in the first phase, can you make an application in this phase?

Yes. Please note, however, that the eligibility and scoring criteria have changed.

44. If you were awarded a grant in the first phase, can you apply for a grant in the next phase?

No, if you received a grant for an entity in Phase 1, you cannot receive a grant in Phase 2 for that entity.

DISBURSEMENT & DOCUMENTATION

45. Who will disburse the funds?

The County of Lancaster will disburse funds following review and approval of the recommended applicants by the County Commissioners.

46. If I am approved, what type of documentation will be required to receive the funds?

The County of Lancaster requires a W-9 form completed by the awardee as well as an executed certification that will be provided to all applicants approved for a grant. (If you do not have a W-9, one can be created

using the IRS form found here: <https://www.irs.gov/pub/irs-pdf/fw9.pdf>. The IRS provides further instructions within the document.)

47. If I am approved, how long until I get my award?

The County of Lancaster will process grant awards weekly following approval by the Board of Commissioners. Grant funds will only be processed upon receipt by the County of the completed W-9 form and the executed certification.

48. After receiving grant funds, will I need to provide documentation to prove that the funds were used for their intended purpose?

Awardees will be required to complete a brief close-out report to outline final use of funds and outcomes from fund utilization.

MISCELLANEOUS

49. Are awarded funds taxable income?

Probably yes, though some experts believe there may be relief provided federally for income related to COVID-19 awards, please consult your tax professional for an official determination.

HAVE ADDITIONAL QUESTIONS? Please email funding@recoverylancaster.com for assistance.

APPENDIX A

Lancaster County COVID-19 Relief Fund - Certification by Applicant

The Applicant certifies that:

1. All information and statements contained in this Application, and all documents and exhibits submitted with this Application, are to the best of Applicant's knowledge, true, accurate, complete and not misleading, as of the date of this Application. Any further information or documentation submitted by Applicant in connection with this Application shall also be subject to this certification, which shall be deemed to be remade as of the date submitted.
2. Applicant has fully complied with, and will fully comply with, all federal, state and local laws and regulations applicable to this grant and applicable to Applicant's business, assets and/or operations, and the Applicant is not currently under investigation with respect to any violation of, or other failure to comply with, any such applicable law or regulation. No funds will be used for any purpose or in any manner that violates federal, state or local laws or regulations. All funds will be utilized for purposes consistent with the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").
3. The Application is based on the Applicant's reasonable estimate of financial need for, and all funds will be utilized by the Applicant solely for, working capital, operational costs or COVID-19 health or safety related expenses necessary to maintain or continue the Applicant's operations in Lancaster County, Pennsylvania, including (without limitation) payroll, rent, mortgage, supplies, personal protective equipment and other operating expenses, and retrofitting capital costs, and all funds received from this program by Applicant shall be used for such purposes.
4. Applicant will submit additional information and documentation in support of this application and/or the grant requested or awarded with respect to this Application, in each case, upon request, and will permit the County of Lancaster or its representatives, designees or affiliates to inspect and/or audit the books, records, premises and operations of the Applicant to assure compliance with the requirements of this program. Applicant hereby acknowledges and agrees that all information may be shared by and with the County of Lancaster, Pennsylvania, the Lancaster Chamber of Commerce, the Economic Development Company of Lancaster County, EDC Finance Corp., their respective partners, designees, affiliates, employees, agents, volunteers and committees to the extent such disclosure is made in connection with the application and this grant program.
5. AVAILABLE FUNDS ARE LIMITED AND SIGNIFICANT INTEREST IS ANTICIPATED. Applicant recognizes that there is no assurance that Applicant will be awarded any grant of any size, regardless of how well the Applicant may meet the criteria used for awarding these grants and regardless of what the Applicant may have been told or read with respect to this grant program. As a condition and in exchange for the consideration of receiving and reviewing this application, the Applicant hereby releases and will hold harmless the County of Lancaster, Pennsylvania, the Lancaster Chamber of Commerce, the Economic Development Company of Lancaster County, EDC Finance Corp., their respective partners, designees and affiliates in facilitating and administering this grant program and their respective Board of Commissioners, Boards of Directors, officers, employees, representatives, volunteers and committees of and from any and all claims and/or causes of action of any kind or type arising from or out of (a) their receipt and review of this application and any information or documentation of or concerning the Applicant, (b) any decisions or recommendations with respect to this application, (c) the administration of this program and/or the award or denial of funds and/or the sufficiency thereof, and (d) any other matter or thing related to this program.
6. As a condition of Applicant's submission of the Application and receipt of any Benefits made available under the Program, the Applicant hereby releases the County of Lancaster, Pennsylvania, the Lancaster Chamber of Commerce, the Economic Development Company of Lancaster County, EDC Finance Corp., their respective partners, designees and affiliates in facilitating and administering this benefit program and their respective Board of Commissioners, Boards of Directors, officers, employees, representatives, volunteers and committees of and from any claims and/or causes of action of any kind or type arising from or out of (a) their receipt and review of the Application, (b) the administration of the Program and/or distribution or delivery of the Benefits available under the Program, (c) the Benefits received by the Applicant, and (d) any other matter or thing related to the Program.
7. All decisions and recommendations with respect to this application and this grant are final when made and are non-appealable. The Applicant acknowledges that grant award determinations will be made based on both objective and

subjective analysis of information available and that award determinations need not follow strictly or consistently the scoring methods utilized. The Applicant also acknowledges that the identity of funding applicants and recipients, award amounts and application scores and recommendations will become public information.

8. The individual signing below is legally authorized by the Applicant to submit this application, to sign this certification and to legally bind the Applicant.