



# LEE COUNTY CARES EMERGENCY SMALL BUSINESS GRANT PROGRAM

## IN RESPONSE TO THE COVID-19 PANDEMIC

### **Program Overview**

The objective of this program is to offer immediate financial assistance to small businesses in Lee County to aid in maintaining their business and workforce. Recognizing that small businesses are the backbone of our community, Lee County has initiated a Small Business Emergency Grant Program that will provide an opportunity to financially assist 40 small business owners with grants of up to \$7,500 each. The goal is to help them in the short-term, so they can get back to normal operations in the long-term. The source of the funding is from the federal Coronavirus Aid, Relief and Economic Security Act (CARES Act) as appropriated to the State of North Carolina and subsequently allocated to Lee County.

To mitigate the impact of COVID-19 on Lee County small businesses and their employees, Lee County is providing emergency financial support through the Lee CARES Small Business Assistance Grant Program that is targeted at qualified small businesses that are negatively impacted by the COVID-19 pandemic due to Stay at Home Orders. The program will provide one-time grants of **up to** \$7,500 to help offset the significant, temporary loss of revenue to these qualified businesses during this pandemic and to assist businesses in retaining and paying employees. Businesses must show proof of direct loss due to COVID-19 and will be eligible to receive a grant in the amount of valid loss, up to \$7,500.

**Applications close Friday, July 17, 2020 at 5 p.m.** Businesses can begin applying for the grants once the Commissioners hold a public hearing and approve the grant program.

Applications will be available online at [Leecountync.gov](http://Leecountync.gov). Applications are to be returned to:

County Administration, 408 Summit Drive, Sanford, NC, 27330 or by email to [smills@leecountync.gov](mailto:smills@leecountync.gov). The Commissioners will hold a public hearing and vote on June 29, 2020. If more than 40 applications are received businesses will be randomly selected through a computerized lottery system and will be notified around July 24. All applications will be reviewed for eligibility and preference will be given to businesses who did not receive any financial assistance from a federal, state or local small business association program and for businesses that employ 2-20 employees. Selected business may be required to provide additional documentation to show proof of direct loss due to COVID-19 and then the funds will be disbursed by late July.

Eligible expenses include using the money to hire or rehire staff displaced because of COVID-19 or to purchase equipment or supplies that help you ensure you meet social distancing and sanitation guidelines. Examples could include, but are not limited to purchase of equipment or supplies, like masks, gloves, face shields, social distancing markings, and curtains to provide separation for customers or sneeze guards, which you ordinarily would not have purchased if COVID-19 had never happened. Grant funding can also be used to reimburse the costs of business interruption caused by required closures, such as employees' wages, mortgage, rent, utility bills, payroll and other costs, so long as these expenses are not paid for by insurance or another federal assistance program.

Please be aware that your application, and anything associated with said application, will be subject to the North Carolina Public Records Law.

## **Eligibility Requirements:**

To be eligible, businesses must meet all of the following criteria:

- Located in Lee County (including the unincorporated area, City of Sanford and Town of Broadway)
- At least one of the owners is a Lee County resident
- Less than twenty (20) employees (including full-time, part-time, and seasonal employees); businesses that employ only one individual can apply, however preference

will be given to those businesses that employ 2-20 people if more than 40 applications are received

- Existing commercial enterprise that has been in operation for more than 6 months, with a valid Tax ID
- Experienced layoffs, furloughs, expenditures or loss of revenue due to COVID-19, this will need to be attested to in the application
- In good tax standing with all Federal, State and local governments (or have a payment plan in place prior to March 10, when Governor Roy Cooper declared a statewide state of emergency)
- Non-essential and essential businesses impacted by the state Stay at Home Orders are eligible to apply.
- Applicants must document that the business did not exceed \$2 million in 2019 gross receipts or sales.
- Applicants must verify the business has experienced a loss of income due to COVID-19 by completing the Estimated Disaster Economic Injury Worksheet.
- Applicants must submit a current copy of its W-9 form to receive payment.
- Business is not a publicly traded company.
- Applicants must be in good standing with the County.
- Business does not have any current unpaid code enforcement or tax liens and is not operating in violation of any state, federal or local laws.
- Applicant can demonstrate ongoing business operations as of February 29, 2020.
- Business is expected and committed to be fully operational after local and state emergency guidelines are rolled back and pledges in good faith to remain in business for at least six (6) months following receipt of funds.
- Business may be eligible if they have received financial assistance from a federal, state or local small business assistance program; however, preference will be given to businesses that did not receive any other financial assistance if more than forty applications are received.

