



# Restaurant Revitalization Fund (RRF)

**Eligibility, Grant Sizing, Allowable Expenses and Application Process**

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# Restaurant Revitalization Fund

- **American Rescue Plan signed into law March 11, 2021 provides for \$28.6 Bil in grants for Restaurants**
- **Several carve outs (which can be re-allocated):**
  - \$4 Bil of program funds for businesses with 2019 gross receipts of \$501,000 - \$1.5 million
  - \$5 Bil of program funds for businesses with 2019 gross receipts  $\leq$  \$500,000
  - \$500 mil for businesses with 2019 gross receipts  $\leq$  \$50,000

Additional funds could potentially be made available under the program, but no guarantees! The funds will be going very fast – need to get your application in as soon as possible.



# What makes the RRF so important?

- **Provides grants – not “forgivable” loans**
- **Provides cash to restaurants to spend on hiring back staff and paying for costs to ramp up for “re-opening”**
- **Certain restaurants are qualifying under this fund that did not under PPP:**
  - Restaurants that opened after Feb. 15, 2020; even those not yet open!
  - More money is available to smaller restaurants because of sizing based on gross receipts not payroll
  - Restaurants that got PPP #1 loans but did not qualify for PPP Second Draw loans that had gross receipts declines of less than 25%





# Eligibility and Grant Sizing

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# Eligible Businesses

- Restaurant
- Food Stand, food truck, food cart
- Caterer
- Saloon, tavern, bar, lounge, or snack and NAB beverage bar
- Inn, Bakery, Brewpub, tasting room, taproom, winery, distillery, or licensed facility of a beverage alcohol producer where the public may taste, sample, or purchase products, where the primary business purpose is to sell food and drink on-site (on-site gross receipts of at least 33%)
- Airport terminal or that operate independently (i.e. has its own tax identification number) inside another business (e.g. a restaurant that operates independently inside a hotel or conference center)
- Tribally-owned concern



# Other Eligibility Criteria

- **Cannot be a public company or majority-owned by a public company; Can be a franchisee of a franchisor that is publicly-owned**
- **Cannot have more than 20 locations**
- **The business cannot also apply for or receive a grant under the “Shuttered Venues” program**
- **The business cannot have filed for bankruptcy or be permanently closed**



# What “IS” gross receipts

- **Gross receipts means all revenue in whatever form received or accrued from whatever source, (in accordance with the entity’s accounting method, i.e., accrual or cash), including from the sales of products or services, rents, royalties, fees, or commissions, reduced by returns and allowances.**
- **Calculated from tax returns as “Gross Receipts” (typically line 1c) on the following forms:**
  - Form 1120 for corporations;
  - Form 1120-S for S corporations;
  - Form 1065 or Form 1040 for LLCs;
  - Form 1065 for partnerships;
  - Form 1040, Schedule C line 3 for sole proprietorships (aggregate if multiple)





# What is “NOT” gross receipts

- PPP, EIDL, SBA Section 1112 payments, or other local/state grants – these must be removed from gross receipts
- Net capital gains or losses or other investment income
- Taxes collected for and remitted to a taxing authority if included in gross or total income, such as sales or other taxes collected from customers and excluding taxes levied on the concern or its employees;
- Proceeds from transactions between a concern and its domestic or foreign affiliates
- Amounts collected for another by a travel agent, real estate agent, advertising agent, conference management service provider, freight forwarder or customs broker.
- Subcontractor costs, reimbursements for purchases a contractor makes at a customer's request



# What does “on-site” sales mean?

- Sales of food and/or beverages that were consumed on the Applicant’s premise
- To-go Sales purchased at the Applicant’s premise
- On-line Sales picked up from the Applicant’s premise
- Sales delivered directly to a consumer for use

Note: These sales must be only to consumers and no wholesale sales may be counted towards the 33% revenue number.



