

Iowa City COVID-19 Small Business Assistance Frequently Asked Questions

1. How do I ask additional questions?

The City has contracted with the East Central Iowa Council of Governments (ECICOG) to administer this program. Email questions to harrison.freund@ecicog.org or call 319.289.0075. Answers to frequently asked questions will also be posted at www.icgov.org/financialassistance.

2. Is the Program first come first served?

No. The City will review all applications that are turned in by the deadline of **January 4, 2021**. If funding remains after these applications are reviewed, applications received after January 4, 2021 will be by first come first served.

3. When and how can I turn in my application?

Online applications are now available on the City’s website at www.icgov.org/financialassistance.

4. Is the program funding a part of the CARES Act?

Yes, this funding is a part of the CARES Act. The funding flows through the U.S. Department of Housing and Urban Development which administers the Community Development Block Grant (CDBG) program.

5. Are there federal requirements that must be met?

Yes, eligible businesses must meet the CDBG Low-Moderate Income (LMI) national objective to be eligible for financial assistance. An employee or owner qualifies as low-moderate income if their household income is below 80% of the area’s median income as identified in the table below. An eligible business must meet at least **one** of the following criteria to be eligible:

Household Size	Income Limit for Low-Moderate Income Eligibility (80% Median Income)
1	\$54,950
2	\$62,800
3	\$70,650
4	\$78,500
5	\$84,800
6	\$91,100
Effective 7/1/2020	

1. The business owner receiving the CDBG grant funding qualifies as an LMI person and has no more than four (4) other employees (business qualifies as a microenterprise). LMI qualifications are based on family size and income and can be determined in the application process.

2. If the business retains current employees, the business must certify that the jobs being retained with CDBG grant funding would be lost without assistance from the grant program and that 51% or more of the employees being retained qualify as an LMI person. This can be verified through the submitted employee payrolls.

3. If the business creates new jobs, the business must hire or make at least 51% of its new jobs “available to” LMI individuals. “Available to” means: (1) the job does not require special skills or

a particular level of education, and (2) the business has agreed to hire LMI persons and train them for the jobs.

6. How will we receive payment if my business is approved for the program?

All businesses will need to submit receipts/documentation to receive reimbursement for eligible expenses. Once documentation is received and processed, funds will be disbursed via check to the business. Businesses have up to six months to submit expenses after grant approval.

7. How long will it take to review my application and issue a funding decision?

The amount of time required to process applications will depend on the number of applications received. The applications will be processed as quickly as possible; however, it could take a few weeks after the January 4, 2021 deadline to review all the applications and issue funding decisions. You will be notified when a funding decision is made, and if approved, ECICOG will begin working with you on the specifics of your award. Make sure to submitted completed applications, with all requested information, to expedite review.

Eligibility

8. Does my business have to be in Iowa City?

Yes, businesses must be in Iowa City's corporate limits. If a home-based business, the home must be in Iowa City's corporate limits.

9. Does the business owner have to live in Iowa City to apply?

No, only the business must be in Iowa City.

10. My business started in 2020, do I qualify?

Businesses must have been active and located in Iowa City on or before January 1, 2020.

11. I don't have any employees, can I apply?

Yes, you are not required to have employees to qualify. If you as the owner are the only employee, you must be part of a low to moderate income family in order to meet the national objective of this specific funding.

12. How many employees can I have?

A business can have up to 25 employees (a person the business issues a W-2).

13. I own a local chain restaurant, it is not corporately owned. Can I apply for funding?

Yes, if a chain-businesses is locally owned you can apply. Keep in mind the maximum number of employees a business can employ is capped at 25.

14. Are contract employees counted as an employee?

No employees who are independently contracted with the business and receive an IRS Form 1099 at the end of each year are not counted as employees.

15. Can the business be a non-profit?

No, non-profits are not eligible.

16. Are independent contractors eligible businesses?

No, independent contractors who provide service to a single entity like Chomp or Uber are not eligible. Individuals whose self-employment income is substantially reported (51% or more) through IRS Form 1099-MISC are not eligible due to an inability to qualify under CDBG regulations.

Eligible Expenses & Funding

17. How much funding can a business receive?

The maximum grant is up to \$15,000; \$10,000 if the business does not have any employees.

18. If I don't need the full grant award can I still apply?

Yes, you do not need to have eligible expenses equal to the maximum grant award to apply for the program.

19. What can the funds be used for?

Mortgage or rent, utility costs, employee salaries or wages and operational expenses such as inventory.

20. I could use a new vehicle for my business, is that something that would be considered an operational expense?

No, purchasing a new vehicle would not be a covered expense.

21. I operate my business out of my home, can I use the funds for my mortgage and home utilities?

No, mortgage, rent and utilities for businesses that are in an owner's primary residence are not eligible.

22. Can I use the funds to pay for expenses that I've already incurred?

No, program funds can only be used for approved costs after signing a contract document if your application is approved.

23. Can I use the funds to pay past due bills?

No, program funds cannot be used to pay past due bills.

24. Can I receive program funds if I've received assistance from the State of Iowa or other federal funds?

Businesses may not receive federal assistance that duplicates any part of their loss that is covered by insurance or another source such as the Small Business Administration. Applicants must disclose any funds applied for or received from these sources or other federal assistance programs.