Businesses who meet any one of the following criteria are not eligible:

- Located outside Lee County
- Owners do not live in Lee County
- Larger businesses and non-profits are not eligible.
- 21 or more employees
- Debarred or suspended from working with North Carolina
- Pending bankruptcy

Up to \$7,500 for qualifying licensed small businesses located in Lee County with less than 20

full time employees, or equivalent part-time employees, including the owner. In addition, the

County is following guidance from the federal Small Business Administration on specific types of

ineligible businesses ([https://www.sba.gov/partners/lenders/7a-loan-program/terms-conditions-](https://www.sba.gov/partners/lenders/7a-loan-program/terms-conditions-eligibility#section-header-19)

[eligibility#section-header-19](https://www.sba.gov/partners/lenders/7a-loan-program/terms-conditions-eligibility#section-header-19)). These include financial institutions, nonprofits, home-based

businesses, religious organizations, gambling outfits and illegal businesses, eligibility criteria may be amended from time to time as additional guidance is issued by the federal SBA.

## **How to Apply**

1. Review the Lee County CARES Small Business Grant Program
2. Grant applications must be completed and filed electronically and the terms and conditions must be accepted
3. Complete the Estimated Economic Injury Worksheet with your grant application
4. Provide a copy of the drivers license for each business owner for identity verification purposes.

## **Documentation that may be requested when reviewing the application:**

1. Current copy of W-9
2. 2019 Corporation Income Tax Return (Form 1120 or 1120s)
3. If no 2019 is available, provide 2018 tax return and annual or quarterly balance sheet or profit and loss statement
4. W3 Summary 1096 (from 2019) or IRS Form 941 (from 1<sup>st</sup> quarter 2020 or 4<sup>th</sup> quarter 2019)

## FAQ

### Overview for Businesses

#### What is the purpose of the Lee County CARES Small Business Grant?

Lee County CARES Small Business Grant offers emergency relief to small businesses facing serious financial loss due to the COVID-19 pandemic. The goal of these funds is to provide temporary financial relief to those most impacted by the pandemic and resulting business closures and modifications in order to keep businesses open and to keep employees employed.

#### What is the source of the CARES grant funds?

These funds come from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. Congress designated a portion of funds to go to local governments to meet urgent financial needs within communities. Lee County has allocated \$300,000 for these small business grants.

#### Which businesses qualify for this funding?

Small businesses in Lee County that have suffered significant, temporary loss of revenue or job losses **directly related** to the COVID-19 pandemic, particularly businesses that have been directly affected by state and local business closure orders, are eligible. Please see program overview for specific eligibility criteria.

#### Does my business qualify for this Grant program if we received other State or Federal CARES / COVID-19 loans?

Yes, your business may still be eligible for the Lee County Grant. Businesses who did not receive Federal Grants will be given priority over businesses that have received other funding.

#### What can I use these funds to pay for?

Funds can be used to reimburse the costs of business interruption caused by required closures. Grant funding can be used for business expenses, such as employees' wages, mortgage, rent, utility bills, payroll and other costs, so long as these expenses are not paid for by insurance or another federal assistance program.

***These grants may be considered taxable income, so please contact your financial advisor for guidance.***

#### How much funding is available for small businesses?

Lee County has set aside \$300,000 for eligible small businesses to each receive a one-time grant of up to \$7,500. This \$7,500 is not a loan and does not need to be reimbursed and will be based on the amount of direct loss the business can provide.

#### If I'm approved, how quickly will I receive assistance?

Complete applications with all required documentation will be reviewed on a first-come, first-served basis. If more than forty grant applications are received, priority will be given to those that did not receive any other State or Federal grant monies and for businesses that hire between 2-20 employees. Once applications have been reviewed for eligibility, if there are

more than 40 applications, the applications will be placed in a lottery system and chosen. Depending on the number of applicants, the goal is to approve applications and process payments within 7-14 days from the date of deadline of July 17, 2020. ***Please be advised that no one is guaranteed to receive a grant, and no one has a property right or legal explanation of receipt of funds.***

Lee County is committed to helping our small businesses in need of aid as quickly as possible. Due to the widespread impact of the pandemic to our local community, we anticipate a high volume of requests. If Lee County receives more than 40 qualified grant requests, a random lottery will be held to determine grant recipients.

### **What is the application deadline?**

Lee County CARES Small Business Grant program will begin accepting applications on or about Wednesday, July 1, 2020. The application period will close on July 17, 2020. If the County does not receive 40 grant applications, the grant period may be extended by the Board of Commissioners.

### **Which businesses qualify for the Lee County CARES Small Business Grant?**

Businesses are eligible for up to \$7,500 grant if it meets **ALL** of the criteria listed in the grant program information above including the following criteria:

- Business is physically located within the boundaries of Lee County, North Carolina.
- Business has been operating since at least October 1, 2019.
- At least one owner lives in Lee County.
- Business can demonstrate ongoing business operations as of February 29, 2020.
- Business is expected to return to full operations after local and state emergency guidelines during COVID-19 are rescinded.
- Business is not a publicly traded company.
- Business suffered from business interruption caused by required closures resulting from the COVID-19 public health emergency.
- Business may be eligible if they have received financial assistance from a federal, state or local small business assistance program, but priority will be given to those businesses that did not receive any other financial assistance if more than forty applications are received.
- Business employed 20 full-time equivalent (FTE) employees or less, including owner, as of February 29, 2020. The firm can have many more part-time employees as long as the total weekly hours of all employees does not exceed 1,000 (20 FTE x 40-hour work week).
- Business that have total annual gross receipts and sales of \$2 million or less.
- Business does not have any current unpaid code enforcement liens.
- Business is not operating in violation of any state, federal or local laws.

