



SD CARES Grant Proposal for Small Businesses



“It is my hope that this proposal will help folks stay open and overcome the unprecedented times we’ve faced these last several months.”

- GOVERNOR KRISTI NOEM

Small Business COVID Interruption Grant Program Framework

- Governor Noem's proposal is to fund approximately \$400 million to the small business COVID interruption grant program from the federal Coronavirus Relief Funds (CRF)
- Final consideration of this program will occur in early October.
- There will be a short window of time between final approval and the application deadline due to Federal requirements for distribution of CRF funding.

Small Business COVID Interruption Grant Program Framework

- Grants up to \$100,000 per qualifying business
- Eligible business must:
 - Be located in South Dakota
 - Have had at least \$25,000 in gross revenue in 2019
 - Have had a reduction in business of at least 25%
 - Not have gross revenues exceeding \$38.5 million
 - Certify to a going concern statement

Small Business COVID Interruption Grant Program Framework

Example 2019 Cash Flow Calculation

Gross Income from March to August	\$1,000,000
Less Cash Expenses from March to August*	-\$750,000
Less Debt <u>Principal</u> Payments from March to August	-\$25,000
TOTAL CASH FLOW from March to August 2019	\$225,000

*Cash expenses EXCLUDES depreciation, amortization, and non-cash expenses

Small Business COVID Interruption Grant Program Framework

Example 2020 Cash Flow Calculation

Gross Income from March to August	\$750,000
Less Cash Expenses from March to August*	-\$650,000
Less Debt <u>Principal</u> Payments from March to August	-\$25,000
TOTAL CASH FLOW from March to August 2020	\$75,000

*Cash expenses EXCLUDES depreciation, amortization, and non-cash expenses

Small Business COVID Interruption Grant Program Framework

Example Reduction in Business Calculation

2020 Cash Flow from Operations March to August	\$75,000
Less 2019 Cash Flow from Operations March to August	-\$225,000
Federal Aid Received (ie: Paycheck Protection Program)	<u>\$50,000</u>
TOTAL REDUCTION IN BUSINESS	-\$100,000
Percentage Reduction in Business	-44%
Eligible Grant Amount	-\$100,000

Single page
example of
**Cash Flow
Calculations**
and
**Reduction in
Business
Calculation**

2019 Cash Flow Calculation

Gross Income from March to August	\$1,000,000
Less Cash Expenses from March to August*	-\$750,000
Less Debt <u>Principal</u> Payments from March to August	-\$25,000
TOTAL CASH FLOW from March to August 2019	\$225,000

2020 Cash Flow Calculation

Gross Income from March to August	\$750,000
Less Cash Expenses from March to August*	-\$650,000
Less Debt <u>Principal</u> Payments from March to August	-\$25,000
TOTAL CASH FLOW from March to August 2020	\$75,000

Reduction in Business Calculation

2020 Cash Flow from Operations March to August	\$75,000
Less 2019 Cash Flow from Operations March to August	-\$225,000
Federal Aid Received (ie: Paycheck Protection Program)	\$50,000
TOTAL REDUCTION IN BUSINESS	-\$100,000

Small Business COVID Interruption Grant Program Framework

- Applications proposed to open October 12 and close on October 23

IMPORTANT....

- Once all applications are received, grant awards will be based on a pro-rata share of available funds
 - For example, if there are \$2 billion in eligible reductions in business, and \$400 million of available grant funds, grants would be 20% of eligible reductions in business

Small Business COVID Interruption Grant Program Framework

- Following the initial reward period, a second allocation of funds would be considered if additional funds are still available.
- Under current federal law, all funds must be expended by December 30, 2020
- Final Version of Program to be approved during a Legislative Special Session on October 5.

Small Business COVID Interruption Grant Program Framework

- 501(c)3 and 501(c)6 nonprofit organizations are eligible for the program, with some exceptions.
- A PDF file of this presentation can be downloaded from the “COVID-19” page at www.pedco.biz.

“The key is to keep the DNA of the business intact so that when we come back out of this incredible, unique situation, we have all the building blocks we started with before to spring right back into business.”

- KEVIN O'LEARY - ENTREPRENEUR AND CO-STAR OF SHARK TANK



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