# What does “eligible expenses” mean?

**For purposes of sizing the grant for a business that opened in 2020 or 2021 or has not yet opened, eligible expenses have the same definition as “eligible uses of funds”**



# Sizing the Grants

## When did my business open?

## What is my business eligible to receive?

- **Prior to 2019** = (2019 gross receipts) – (2020 gross receipts + PPP *loans*)
- **During 2019** = (12 × 2019 gross receipts ÷ *months open in 2019*) – (2020 gross receipts + PPP *loans*)
- **During 2020 or 2021** = Total amount spent on eligible expenses between February 15, 2020 and March 11, 2021 minus 2020 and 2021 gross receipts (through March 11, 2021) minus PPP loan
- **Not yet opened as of 3/11/21** – will be based on eligible expenses incurred between Feb 15, 2020 and 3/11/21
- **Minimum size of grant is \$1,000; Max of \$5 million per location; Max of \$10 million total per restaurant group**
- **Grant size is reduced by PPP #1 and PPP #2 loans received; Gross Receipts cannot include funding received, sales tax, etc.**



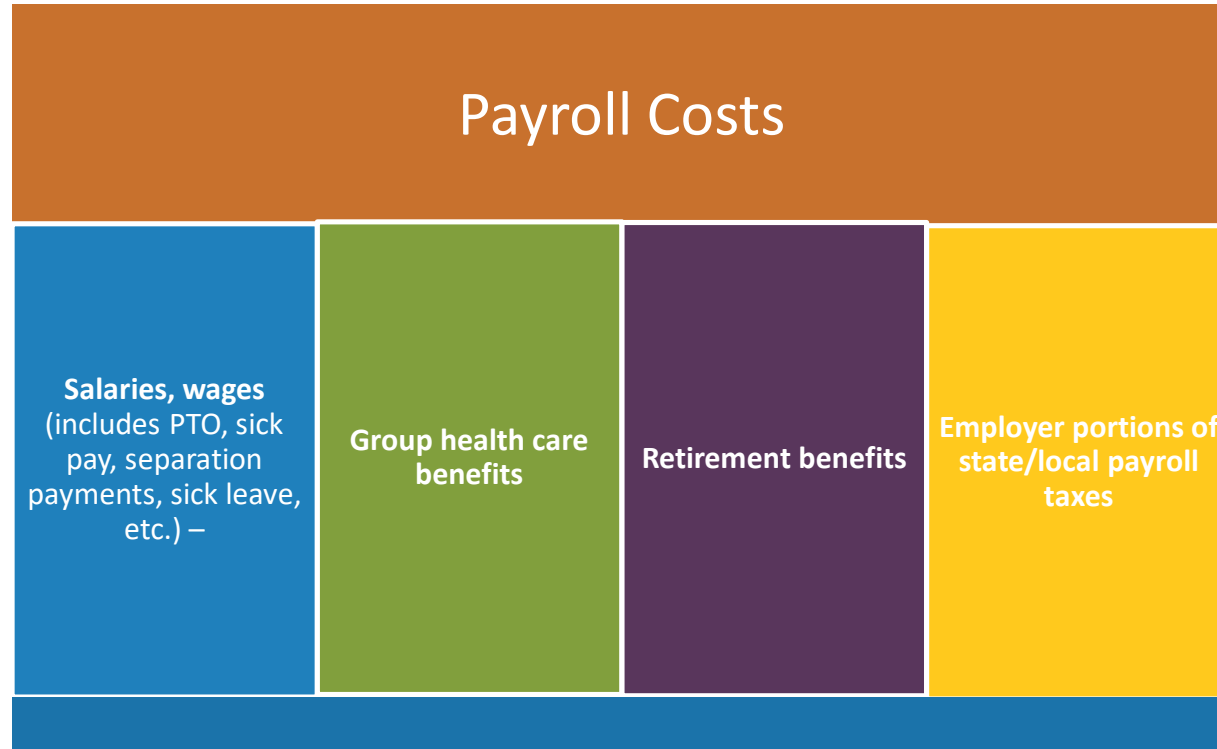


# Eligible Uses of Funds

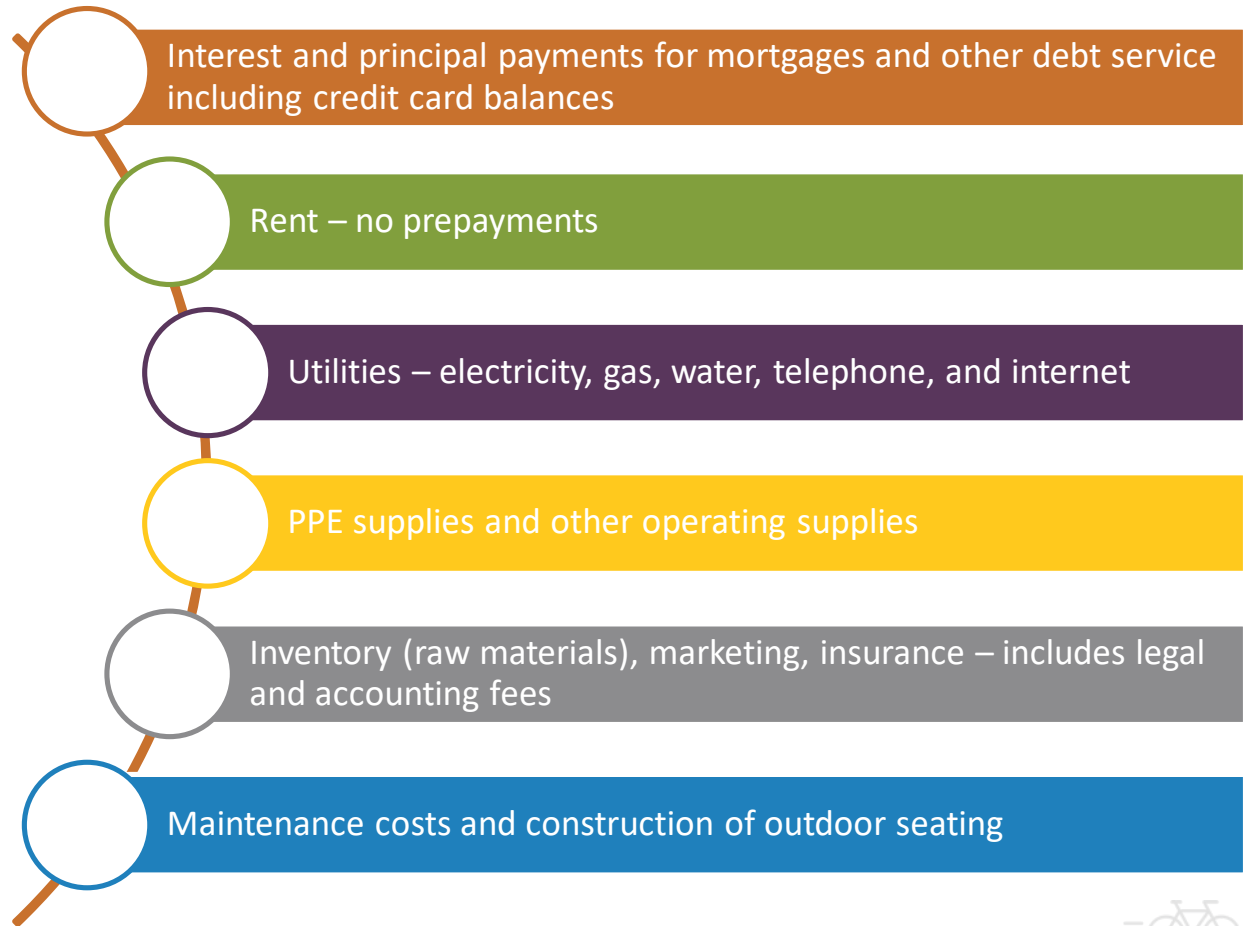
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# Eligible Uses of Funds



# Eligible Uses (Continued)



# Additional info on Eligible Uses

- Covered Period is earlier of: 2/15/20 – 3/11/23 or when money is used up
- Cannot “double-dip” and claim same expenses under multiple programs, like PPP or ERC
- Need to pay back what is not used by end of covered period
- There is no prescribed expense split between payroll and other costs
- Payroll costs are still maxed at annualized \$100,000 same as PPP
- No prepayments allowed (ex. rent)