### **Am I eligible if I meet some, but not all, of the eligibility requirements?**

No, a business must meet ALL eligibility requirements to be eligible.

**How do I know if my business suffered economic damages from business interruption caused by COVID-19 since March 1, 2020, excluding those covered by insurance or reimbursement from any federal program?**

Your business needs to be able to attest that it suffered in lost revenue and/or additional business expense since March 1st due to COVID-19. For example, you may want to consider how much revenue you expected to earn since March 1st and compare to how much you have actually earned.

***Please remember: Lee County CARES grants CANNOT be used to pay for business losses that are paid by insurance or another federal state or local program.***

**Do all commercial locations qualify? What about hair salons?**

Hair salons are one of the largest impacted businesses in Lee County. Many are operated such that the barber or hair stylist rents the chair in another person's facility.

What we would need is a professional license showing you are a licensed stylist or barber with the state of North Carolina and your federal tax filing and your actual expenses for March, April and May of 2020.

If you operate out of your home, it would qualify. If you can document losses between March 1<sup>st</sup> and May 31<sup>st</sup>.

Likewise, if you are renting an office in a multi-tenant office building, you would qualify.

Please be mindful that if your business only employs one person, priority will be given to businesses that employ 2-20 employees.

**If my business received financial assistance from any federal, state or local Small Business Assistance Program am I eligible for this grant?**

Yes, however, businesses who did not receive other assistance are a priority for the Lee County CARES grant. If you have been awarded other grant funding, this may impact your application with Lee County depending on the number of applications received. If your business has applied for funding and has not yet been awarded funding, your business may be eligible for funding.

**If I am a Sole Practitioner and S-Corporation that does not pay salaries and wages what should I do?**

If you are a Sole Practitioner or S-Corporation that does not pay salaries and wages, please input your net income (Schedule C) or distribution (S-Corporation) in the Salaries and Wages line item.

**I am a 1099 employee. Do I qualify?**

No, you are considered an employee, not a business owner.

**I employ 1099 workers at my business. Do they count toward my 2-20 FTE employees?**

Yes, all regular employees (reported on W-2s) and contract workers (reported on 1099s) count toward your maximum of 20 full-time equivalent employees.

**What if I own my own business, but have no employees?**

As long as you meet all of the other eligibility requirements, you may still apply for a grant. As the business owner (or owners in the case of a partnership) you are considered the sole employee(s). The program prefers more than one employee, however, the grant award will depend on the number of applications received that fully meet the rules.

### **Do sole proprietors qualify?**

Sole proprietors with a commercial space may not consider themselves an employee, but if you are a more than one-person business, you do qualify.

### **Can I apply if my business was deemed nonessential?**

Companies that were deemed non-essential under the statewide stay at home order and forced to close are eligible for the grants, so long as they meet other criteria. If your business is not specifically mentioned as non-essential in these documents, but you had a commercial storefront and were forced to close, you will likely qualify for a grant as long as you meet the other eligibility requirements.

### **Do Nonprofits qualify?**

None of the non-profit organizations of any kind would qualify for this grant.

### **Are realtors registered as S-Corps with their home address as a business location eligible?**

Realtors may qualify. Realtors and real estate agents will need to submit their most recent tax filing and list their expenses for March, April and May 2020 for a determination to be made. (not sure what the purpose of filing those tax filings will be?)

### **Are churches eligible for this grant?**

Churches are not eligible for this grant program.

## **The Application**

### **What documentation do I need to provide?**

- Completed W-9 form for business
- Copy of your “active” state business registration from North Carolina Division of Corporations (if applicable) or other documentation showing the business was operating prior to October 1, 2019 and meets all regulatory requirements from Lee County or the municipality in which the business is located.
- Applicants will need to submit their most recent tax filing /Tax Return – whichever form is applicable to your type of legal business entity (IRS Form 1040 Schedule C, Form 1120, Form 1120-S, Form 1065). If you haven’t yet filed for the 2019 tax year, you will also be required to provide a profit and loss statement for 2019.
- Businesses may be requested to provide any other documentation by the County once the County begins reviewing said applications in order to make a determination of the eligibility of the business

**Important NOTE for business applicants regarding the information on your W-9 form.**

Review your W-9 form closely. For your application to be approved, the form must be completed correctly and each field you enter on your application must match the information on your W-9 **exactly**.