

Restaurant Revitalization Fund

Informational Webinar



April 13, 2021


North Central Small Business Development Center

1



SBDCs provide guidance to help start, sustain, and grow businesses. There are 9 SBDCs in Minnesota.

2



The North Central SBDC serves 11 counties with 351,000 residents and 34,000 business establishments.

3

Funding Source	Percent
US Small Business Administration (SBA)	50%
MN Department of Employment and Economic Development (DEED)	15%
Local Partners	35%

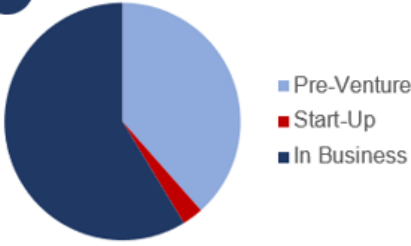
SBDCs are public-private partnerships (PPPs) and cooperatively funded by federal, state, and local sources.

4



The North Central SBDC is hosted by Central Lakes College and relies on critical support from local partners.

5



The North Central SBDC provided 3,200 hours of counseling to 520 local entrepreneurs & businesses in CY 20.


6

\$20.2 M



The North Central SBDC facilitated access to \$20.2 million in capital in CY 20 for business investment.

7



Paycheck Protection Program

Over 800 hours of technical assistance was provided in CY 20 to help in managing impact of COVID.

8

North Central SBDC website: [link](#)
MN SBDC website: [link](#)
US SBDC website: [link](#)
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Please connect to learn more about the North Central SBDC or to access our business counseling services.

Objectives and Agenda

- What is the Restaurant Revitalization Fund (RRF)? Slide 3
- What are the sources of information currently available about the RRF? Slide 4
- What businesses are eligible for the RRF? Am I eligible for a RRF grant? Slides 5, 6, and 7
- How is the RRF grant amount calculated? Slides 8 and 9
- What documents will I have to submit to get the RRF? Slides 10 - 13
- Are these grants immediately open to any eligible applicant? What about priority groups? When should I apply? What about very small businesses? Slides 14, 15, and 16
- Where / how do I submit my application? Slide 17
- How can I use the grant funds? By when must I use the grant funds? Slide 18
- What are any additional recommended preparatory action steps? Slide 19
- In Review: What are the key takeaways from the RRF webinar today? Slide 20

Overview: Restaurant Revitalization Fund (RRF)

- The American Rescue Plan Act of 2021 (signed on March 11) created the RRF.
- The RRF is to provide \$28.6 billion in grants to eligible entities.
- Eligible entities may include “businesses where the public or patrons assemble for the primary purpose of being served food or drink.”
- Eligible entities must also demonstrate financial loss due to COVID pandemic.
- The minimum award may be \$1,000. The maximum award may be \$5 million per location (not to exceed \$10 million for applicant and affiliated businesses).
- The Small Business Administration (SBA) will administer this grant program.

RRF Timeline & Webinar Information Sources

- March 11 President Biden signs American Rescue Plan ([here](#))
- March 24 U.S. Senate Committee on Small Business convenes hearing to discuss SBA's COVID-19 Relief Programs, including RRF ([here](#))
- April 2 SBA submits draft RRF application material to the Office of Management and Budget (OMB) ([here](#))
OMB submission includes application draft ([here](#))
- TBD SBA releases official RRF Program Guide and start date
- TBD Initial 21-day prioritization period for eligible small business entities that are owned and controlled by women, veterans, or socially and economically disadvantaged small businesses

Funds available for all eligible entities until fully expended

Eligibility

- Eligible entities are businesses where the public or patrons assemble for the primary purpose of being served food or drink, including:
 1. Restaurants;
 2. Snack and nonalcoholic beverage bars;
 3. Food stands, food trucks, and food carts;
 4. Caterers;
 5. Bars, lounges, saloons, and taverns;
 6. Breweries* and microbreweries*;
 7. Brewpubs*, taprooms*, and tasting rooms*;
 8. Wineries* and distilleries*;
 9. Bakeries*; and
 10. Inns**.
- The single asterisk in the above list indicates that onsite sales to the public is to represent at least 33% of gross receipts for the entity to be eligible for Restaurant Revitalization Fund.
- The double asterisk (for inns) in the above list indicates that the onsite sales of food and drink to the public is to represent at least 33% of gross receipts for the entity (inn) to be eligible.

