



## **AK CARES Funding Program: Informational Sheet and Checklist**

In response to Governor Mike Dunleavy's Public Health Disaster Emergency Declaration on March 11, 2020, the Alaska Department of Commerce, Community, and Economic Development (DCCED), working with the Alaska Industrial Development and Export Authority (AIDEA), established a grant program to provide economic relief to small Alaskan businesses impacted by the COVID-19 public health emergency. DCCED contracted with AIDEA to manage and implement the program, and AIDEA contracted with a program operator – Credit Union 1 – to process grant applications and disburse funds. AIDEA is currently in the process of bringing on another program operator.

To expedite the application process, small businesses should carefully review this checklist, FAQs, and instructional videos prior to submitting their application. These materials are provided through the “FAQ and Checklist” link below. Incomplete application packages will not preserve an applicant’s priority in the processing queue, and the applicant will be asked to reapply with a complete application. The AK CARES Program is operated on an equal access/non-preferential (i.e. first-come, first-served basis).

The application period for the AK CARES Grant Program opened on June 1, 2020, and the expanded eligibility criteria (as outlined below) will go into effect on August 6, 2020. AIDEA has developed an online application portal that all applications will be submitted through, at which point Credit Union 1 will no longer accept applications through their website. The portal with the new application will be available at [akcaresonline.org](http://akcaresonline.org) starting on August 6, 2020.

Once you have applied for an AK CARES grant, you may receive follow up phone calls and/or emails from the grant processor. **Your prompt response to these follow up communications is necessary in order to finalize the processing of your grant application.** Please be sure to check your inbox(es) and voicemail(s) daily, including the junk folders. Please also ensure you have room in your voicemail to receive messages.

### **AK CARES Funding Program FAQs**

#### **When can I apply?**

Credit Union 1 started accepting applications on June 1, 2020.

Businesses eligible for AK CARES based on the expanded eligibility criteria will be eligible to apply as of August 6, 2020.

## How can I apply?

As of August 6, 2020, the AK CARES grant applications will only be available online at [akcaresonline.org](http://akcaresonline.org), rather than on the Credit Union 1's website. Credit Union 1 will no longer accept applications through their website as of that date. This new application portal was launched as part of our efforts to streamline application processing.

All applications must be submitted through the link above. Applicants should not go into Credit Union 1 branch locations to apply.

If an applicant needs assistance in filling out their application due to connectivity issues or lack of access to a computer, they are encouraged to reach out to their [local ARDOR](#) or their [local Small Business Development Center](#) for assistance. Applicants can also arrange to sign documents in-person if their application is processed by Credit Union 1, if that is their preference.

## Will these funds be issued to businesses as loans or grants?

These are Grants.

## What is the minimum and maximum grant amounts?

\$5,000-\$100,000.

## What are the terms?

As a grant, there is no repayment required except in the case of malfeasance. There will be a grant agreement outlining the conditions of the grant funding.

## Are there fees associated with these grants?

There are no fees that will be charged to the applicant business.

## Are there restrictions on the how the proceeds are used?

Grant proceeds are to be used for COVID-19 emergency related business expenses ("Eligible Expenses") incurred and previously paid or currently unpaid by the applicant business or held in arrears. **Business will be liable for any misuse of funds and the grants are subject to audit.**

## Eligible Business Expenses include:

- Payroll costs and expenses;
- Payment of eligible expenses incurred during the eligible timeframe and charged to a credit card or charge account (a copy of the credit card or charge account statement is required for verification, and eligible expenses should be highlighted on the document);
- Rent or mortgage payments for business facilities (unless otherwise waived by lessor/lender);
- Utilities payments;
- Purchase of personal protective equipment required by the business;
- Business related equipment; and
- Expenses incurred to replenish inventory or other necessary re-opening expenses

*(See below for examples of eligible expenses for Small Businesses and Commercial Fishermen.)*

**\*\* AK CARES funds cannot be used to directly employ, retain, or contract with a lobbyist, nor can they be directly related to lobbying activities meant to influence legislative or administrative action by the government.**

