



CITY OF NEW PRAGUE  
ECONOMIC DEVELOPMENT AUTHORITY  
(EDA)  
SMALL BUSINESS RECOVERY FUND  
PROGRAM GUIDELINES

A SMALL BUSINESS RECOVERY FUND TO SUPPORT AND ASSIST LOCAL  
BUSINESSES ADVERSELY IMPACTED BY THE COVID-19 PANDEMIC

## Program Purpose

To provide emergency recovery support to small local businesses in the City of New Prague adversely impacted by the COVID-19 pandemic, the City of New Prague Economic Development Agency (EDA) Small Business Recovery Fund will provide grants of up to \$7,500 to small businesses most in need of support.

Funds will help businesses pay for critical expenses such as current payroll obligations, rent payments, mortgage payments, utilities, and payments to suppliers. Providing this support will increase the capacity of small businesses with a physical location in the City of New Prague to rebound from the current crisis and will help prevent potential future blight scenarios.

The Recovery Fund will be administered through NextStage, a local non-profit that brings extensive experience managing and administering loan funds.

## Funding

- One-time emergency grant of up to \$7,500, based on economic injury from COVID-19 and eligible expenses. Final Grant Awards shall be limited to the lesser of eligible expenses or demonstrated loss, up to the \$7,500 maximum.
- Funds can be used for operating expenses- incurred between March 15<sup>th</sup> and August 15<sup>th</sup>, 2020- including current payroll obligations, rent payments, mortgage payments, utilities, accounts payable, tax payments, or other critical business expenses as approved by the fund administrator.

## Eligible Businesses

Businesses must meet all of the following criteria as of March 1, 2020 to be eligible.

- Must be a locally owned and operating for-profit business with a physical establishment in the City of New Prague's corporate city limits.
- Must have been in business for at least 6 months prior to March 1, 2020, and intending to continue operations.
- Must be licensed, in good standing, and not have any delinquent property taxes or utilities.
- Must demonstrate a significant loss in revenue since March 15.

In addition, eligible businesses must meet ONE of the following conditions:

- Business was closed by Governor Walz's Executive Order 20-04 or 20-08\*, **OR**
- Business employed at least 1- and not more than 20- W-2 eligible employees as of March 1, 2020, and under \$1 million in annual revenue, **OR**
- Business is Owner-Operated, with not more than 20 W-2 eligible employees as of March 1, 2020, and under \$1 million in annual revenue. Owner-Operated shall be defined as one who's owner's principal employer is the business.

Certain businesses are ineligible, including:

- Home-based businesses; those without a physical establishment
- Tax-exempt Non-profit organizations
- Businesses in default conditions prior to February 29, 2020
- Businesses that derive income from passive investments; business-to-business transactions; real estate transactions; property rentals or property management; billboards; or lobbying

Businesses that received COVID-related federal funding- such as the [Small Business Administration](#) (SBA) Economic Injury Disaster Loan (EIDL) or Paycheck Protection Program (PPP)- may still be eligible for the City of New Prague EDA Small Business Recovery Fund, but must demonstrate that Grant funds from this program shall be utilized for expenses not covered by another program.

**\*Businesses closed by Executive Order 20-04 and 20-08:**

- Restaurants, food courts, cafes, coffeehouses, and other places of public accommodation offering food or beverage for on-premises consumption, **NOT** including institutional or in-house food cafeterias that serve residents, employees, and clients of businesses, childcare facilities, hospitals, and long-term care facilities.
- Bars, taverns, brew pubs, breweries, microbreweries, distilleries, wineries, tasting rooms, clubs, and other places of public accommodation offering alcoholic beverages for on-premises consumption.
- Hookah bars, cigar bars, and vaping lounges offering their products for on-premises consumption.
- Theaters, cinemas, indoor and outdoor performance venues, and museums.
- Gymnasiums, fitness centers, recreation centers, indoor sports facilities, indoor exercise facilities, exercise studios, and spas tanning establishments, body art establishments, tattoo parlors, piercing parlors, businesses offering massage therapy or similar body work, spas, salons, nail salons, cosmetology salons, esthetician salons, advanced practice esthetician salons, eyelash salons, and barber shops. This includes, but is not limited to, all salons and shops licensed by the Minnesota Board of Cosmetologist Examiners and the Minnesota Board of Barber Examiners.
- Amusement parks, arcades, bingo halls, bowling alleys, indoor climbing facilities, skating rinks, trampoline parks, and other similar recreational or entertainment facilities.
- Country clubs, golf clubs, boating or yacht clubs, sports or athletic clubs, and dining clubs.

## Application Process

- Application Forms will be accepted beginning **August 17** through **August 31, 2020** at **12:00 p.m. (noon)**.
- If applications exceed the funding available, the fund administrator will select loan recipients using a lottery system.
- The fund administrator, NextStage, will notify approved applicants by email on or before September 9, 2020.

Upon notice of an approved application, applicants are required to submit the following items **within 5 business days**:

- 2019 Federal Business Tax Return or appropriate Business Tax Schedule - based on entity type. Businesses that have not yet completed a 2019 Federal Return are eligible to apply and substitute other documentation of revenue deemed acceptable to the program administrator.
- Evidence of revenue loss related to the COVID 19 emergency. Applicant should submit documentation that best demonstrates the impact and is deemed acceptable to Program Administrator. Some examples of acceptable documentation include comparable-period Sales Tax Reporting, Period Statements from 3<sup>rd</sup>-party Sales Platforms, Merchant Services Statements, and Point of Sale or Register reports.
- Evidence of employment prior to March 1, 2020. Acceptable documentation may include period reporting from a 3<sup>rd</sup>-party payroll processor, applicant's Federal Form 941/Employer's Quarterly Federal Tax Return, or other State or Federal payroll-related filing.
- Any additional documentation or information deemed necessary by the fund administrator to determine eligibility, generate loan documents, disburse loan proceeds, or meet program reporting requirements.
- Failure to submit required documentation will result in forfeiture of Grant Opportunity.

**Note:** The City of New Prague EDA reserves the right to revise these guidelines as needed to best address the impact of the current pandemic.