Eligibility

- Eligible applicants include:
 - C-Corporation
 - S-Corporation
 - Partnership
 - Limited Liability Company
 - Sole Proprietorship
 - Self-Employed
 - Independent Contractor
 - Tribal Business
- An applicant is to be eligible for the RRF if operating under approved reorganization plan under a Chapter 11, Chapter 12, or Chapter 13 bankruptcy.
- Note: Applicants are not required to register in the System for Award Management (SAM) or have a Data Universal Numbering System (DUNS) number for the Restaurant Revitalization Fund grant opportunity.

Ineligibility

- Entities not eligible include:
 - Permanently closed business
 - State or local government-owned or operated business
 - Publicly-traded company or majority owned and controlled by publicly-traded company
 - Pending application for or has received Shuttered Venue Operators Grant
- Entities are also not eligible if:
 - As of March 13, 2020, owns or operates (together with any affiliated business) more than 20 locations, regardless of whether locations do business under the same or multiple names
 - Filed for either Chapter 11, Chapter 12, or Chapter 13 bankruptcy, but no plan of reorganization has been approved
 - Filed for Chapter 7 bankruptcy or is undergoing a liquidating Chapter 11

Calculation of Funding Amount Request

- For applicants in operation prior to or on Jan. 1, 2019:
 $[2019 \text{ Gross Receipts}] - [2020 \text{ Gross Receipts}] - [\text{PPP Loan Amounts}] = \text{RRF Grant}$
- For applicants that began operation partially through 2019:
 $\{[(2019 \text{ Gross Receipts}) / (\text{Number of Months in Operation in 2019})] \times 12\} - (2020 \text{ Gross Receipts}) - (\text{PPP Loan Amounts}) = \text{RRF Grant}$
- For applicants that began operations on or between Jan. 1, 2020 and March 10, 2021 or for applicants not yet opened but, as of March 11, 2021, have incurred eligible expenses:
 $[\text{Amount Spent on Eligible Expenses}] - [\text{Gross Receipts as of App Date}] - [\text{PPP Loan Amounts}] = \text{RRF Grant}$

Remember: Aggregate grants to an eligible entity and any affiliated businesses of the entity are limited to \$5 million per physical location and \$10 million for the eligible entity.

Calculation of Funding Amount Request

- Gross Receipts: As reported on IRS Federal tax return forms
 - Form 1120 for Corporations
 - Form 1120-S for S-Corporations
 - Form 1120, 1065, or 1040 for LLCs
 - Form 1065 for Partnerships
 - Form 1040 Schedule C for other Sole Proprietorships
- It is understood that gross receipts will not include PPP loans, EIDL, SBA Section 1112 debt relief payments, and / or state and local small business grants (via CARES Act or otherwise).

Required Application Submission Documentation

- For All Applicants:
 - Completed RRF electronic application (SBA Form 3172; draft [here](#))
 - Completed electronic IRS Form 4506-T (example [here](#))

(Note: The understanding is that it will be possible to complete the IRS Form 4506-T as part of the RRF application package through the portal.)

