



LANCASTER COUNTY SMALL BUSINESS RECOVERY & SUSTAINABILITY FUND FAQ

As of June 3, 2020. Subject to change as grant details are being developed.

Grant Fund Background

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

The SBRFSF 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 SBRFSF size?

It is \$25 million, with distribution being broken into three phases. Phase 1 is capped at \$10 million.

3. When will Phase 2 funding be available?

Who will be eligible?

We anticipate that Phase 2 will be \$10 million, targeting businesses with 100 employees or fewer; that criteria is not finalized. Additional guidance will be publicly available prior to the grant window opening for Phase 2.

4. What can grant funds be used for?

Phase 1 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. The grant funds cannot be used 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 1, grants will be capped at \$35,000 or 25% of operating expenses not including depreciation and amortization on the most recently filed tax return, whichever of the two figures is less. Entities should only apply for the amount of grant funding that is allowed within the guidelines (below), up to the maximum amount of \$35,000. Not all applicants will receive the maximum award.

6. Is there enough funding to meet the need?

Available funds are limited; 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 38).

Application Portal and Estimated Timelines

7. When will the grant application process open?

Businesses may apply at www.RecoveryLancaster.com beginning **Monday, June 15 at 7:00 a.m.** Prior to that, specific information about how to apply will be available on the site as of Monday, June 8. This will give applicants lead time to gather necessary documentation.

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

The portal will be open **five consecutive days**, closing at 6:59 p.m. on the fifth day, Friday, June 19.

9. What is the process for applying?

All applicants are encouraged to apply online at www.RecoveryLancaster.com to facilitate processing. 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, June 15. All applications received by the application deadline at Trout CPA or through designated partner organizations will be uploaded to the website portal by the application team.

10. 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 Monday, June 8. 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.

11. 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 and in print. Technical assistance for Spanish speaking applicants will be provided by ASSETS. You can call 717-393-6089 for assistance.

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

We are reviewing final portal options with the web portal programmers and will make applicants aware of their ability to save or not save prior to the ability to submit applications.

Eligibility

13. Who is eligible?

Eligible applicants are businesses (corporations, partnerships, LLCs, sole proprietors, and nonprofits) that operate in Lancaster County whose companywide employee headcount was 20 or fewer on March 1, 2020. The entity must exhibit that it was profitable prior to the pandemic by providing its net profit after adding back depreciation (net profit before depreciation) based on its most recently filed tax return.

14. 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. A portion of the application will ask you to indicate whether you have received special COVID assistance (such as the items above). When answering this question, do not include items such as bank loans acquired at market rate or Pandemic Unemployment Assistance.

15. 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.

16. 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 20 or fewer employees companywide as of March 1, 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 18. Company A is eligible to apply because the company's headcount is 20 or fewer. A second example: Company B has three locations (Lancaster, York and Berks counties). Total headcount for all three locations is 25. Company B is not eligible to apply because the company's headcount is greater than 20.

17. Should the information provided in the grant application include just my operations in Lancaster County or my companywide information?

The final application material will direct applicants as to whether an application answer requires companywide or site-specific information.

18. 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 filing a federal tax return is considered an eligible applicant.

19. As a franchisee, may I submit an application?

Yes, however, an eligible franchisee applicant for Phase I must have a physical operating location in Lancaster County, Pennsylvania, and must have employed 20 or

fewer employees companywide as of March 1, 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, 2020, under an individual EIN or SSN as their total headcount.

20. Will businesses in operation for less than a year be eligible?

Yes, however the business will have to meet the eligibility requirements, submit a completed tax return and exhibit profit before depreciation.

21. 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.

22. 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.

23. 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 only ineligible if an owner of 20 percent or more of the equity of the applicant is presently incarcerated, on probation or on parole; subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction; or, within the last five years, for any felony, has been convicted, pleaded guilty, pleaded nolo contendere, has been placed on pretrial diversion, or been placed on any form of parole or probation (including probation before judgment).

24. Am I an eligible applicant if I was operational during the red phase?

All applicants must certify that they are in compliance with federal, state and local laws; certification is required. Applicants should consult with their attorney if they have questions about certifying their operational eligibility.

