

Small Business and Nonprofit Relief and Recovery Grants Frequently Asked Questions

Information for business and nonprofit applicants:

How can I apply?

Applications are available online at www.cityofsitka.org. You may fill them out electronically or print and scan them and submit by email to: caresgrants@cityofsitka.org. Submission online is highly preferred and provides the applicant with proof of timely submission. Applications may be hand-delivered or mailed to City of Sitka Hall at 100 Lincoln St., Sitka, AK 99835, Attn: CARES Grant Admin. No applications received after the deadline of August 31, 2020 will be accepted.

Are these loans or grants?

They are grants.

Are there fees associated with these grants?

No, there are no fees charged to the applicant.

Who can apply?

Businesses in Sitka and nonprofits that provide services to Sitka residents.

Do I have to provide financial records to prove my economic loss from the public health emergency?

You are not required to document your economic loss. You must, however, submit a 2019 or 2018 Federal tax return for your business or non-profit.

What expenses can the grant money cover?

The primary purpose of this program is to assist with costs relating to the business interruption caused by the COVID-19 pandemic and related closures. This includes loss of income due to mandatory shutdowns; inventory loss; additional operating expenses of reopening or resuming services to the public; costs of protecting staff, customers or clients; or other economic impacts due to the public health emergency. The grant funds may be used for future expenses or to cover for funds already spent.

Are grants taxable for purposes of Federal, State or local income tax?

The CBS will not provide tax advice; applicants must consult their own tax advisor for taxability determinations.

What is the timeline for the grants program?

Applications must be received by 5 p.m. Monday, August 31st.

Will the CBS mail out checks or send the funds electronically to bank accounts?

The CBS will mail out checks.

What if the CBS receives more applications than it has funds to distribute?

If the demand for grants exceeds the CBS's available funds, the CBS reserves the right to adjust the grants in order to stay within available funding.

[Will the names of grant recipients be public record?](#)

Yes, the names and amounts of the grants are public record. All tax returns and other supporting documents are not public records and will be kept confidential by the CBS.

[Will receipt of this grant make me ineligible for other grant programs?](#)

If you are going to apply for other federal or state grant or loan programs, the City advises applicants to check the eligibility rules for those programs and consult their tax advisors. The program is open to all qualifying businesses/nonprofits, regardless of whether they have applied for or have obtained any other state or federal COVID-19-related assistance.

[Is there a deadline for a grant recipient to spend the money?](#)

Yes, the grant funds received must be fully expended by Dec. 30, 2020.

[What if I don't have a local sales tax number?](#)

If your line of business is one that does not require sales tax registration (for example, commercial fishermen or long-term property rentals), please leave this field blank.

Information for business applicants:

[Do I have to keep receipts for my spending?](#)

No, the CBS is not asking for proof of the spending after the fact.

[Since business applicants' 2018 or 2019 revenue will be used to determine the amount of grant funds they might be eligible to receive, what if a business has not filed its 2019 tax return yet, but, had very different revenue in 2019 than 2018?](#)

The City and Borough of Sitka will consider unusual circumstances such as significant differences in revenue from year to year. If a business does not feel that the revenue reported on the tax return submitted with the tax return is accurate, it may request that the CBS consider its special circumstances. The CBS retains the right, however, to reject any requests for consideration of special circumstances and award grants solely on the basis of supporting tax returns submitted with the application.

[Does the business owner\(s\) have to be a resident of the City of Sitka?](#)

No, but the business must have significant permanent business operations physically conducted within the boundaries of the City and Borough Sitka.

[Does commercial or charter fishing by itself constitute significant business operations physically conducted within the boundaries of the City and Borough Sitka?](#)

No. For a commercial or charter fishing business to qualify for a grant, it must have an additional nexus to Sitka other than just fishing within Municipal boundaries. The nexus must be either permanent moorage of the fishing/charter vessel in the City and Borough of Sitka Harbor System, or, residency of the vessel permit or license holder in Sitka.

[Does a self-employed deckhand on a commercial fishing vessel or charter fishing vessel qualify for a grant?](#)

Yes, provided that the deck hand is a resident of the City and Borough of Sitka and spends at least 180 days in the last twelve months year within the City and Borough of Sitka and has experiences economic hardship due to COVID-19.

If I am a self-employed business owner or trades person whose business does not have a permanent physical presence in Sitka, but, I engage in business activities or services within the City and Borough of Sitka part of the year, am I eligible?

Yes, provided that you physically performed services on at least 180 days in the past 12 months in Sitka.