Required Application Submission Documentation

- For All Applicants:
 - Any of the following documents demonstrating gross receipts and, if applicable, eligible expenses:
 - Business Tax Returns (IRS Form 1120 or IRS 1120-S)
 - IRS Forms 2040 Schedule C; IRS Forms 1040 Schedule F
 - For a Partnership: Partnership's IRS Form 1065 (including K-1s);
 - Bank Statements
 - Externally or internally prepared financial statements, such as Income Statements or Profit and Loss Statements
 - Point of Sale Report(s), including IRS Form 1099-K

Required Application Submission Documentation

- For applicants in operation prior to or on Jan. 1, 2019:

Must supply documentation of gross receipts for 2019 and 2020
- For applicants that began operation partially through 2019:

Must supply documentation of gross receipts for 2019 and 2020
- For applicants that began operations on or between Jan. 1, 2020 and March 10, 2021 or for applicants not yet opened but, as of March 11, 2021, have incurred eligible expenses:

Must supply documentation of gross receipts and eligible expenses for the length of time in operation

Required Application Submission Documentation

- For breweries, microbreweries, brewpubs, taprooms, tasting rooms, wineries, distilleries, and bakeries:

Must also submit documentation evidencing that onsite sales to the public comprise at least 33% of gross receipts for each of year included in the funding calculation, which may include Tax and Trade Bureau (TTB) reports filed or to be filed that cover the period for which the applicant is reporting gross receipts or, if applicable, eligible expenses

- For inns:

Must also submit documentation evidencing that onsite sales of food and beverage comprise at least 33% of gross receipts for each of the years included in funding calculation

Priority in Awarding Grants

- During the initial 21-day grant period, SBA will prioritize grant awards to eligible small business entities that self-certify as at least 51% owned and controlled by:
 - One or more women
 - Veteran(s)
 - Socially and Economically Disadvantaged Individual(s)
- For example: Applicant has five owners, and each owner has 20% ownership of the applicant. Two of the owners are women, and one owner is a male veteran. This applicant would meet the requirement that at least 51% of the applicant is owned by a priority group and qualify for priority eligibility.

Priority in Awarding Grants

- Socially Disadvantaged: Black Americans; Hispanic Americans; Native Americans (including Alaska Natives and Native Hawaiians); Asian Pacific Americans; or Subcontinent Asian Americans.
- Economically Disadvantaged: “Socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged.”
 - SBA may consider assets and net worth of individual to determine economic disadvantage
 - Current 8(a) Program Standards: \$6 million or less in assets and personal net worth of \$750K or less
(Note: It is not clear whether RRF will use 8(a) standards as one criteria to determine economic disadvantage.)

Priority in Awarding Grants

- \$5 billion of the \$28.6 billion RRF total is set aside for eligible entities with gross receipts during 2019 of not more than \$500,000.
- Per the American Rescue Plan Act, the SBA Administrator may take steps to ensure distribution of funding “in an equitable manner to eligible entities of different sizes based on annual gross receipts.”
- Except as described, “the Administrator shall award grants to eligible entities in the order in which applications are received.”
- There is widespread expectation that demand will exceed available RRF funds.

Application Submission



U.S. Senate Committee on Small Business and Entrepreneurship (March 24, 2021)

Eligible Uses of Funds

- Eligible uses of funds from the RRF grant may include:
 - Business Payroll Costs, including Paid Sick Leave
 - Business Rent / Business Mortgage
 - Business Debt Service
 - Business Utilities
 - Business Food and Beverage Expenses, including Raw Materials
 - Business Maintenance Expenses
 - Construction of Outdoor Seating
 - Business Supplies
 - Covered Supplier Costs
 - Business Operating Expenses
- The SBA Form 3172 draft indicates that an applicant business must use grant funds on eligible expenses within the covered period (between Feb. 15, 2020 and March 11, 2023).

Recommended Preparatory Action Steps

- Sign up for SBA email updates: <https://www.sba.gov/updates>
- Consider whether your entity is eligible for the RRF
- Work through the draft RRF application (SBA Form 3172)
- Identify supporting documentation to be submitted with RRF application
- Determine whether your application qualifies for priority consideration
- Review the American Rescue Plan text on the RRF [here](#) (*Section 5003*)
- Read the [FAQ](#) here from the National Restaurant Association
- Connect with the North Central SBDC or find your local SBDC [here](#)
- Establish a relationship with an SBDC consultant and discuss RRF questions
- Share information about the RRF with a colleague, friend, or business you visit

In Review

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Questions and Discussion

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Thank You



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