## **Who Can Apply?**

Small businesses based, licensed, and located in Alaska with an Employer Identification Number (EIN) – including C-corps, S-corps, Partnerships, LLCs, Nonprofits (501(c)3 501(c)6, and 501(c)19 organizations) and sole proprietorships – impacted by COVID-19 that meet the following criteria:

- Business was licensed and established when the public health disaster emergency declaration was issued by Governor Dunleavy on March 11, 2020;
- Business has, on average, 50 or fewer full-time equivalent employees; and
- Business received a total of \$5,000 or less from the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) or the SBA Economic Injury Disaster Loans (EIDL).

Commercial fishermen impacted by COVID-19 who held and fished a Limited Entry Permit or Interim Use Permit issued by the Commercial Fisheries Entry Commissioner (CFEC) and meet the following criteria:

- Fishermen who held a Limited Entry Permit or Interim Use Permit in 2019 and 2020, including an embossed gear card, and participated in an open fishery that produced income in 2019.
- *Exception:* Card Holders who purchased a Limited Entry Permit for the first time in 2020 must have been a crew member in 2019 that actively participated in an open fishery in Alaska to be eligible.
- *Exception:* Card holders who emergency transferred their permit in 2019, and are actively fishing in 2020 are eligible.
- *Exception:* The temporary permit holder who held Limited Entry Permit(s) by emergency transfer are eligible.
- Fishermen who engage primarily in Alaskan fisheries.
- Fishermen whose primary business is commercial fishing.
- Fishermen with, on average, 50 or fewer full-time equivalent employees.
- Fishermen that received a total of \$5,000 or less from the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) or the SBA Economic Injury Disaster Loans (EIDL).

## **Can Nonprofits apply for the AK CARES grant program?**

Yes, if your nonprofit is a 501(c)3, 501(c)6, or 501(c)19 that meets the program guidelines in addition to meeting the following requirements:

- Current or 2019 IRS Form 990 on file with the IRS
- IRS letter of determination of nonprofit status for more than one year.
- Directed by a voluntary board of directors or local advisory board whose majority of members are residents of the State of Alaska
- Was providing in-state aid or services when the public health disaster emergency declaration was issued by Governor Dunleavy on March 11, 2020.

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## Who is NOT eligible for AK CARES grant program?

- Marijuana related businesses
- Businesses that are a secondary income source or part time endeavor
- Out of State businesses
- Business that received and kept more than \$5,000 from the SBA's PPP and/or EIDL programs.
- Business with more than 50 full-time equivalent employees (on average).
- Businesses which have filed for bankruptcy
- Businesses who do not otherwise meet the eligibility criteria.
- Commercial fishermen who did not actively fish in 2019.
- Commercial fishermen that did not renew their permit and did not receive a gear card for 2020.
- Commercial fishermen who hold a permit for a fishery that was closed in 2019 and 2020.
- Commercial fishermen that emergency transferred their permit and did not actively fish themselves in 2019 and/or 2020.