What are examples of a self-employed business owners or trades persons that would, and would not, be eligible for grants?

Example of eligible business – A refrigeration repair technician permanently residing in Wrangell who physically performed repair services, on the ground in Sitka, for at least 180 days in the past 12 months.

Example of ineligible business – A sole proprietor living in Juneau who rents a table and makes sales at the annual Christmas Bazaar.

Can a business that is behind in its sales taxes qualify for the City grant?

Yes, so long as the business is current in its filing of sales tax returns and is not under a tax lien issued by the CBS. Businesses that have entered into a sales tax repayment plan or promissory note with the CBS and are adhering to that plan or are not in default of the terms of the promissory note would be eligible for a grant.

What if my business shares physical quarters with other businesses? Can each business apply and qualify for its own grant?

Yes, so long as each (1) business has its own Alaska state business license, (2) files its own sales tax returns under its own name, (3) is not a subsidiary or DBA entity of a larger organization filing a single Federal tax return, or, (4) do not have their business income reported on separate Schedule Cs on the same Form 1040, by single or joint filers.

Information for nonprofit applicants:

Since a nonprofit's total revenue in 2018 or 2019 will be used to determine the amount of grant award it might be eligible to receive, what if a nonprofit does not have a current IRS Form 990 it can provide to the City?

In lieu of the federal report, a nonprofit may be required to submit an audited financial statement or an unaudited statement prepared by a third-party professional accountant that shows total revenue for 2019.

What if my nonprofit organization's office is outside the City of Sitka?

A nonprofit could be eligible for the grants as long as it provided services to City of Sitka residents for all of 2019, even if its main office is outside the CBS.

Can a nonprofit that operates a business receive two CBS grants under this program? One as a for-profit entity and one as a nonprofit entity?

No, a nonprofit would have to decide which how it wanted to apply.

What is, and is not, revenue for application purposes

What is revenue?

Revenue is the operating income generated from normal business operations and includes discounts and deductions for returned merchandise. It is the top line, or gross income figure, on a profit or loss statement from which costs are subtracted to determine net income.

What does revenue include?

Revenue includes sales to customers; rentals and leases of real property and equipment to customers; shipping or delivery amounts charged or billed to customers; credit card convenience fees charged to customers; grants from programs not related to the COVID-19 pandemic; and (for not-for-profit entities only) donations.

What does revenue not include?

Revenue does not include customer or tenant deposits; loan or mortgage proceeds; prepayments of subscriptions or services yet to be provided; sales taxes collected on sales to customers which must be remitted to the City and Borough of Sitka or other taxing jurisdictions; interest or dividend income; proceeds from the sale of used equipment; insurance claim settlements; tax refunds; refunds from overpayments to trade vendors; grants from the Federal Government for programs related to the COVID-19 pandemic; partnership, estate, or trust distributions reported on a Form K-1; and any receipts of money not in the normal course of day-to-day business.

Is revenue the same thing as receipts of cash or deposits to a bank account?

No. Revenue is income from business activity regardless of when cash is collected and deposited.

What is an example of revenue which does not involve the immediate receipt of cash and a bank deposit?

Sales to customers on credit is revenue. Sales to customers who use credit cards, but which has yet to be deposited into a bank account, is revenue.

What are examples of situations where the receipt of cash and a bank deposit which is not revenue?

Examples are customer or tenant deposits; loan or mortgage proceeds; prepayments of subscriptions or services yet to be provided; sales taxes collected on sales to customers which must be remitted to the City and Borough of Sitka or other taxing jurisdictions; proceeds from the sale of used equipment; insurance claim settlements; tax refunds; refunds from overpayments to trade vendors; grants from the Federal Government for programs related to the COVID-19 pandemic; partnership, estate, or trust distributions reported on a Form K-1; and any receipts of money not in the normal course of day-to-day business.

My partner and I file a joint Federal tax return and have several sole proprietorship businesses which we report on separate Schedule Cs. Can we apply for a business grant for each separate business?

No. If you file a form 1040, you are eligible for one (1) business grant only.

Where can I find my business's or organization's revenue on our Federal tax return?

C Corporation:

Form 1120, Line 1C

Subchapter S-Corporation:
Form 1120S, Line 1C

Limited Liability Company:
Form 1065, Line 1C

Partnership:
Form 1065, Line 1C

Limited Liability Partnership:
Form 1065, Line 1C

Sole Proprietorship:
Form 1040, Schedule C, Line 3

Not-For-Profit Entity:
Form 990, Line 12