25. I carry business interruption insurance that covers some of my business losses due to COVID 19, can I still receive program funds?

Businesses may not receive federal assistance that duplicates any part of their loss that is covered by other sources such as insurance or other federal assistance. Applicants must disclose any funds applied for or received from sources such as insurance or other federal sources.

26. My business received funds from the Paycheck Protection Program, but we have used all that funding, can I apply for the program?

Yes. If a business received funding from the Paycheck Protection Program or other program or insurance, you must provide proof of the funding you received along with proof that the funds have been spent. These funds can't be used to pay for expenses approved or awarded by another program.

Verification Forms

27. Why do I have to submit three quarters of employee payroll?

The payrolls will be used to document how many employees you have and if the business meets the LMI criteria for retained employees. It will also help document the extent COVID has impacted the business.

28. What is the annual balance sheet?

The annual balance sheet is a financial statement that show a business's assets, liabilities and business equity at a specific point in time. On a balance sheet the assets must equal the liabilities plus your business equity. For the program you must submit the 2019 year-end balance sheet.

29. What is an income statement?

An income statement summarizes the revenues and expenses by a business over a specific reporting period. You must submit the annual income statement for 2019. This income statement must cover all 12 months of 2019 that you were in operation. You must also submit a more recent income statement that covers January 1, 2020 to September 30, 2020.

30. Is there somewhere I can get help with my business's annual balance sheet or income statement?

If you have a relationship with your banker or accountant, you could reach out to them for assistance in putting this information together. Assistance is also available through ECICOG. Email Harrison Freund for more details at harrison.freund@ecicog.org or call 319.289.0075

31. Why does the owner(s) need to verify they are a U.S. Citizen or Permanent Resident Alien?

This is a federal requirement under the CDBG program.

32. I have additional questions that aren't on this list, how can I get those answered?

Contact Harrison Freund, ECICOG, for more details at harrison.freund@ecicog.org or call 319.289.0075

Questions Received during December 16 Information Session

33. I have multiple businesses in Iowa City. Can I apply for assistance for all?

Submit applications for all. During the review process, ECICOG will confirm if each is eligible and the level of separation between each business (separate employees, expenses, etc.)

34. Will additional consideration be given for businesses that have been targeted/hurt the most?

Yes, applications will be prioritized in the following order (the most weight goes to the first priority, less weight goes to the second, etc.): 1) the financial impact of COVID on the business, 2) the extent of federal, state or local assistance received or awarded to date, and 3) qualification as a Minority or Women Business Enterprise (majority ownership and control of a business by a person of color or a woman).

35. Is all information that must be submitted for the application considered public? What documents are considered confidential? Financial statements, payroll info., etc.

(REVISED 12/29/2020)

If there is an open records request for information contained in a submitted grant application, the City will provide a summary of the information contained in the grant application or the financial analysis summary, if completed, to the requestor. If additional details are requested, City staff will inform the grant applicant that they have 10 days to file a lawsuit seeking a court order (an injunction) preventing the City from releasing the information. If the grant applicant does not seek a court order, the City will release the information. Please note that even if the grant applicant seeks a court order, the judge may rule that the information is not confidential under Iowa law (Chapter 22 of the Iowa Code).

36. If I own a business in Iowa City, but I live out of state am I eligible?

Yes, as long as the business is operated in Iowa City. This can be verified by the physical location of the business that is leased or owned.

37. Is the 25 employee limitation set before or after COVID?

Before. The payroll information assists us to verify the impact of COVID on the business and to ensure it meets the intent of assisting small businesses in Iowa City.

38. When will we benefit from this program?

After the deadline for applications, funding decisions will be made shortly thereafter. If approved for funding, expenses can be incurred starting from the date of written notification of approval.

39. Do you need tax returns from employees to show their income?

No, due to a federal waiver for CDBG-CV funds, low-moderate income status can be determined from the payroll information for each employee. To qualify as a micro-enterprise, the owner may need to provide tax return information to verify their status as low-moderate income.

40. We have no payroll from 2019, are we eligible?

The business must be in operation as of January 1, 2020. Unless the business started operations on exactly January 1, 2020, the business would not be eligible. Microenterprises or sole proprietors with no employees would be eligible if their business operated in 2019.

41. Is this grant taxable income?

The business will need to discuss with their tax accountant or service to determine if this grant is taxable.

42. Must these funds get repaid?

These funds are a grant. If the applicant complies with the agreement, no funds are repaid.

43. Does payroll include the owner's draw?

No, the owner is not considered an employee. If qualifying as a microenterprise, an owner's draw may be considered a portion of their income.

44. How do we state if the owner is a person of color or a woman?

The last page of the application has a section on demographic information that is optional. To be granted a preference, you must indicate if the owner is a person of color or a woman.

45. Can funds be used for business supplies to run the business?

Operational expenses such as supplies and inventory are allowed.

46. Another relief emergency package may provide additional federal funding to small businesses. Can I apply for these funds if I plan to apply for these programs?

Yes, apply for these funds regardless of other programs. If awarded funds, but eligible for other programs, you may be required to apply for them. These funds will be reserved until notified of eligibility for the federal program. If you are awarded and/or receive funds, you must disclose these funds on any subsequent application to another federal, state or local program.