## Examples of Eligible Expenses for Small Businesses and Commercial Fishermen:

- Payroll costs and expenses (*the amount awarded for expenses listed under "payroll costs and expenses" will be calculated on an annualized basis and pro-rated over the allowable period*):
  - Business owner: Wages, commissions, income, or net earnings shown on 2019 tax return (i.e. Schedule C) from self-employment.
  - Vessel owner: Wages, commissions, income, or net earnings shown on 2019 tax return (i.e. Schedule C) from self-employment.
  - Crew shares for each crew member. The amount awarded will be based on 2019 earnings as reported on 1099s.
  - Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit.
  - State and local taxes assessed on compensation pro-rated for each employee.
  - *Any portion of payroll costs covered by unemployment insurance are **not** eligible.*
- Payment of eligible expenses incurred during the eligible timeframe and charged to a credit card or charge account (a copy of the credit card or charge account statement is required for verification, and eligible expenses should be highlighted on the document):
  - Expenses paid or charged for eligible expenses starting during the eligible timeframe.
  - Expenses charged on credit cards for eligible expenses during the eligible timeframe.
  - Store charge accounts for eligible expenses during the eligible timeframe.
  - Seafood Processor charge accounts for eligible expenses during the eligible timeframe.
  - Total debts financed with a term over 24 months are **not** eligible, but individual payments incurred during the grant period may be claimed if the purpose of the loan was for an eligible business expense.
- Rent or mortgage payments (unless otherwise waived by lessor/lender):
  - Payments for building mortgage or lease agreement within the eligible timeframe. (The mortgage/lease agreement must have been in full force before March 11, 2020.)
  - Rent payments within the eligible timeframe.
  - Vessel mortgage or lease agreement in force for the 2020 fishing season (ship mortgage or vessel loan must have been in full force before March 11, 2020).
  - Vessel moorage, dunnage, or storage payments.
  - *Rent, vessel, mortgage/loan, or lease payments that were waived are **not** eligible.*
- Utilities payments:

- Electricity, gas, heating oil, vessel fuel, water, transportation, telephone access, or internet access.
- Purchase of personal protective equipment required by the business:
  - Personal protective equipment required for employees or business operations.
- Business related equipment:
  - Equipment that is vital to continue standard operation of the business as it was before the COVID-19 public health emergency, or equipment necessary for adapting to amended business operations during or after the COVID-19 public health emergency.
  - *New equipment to expand services, expand business operations, or unnecessarily replace or upgrade currently functional equipment are **not** eligible.*
- Expenses incurred to replenish inventory or other necessary re-opening expenses.
  - Inventory that is vital to continue standard operation of the business as it was before the COVID-19 public health emergency, or inventory necessary to adapt to amended business operations during or after the COVID-19 public health emergency.
  - Expenses that meet all other eligibility requirements and are vital to re-staff and/or re-open the business.
  - *New types of inventory to expand services, expand operations, or that were not previously used by the business are **not** eligible.*

## **How do I calculate the grant amount in the application?**

Subject to the cap of \$100,000 per applicant business, the maximum amount of funding a business can apply for is based upon the following calculation:

1. Eligible Expenses incurred by the applicant business from March 11, 2020 through the application date; plus
2. Eligible Expenses to be incurred by the applicant business over the eight (8) weeks after the application date to re-staff/re-open (subject to review and limits based on prior year's expenses during the same period).

The total amount of Eligible Expenses that cannot be verified by secondary verification may not exceed 25% of the total grant amount. All grant funds must be spent on eligible costs by December 30, 2020.

The Program Operators will provide most grant funds directly to the applicant business (unless otherwise directed by DCCED). However, vendor payable expenses over \$25,000 are required to be funded through controlled disbursement directly to the vendor.

## **How long will the program operate?**

The program will run until the earlier of:

- November 15, 2020;
- The end of the Governor's declared COVID-19 State of Emergency for the State of Alaska; or
- Once the program's cap is reached.

## **I have a job through an employer, but I own a side business. Am I eligible to apply?**

No, this grant program will not provide funds for businesses that are a secondary income source or a part-time endeavor.

### **I need more than the program cap of \$100,000. Can I apply for multiple grants?**

No, the Program Operator will only accept one grant application per business license and Federal Tax ID number/EIN, or CFEC permit.

### **My business has several subsidiaries which do not have individual business licenses. Are they eligible to apply individually?**

No, the Program Operator will only accept one grant application per business license and Federal Tax ID number/EIN will be accepted.

### **I'm a commercial fisherman that holds more than one CFEC permit. Can I apply for more than one grant?**

No. Each commercial fisherman can only qualify for one grant, regardless of the amount of permits they hold. Expenses from *all* fisheries a fisherman engages in will qualify with a limit of \$100,000.

### **What is being done to address geographic distribution?**

Ensuring the availability of funds to Alaskans across the state has been a priority of the program since inception. 20 percent of the funding is being set aside for distribution to rural Alaskan businesses, recognizing that a strictly "first come, first served" arrangement may disadvantage communities with differing levels of connectivity.