25. If I own a passive business am I eligible to apply?

No, passive businesses such as commercial and residential landlords are ineligible.

26. Does the business have to be a member of the Lancaster Chamber or EDC?

No, the 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

27. 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 Total Operating Expenses
- 2019 Depreciation Included in Operating Expenses
- The year the business was established
- Employee Headcount on March 1, 2020
- Copy of the Business' Last Submitted Federal Tax Return
- Background Information on How COVID-19 Has Impacted Business Operations and/or Working Capital
- If Applying for Retrofit, Submit Receipts or Estimates

28. For purposes of determining my number of employees, do I use headcount or the full-time equivalents?

The grant application is based on headcount. Count each full-time and each part-time employee you employed directly 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.

29. On what date do I base the employee headcount? I've laid people off, reduced staff or have people on furlough.

The headcount is based on your full-time and part-time count on March 1, 2020. If the entity is not fully operational or closed on March 1 (which was a Sunday), use March 2 as the headcount date.

30. 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.

31. Is the owner included in the headcount?

Yes, if the owner works in the business.

32. Will my information be publicly released?

Certain application information will be available publicly for all applicants: name and location of applicant, 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.

33. 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.

34. 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

35. 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 on or after April 15 would be deemed to reasonably represent likely implementation of retrofit solutions based upon Centers for Disease Control and other guidance available on the novel COVID-19 mitigation practices.

36. What are examples of qualifying retrofit?

Qualifying retrofits are changes made at the business in order 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

37. How will applications be scored?

Scoring will be automated. Scoring criteria has been developed that weights 70% on need, 20% on business sustainability variables, and 10% on industry and company status. 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.

38. 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 for late June). The Commissioners will receive the full list of applicants.

39. What are the scoring criteria?

| Criteria | Weight | 5 | 4 | 3 | 2 | 1 |
|--|--------|---|---|---|---|---|
| Year over Year Revenue Decline (March-May) | 30% | 100-80% | 79-60% | 59-40% | 39-20% | 19-0% |
| Other Funding Since March 1 | 20% | We have not received any type of special COVID assistance funding including PPP, SBA EIDL, PIDA CWCA, Lancaster City Emergency Fund | | We have received \$5,000 or less of total special COVID assistance funding, including PPP, SBA EIDL, PIDA CWCA, Lancaster City Emergency Fund | | We have received more than \$5,000 of total special COVID assistance funding, including PPP, SBA EIDL, PIDA CWCA, Lancaster City Emergency Fund |
| Funding Request | 20% | Business has only requested retrofit funding | | Business has requested retrofit and working capital funding | | Business has only requested working capital funding |
| Time in Business | 10% | >10 years | | 3-10 years | | <3 years |
| Number of Employees on March 1, 2020 | 10% | 15-20 | 10-14 | 5-9 | 2-4 | 1 |
| Current Business Status | 5% | We could operate with few restrictions in red phase | We could operate in red phase but have limited operations | We can operate with few restrictions starting in yellow phase | We can operate in yellow phase, but have limited operations | We cannot operate until green phase |
| Industry Economic Impact (industries that have been highly impacted that have greater contribution to Lancaster County's economy) | 5% | Accommodations/ Hospitality/ Restaurants; Agriculture; Construction; Education; Healthcare; Manufacturing; Retail | | | | Other |

40. If you do not receive a grant in the first phase, can you make an application in the next phase?

Yes, however the eligibility and scoring criteria are subject to change.

41. If you receive a grant in the first phase, can you apply for a grant in the next phase?

It is possible that you may be able to apply in the second phase; those criteria are not yet developed.

Disbursement & Documentation

42. Who will disburse the funds?

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

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

It is anticipated that a final executed grant agreement between the awardee and the County of Lancaster, plus a W-9 form completed by the awardee, will be required. (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.)

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

We are working on disbursement with the County of Lancaster. The number of applications approved and other variables will affect award payment timing. Please stay tuned for further details.

45. 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

46. 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.