



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) and the Alaska Industrial Development and Export Authority (AIDEA) have partnered with Credit Union 1 to provide relief to small Alaskan businesses impacted by the COVID-19 pandemic, through the AK CARES Grant Program. Credit Union 1 is the program facilitator for AK CARES.

To expedite the application process, small businesses should review this checklist carefully, as it lists what is needed for a successful application submission. Incomplete application packages will not preserve an applicant's priority in the processing queue. Failure to comply with the checklist will result in the application being returned for completion and the applicant having to restart the process with the submittal of a new application package.

The AK CARES Program will be operated on an equal access/non-preferential (i.e. first-come, first-served basis). **The application period for the AK CARES Grant Program will open on June 1, 2020.** The application will be available on Credit Union 1's website on the program launch date. Once available, a link to the application and submission button will be provided here.

AK CARES Funding Program FAQs

When can I apply?

Credit Union 1 will start accepting applications on the program launch date: June 1, 2020. The application submission button will not be live until that date.

How can I apply?

The application to apply for a small business relief grant will be provided on the Credit Union 1 website on the program launch date. Links to that website will be available through the DCCED AK

CARES Grant webpage and AIDEA's homepage. All applications must be submitted via the online application process.

Applicants do not need to go to a Credit Union 1 branch. The entire application process will take place online. However, applicants can arrange to sign documents or pick up grant disbursement in-person at a Credit Union 1 branch if that is their preference.

If a business is located in a community with connectivity issues and applying online is an issue, please contact Credit Union 1.

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

These are Grants. Credit Union 1 will be using their processes to facilitate the origination, documentation, and funding.

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.

Are there restrictions on the how the proceeds are used?

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

Eligible Expenses include:

- Payroll costs and expenses;
- Payment of any short term (less than 24 months) or credit card debt incurred by the applicant to support the applicant's business during the emergency;
- Rent or mortgage payments (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.

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 and 501(c)19 organizations) and sole proprietorships – meeting 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 was excluded, did not qualify, or was otherwise unable to obtain funding from U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP), the SBA Economic Injury Disaster Loans (EIDL), or other federal funding programs under the CARES Act.

Credit Union 1 members and non-members are welcome to apply.

Can Nonprofits apply for the AK CARES grant program?

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

- Current or 2018 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.

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 have secured funding from the SBA's PPP, EIDL, or other federal funding programs under the CARES Act.
- 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.

How do I calculate the grant amount in the application?

Subject to the cap of \$100,000 per applicant, 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 which cannot be funded by controlled disbursement (i.e. funded directly to the Applicant) cannot exceed 25% of the total grant amount. All grant funds must be spent on eligible costs by December 30, 2020.

Grant proceeds will be paid directly to designated payees provided on the Schedule of Eligible Expenses.

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'm not a Credit Union 1 member. Can I still apply?

Yes.

If I'm not a member of Credit Union 1, will I need to join to apply?

You will not need to join to apply. However, upon approval of your grant application, your Credit Union 1 business account will be established before proceeds can be disbursed. Credit Union 1 will donate the \$5 membership share.

Please note, opening a business account with Credit Union 1 prior to submitting a completed grant application package will not place an applicant business in the processing queue for grant funding, nor will it expedite the grant disbursement process.

I have a personal account with Credit Union 1, but my business account is at another financial institution. Do I have to open a business account?

Yes. Upon approval of your completed grant application – and prior to proceeds being disbursed – you will need to open a separate business account. This will be part of the grant proceeds disbursement process. Credit Union 1 will donate the \$5 membership share.

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. Credit Union 1 will only accept one grant application per business license and Federal Tax ID number/EIN.

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

No, Credit Union 1 will only accept one grant application per business license and Federal Tax ID number/EIN.

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.

Why are 501(c)(6) organizations ineligible for this program?

To ensure these funds are distributed within the federal guidelines, the AK CARES Program uses the Payroll Protection Program (PPP) guidelines, which limit the definition of a nonprofit organization and veterans organization to 501(c)3 and 501(c)19.

Why are businesses that received SBA PPP or SBA EIDL funds ineligible for this program?

The funding for the AK CARES Program was allocated as Small Business Relief from the Coronavirus Relief Fund (CRF). Governor Dunleavy proposed the allocation of the funds via a Revised Program Legislative (RPL). The RPL provided for the allocation of funds consistent with federal guidance, and was structured to provide immediate relief to Alaskan small businesses that have not yet received funding under other federal programs. The Governor’s proposal was ratified by the Legislature and has the force of law. Legislative action would be necessary to make any substantive changes to language included in the RPL.

Successful Application Package Checklist

Applicant businesses should prepare 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 expenses include (but are not limited to):
 - Bank or credit card statement
 - Invoice
 - Purchase order
 - Lease agreement
 - Billing statement
 - Payroll report
- **For reimbursement of paid 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.**
 - 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](#).
- **All documentation needed to start a business account (found on this [link](#)).**

What to expect once an application is submitted:

- Applicants will receive a confirmation email once Credit Union 1 has received the completed application packet.
- Applicants that submit an incomplete application packages 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 Credit Union 1 representative will call 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 reasons via email.
- If the applicant needs a new account, a Credit Union 1 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. Fax and branch options will also be available for those that require additional assistance.

Technical Assistance

Division of Economic Development – Investments

Toll Free in Alaska: (800) 478-5626
Outside Alaska: (907) 465-2510
Email: Financing@Alaska.gov

Alaska Regional Development Organizations (ARDORS)

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

Small Business Development Centers

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