### **Are there grant limitations for common ownership?**

Common ownership is allowable, as long as each business entity meets the program qualifications.

### **I am a sole-proprietor. Can I apply for this grant?**

Yes, provided you meet the eligibility criteria.

### **I'm a self-employed sole proprietor. How do I document "payroll"?**

For sole proprietors or independent contractors, wages, commissions, income or net earnings from self-employment are eligible expenses. A tax document such as a 1040C from the previous year verifying the eligible income elements is required.

### **Can independent contractors be counted under payroll calculations?**

Yes. For sole proprietors or independent contractors, wages, commissions, income or net earnings from self-employment are eligible expenses. A tax document such as a 1040C from the previous year verifying the eligible income elements is required.

### **If I already paid a creditor, who should I list on the schedule of expenses: the actual creditor or myself?**

List the creditor and indicate the attached invoice has been paid. The reimbursement will be issued to the applicant business, but the Program Operators still need the creditor's name and the invoice.

## **Is the grant award taxable?**

The CARES Act does not discuss tax treatment of grants. Therefore, the normal tax rules may apply and these grants would generally be considered taxable income to the taxpayer receiving them. A grant recipient should seek professional advice on the tax consequences of receiving funds from AK CARES.

## **I received more than \$5,000 in PPP and/or EIDL funds. Can I return the funds to become eligible for AK CARES?**

Yes. If a business received more than \$5,000 in PPP and/or EIDL funds, they can become eligible for AK CARES if they return the excess funds – assuming they meet the rest of the eligibility criteria. For instance, if a business received \$4,000 from PPP and \$3,000 from EIDL, they could return a total of \$2,000 to become eligible for AK CARES.

Please note, DCCED is not *encouraging* any business to return their federal funds, as there is no guarantee the business will receive an AK CARES grant just because the federal funds were returned. This is a decision that each business needs to make based on their individual needs.

## **If I receive funds from a municipal relief program that is distributing CARES Act money, or from another relief funding program aside from PPP or EIDL, am I still eligible to apply for an AK CARES grant?**

Yes. Businesses that receive money from a municipal relief program or another funding program (aside from PPP or EIDL) are eligible to apply for an AK CARES grant, assuming they meet the eligibility criteria. However, the business cannot receive reimbursement for expenses that have already been reimbursed through another program (i.e., no “double-dipping”).

## **If I’m a small business owner who received federal money as an individual (as opposed to as a business) from a program such as unemployment, am I still eligible to apply for an AK CARES grant for my business?**

Yes. Receiving unemployment as an individual will not make you ineligible for an AK CARES grant for your small business. However, a business owner cannot request AK CARES funds to cover payroll costs for a period when unemployment was received.

## **Successful Application Package Checklist**

Applicant businesses will need to submit the listed documents electronically, as the application process takes place online.

- **Completed business grant application**
  - All certifications must be acknowledged
  - Application must be signed
- **Completed Schedule of Eligible Expenses. Supporting documents that confirm business-related expenses include (but are not limited to):**
  - Bank or credit card statement
  - Invoice
  - Purchase order

- Lease agreement
- Billing statement
- Payroll report
- Quotes from vendor
- **For reimbursement of paid business expenses, include receipt or bank statement for confirmation.**
- **Additionally, nonprofits will need to provide:**
  - IRS letter of determination of nonprofit status for more than one year
- **Copy of the current business license or CFEC permit/gear card.**
  - Applicants can print a copy of their business license through this [link](#).
  - As applicable, businesses should also ensure that the associated professional license is active through this [link](#) and/or that the business' corporation registration is in good standing through this [link](#).
  - In lieu of a business license, commercial fishermen can provide a copy of their embossed CFEC gear card or a printout from the CFEC database showing the applicant is a permit holder. Commercial fishermen can obtain these printouts through this [link](#).
- **All documentation needed to start a business account (found on this [link](#)).**

### **The most common application mistakes to watch out for:**

- Residential addresses are required.
- The Applicant must be associated with the business.
- Missing copy(s) of valid ID(s).
- Articles of Organization and Certificate of Incorporation are both needed for all corporations including LLCs and nonprofit organizations.
- Nonprofit organizations must include an IRS letter of determination of nonprofit status for more than one year.
- Be sure to attach a copy of your current business license or CFEC permit.
- Include your business TIN (EIN, SSN, etc.)
- Minimum amount that can be requested is \$5,000 and the maximum amount is \$100,000.
- All applicable receipts, invoices, statements, lease agreements, etc. need to be included as supporting documentation.
- The schedule of expense form must be filled out completely, you cannot state “see attached”.
- Do not submit expenses or receipts for expenses incurred prior to March 11, 2020.
- If applicable, include tax form 8829 – Expenses for Business Use of Your Home.
- If applicable, include tax form 1040 Schedule C – Profit or Loss from Business.
- Online payroll related taxes should be submitted.

### **What to expect once an application is submitted:**

- Applicant will receive a confirmation email when the Program Operator has received the completed application packet.
- Applicants that submit an incomplete application packages will be will be emailed a checklist of required documents and missing information. An application will not be placed in the processing queue until the completed package is received.
- As this granting process is first-come, first-served, completed applications will be processed in the order they are received.
- A Program Operator representative will call or email applicants with any follow up questions.
- Applicants will be notified via email once their application has been approved.
- Applicants who are denied will be notified of the decline reasons via email. Applicants may appeal

denied applications and/or expenses.

- If the applicant needs a new account through Credit Union 1, a representative will contact the applicant for a phone interview. **The applicant will not need to open a new account until the grant application is approved.** While going through the new account process, applicants will retain their place in the funding queue.
- Grant documentation will be finalized via electronic signature using DocuSign.
- For applications processed by Credit Union 1, Fax and branch options will also be available for those that require additional assistance.

## **Instructional Videos created by Credit Union 1**

[The AK CARES Grant Application Checklist](#)

[The AK CARES Application Tutorial](#)

[The AK CARES Schedule of Expenses Explanation](#)

[Uploading the AK CARES Application Package](#)

## **Technical Assistance**

### **Credit Union 1**

Phone: (907) 339-8597

Email: [akcares@cu1.org](mailto:akcares@cu1.org)

### **Alaska Regional Development Organizations (ARDORS)**

ARDORS: <https://www.commerce.alaska.gov/web/dcra/ARDORs.aspx>

- Anchorage Economic Development Corporation: (907) 258-3700
- Bering Strait Development Council: (907) 443-5231
- Copper Valley Development Association: (907) 822-5001
- Fairbanks North Star Borough Economic Development Commission: (907) 459-1000
- Kenai Peninsula Economic Development District: (907) 283-3335
- Northwest Arctic Borough Economic Development Council: (907) 442-2500
- Prince William Sound Economic Development District: (907) 222-2440
- Southeast Conference: (907) 586-4360
- Southwest Alaska Municipal Conference: (907) 562-7380
- Yukon-Kuskokwim Economic Development Council: (907) 543-7460

### **Small Business Development Centers (SBDCs)**

Contact information for SBDC Offices around the state: <https://aksbdc.org/contact/>

- Statewide: (907) 789-7201 or [info@aksbdc.org](mailto:info@aksbdc.org)
- Anchorage: (907) 786-7205
- Fairbanks: (907) 456-7232
- Juneau: (907) 465-3789

- Ketchikan: (907) 225-3184
- Kenai Peninsula: (907) 260-5643
- Mat-Su: (907) 373-7232
- Rural Alaska: (907) 463-3430

## **Division of Economic Development – Investments**

Toll Free in Alaska except Juneau: (800) 478-5626

Outside Alaska and within Juneau: (907) 465-2510

Email: [financing@alaska.gov](mailto:financing@alaska.gov)