# Application Process and Documentation

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# Application Timing

- **Test period of 2 weeks for selected businesses – no funding (4/19-4/29)**
- **Then portal will launch on 4/30 for registration and on 5/3 to accept applications. Priority for processing will be given to majority (51%) women-owned, socially-disadvantaged and economically-disadvantaged, veteran-owned and tribal-owned businesses for first 21 days of program availability. Note: Owners can only be counted for 1 priority group category, but multiple owners can combine to meet the 51% threshold**
- **Remainder of program will be on a “first-come, first-served” basis**
- **Recommended to apply once the portal launches May 3rd – don’t need to wait until priority groups are processed**



# Application Process

- Applications will be via on-line portal with the SBA – no banks involved
- Go to [restaurants.sba.gov](https://restaurants.sba.gov) website for access to portal
- “Subscribe” to the SBA email service to get updates on the program
- Anticipate start date in early May
- Attestations of economic need will be required
- Must attest to other questions including that the application may be subject to review or audit
- Applications can also be submitted via select POS systems. The SBA is publishing an application program interface for the application to be embedded in POS systems: Clover, NCR Corporation, Square, and Toast, where operators will be able to use that interface to **submit their application** A full list of official point-of-sale service providers will be continually updated and can be found at [www.sba.gov/restaurants](https://www.sba.gov/restaurants).



# Required Application Documentation

- **On-line completion of Form 3172 (RRF Grant application)**
- **IRS Form 4506-T – will be available to submit on the SBA grants platform**
- **Gross receipts documentation, and, if applicable, eligible expenses documentation:**
  - Business tax returns (IRS Form 1120 or IRS 1120-S) – line 1c - preferred
  - IRS Forms 1040 Schedule C – line 3; - preferred
  - IRS Form 1065 (including K-1s) – line 1c; - preferred
- **Bank statements – 3 months of most recent bank statements (Jan, Feb, March 2021)**
- **Point of sale report(s), including IRS Form 1099-K – these are preferred**

Externally or internally prepared financial statements (Income Statements or Profit & Loss) – will cause a delay on review. If used, these will need to be signed and dated and certified as accurate.

**For brewpub, tasting room, taproom, brewery, winery, distillery, bakery, or inn: documents evidencing that on-site sales of food and beverages to the public comprise at least 33% of gross receipts for each of the years included in your funding calculation, which may include Tax and Trade Bureau reports filed; e.g. sales and use tax returns and POS reports**



# Deadline to spend the funds and Documentation to keep (if needed)

- **Deadline to spend the funds is March 11, 2023 – any amounts not spent by then will have to be paid back**
- **Important documentation to keep during your covered period:**
  - Payroll reports and payroll tax filings
  - Third party invoices
  - Underlying mortgage, debt and lease agreements
  - Cancelled checks
  - Bank statements (if you use separate account)
  - POS/Sales reports



# Annual reporting requirement (until funds are spent)

- **Required annual submission of detailed expense tracking for the program**
- **SBA portal will accept expense tracking detail on a template each year until you spend all the funds**
- **Audits will be done – no thresholds have been determined yet**



# How CLA Can Help...

- **Consultation on Eligibility, Grant Sizing, and Eligible Costs**
- **Assistance with Application**
- **Outsourcing of Eligible Expenses Tracking**
- **Interplay of PPP, ERC, and RRF**



# Resources

- SBA Website – <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>
- SBA Call center support: 1-844-279-8898 in multiple languages
- RRF information is now available in 17 languages
  - [program guide](#); [sample application](#); [1 page overview flyer](#)
- If you haven't already, [sign up](#) for RRF email updates.
- Review the [sample application](#), [program guide](#), and [cross-program eligibility chart](#) on SBA COVID-19 relief options. You will be able to apply through [SBA-recognized Point of Sale Restaurant Partners](#) or directly via SBA at [restaurants.sba.gov](https://restaurants.sba.gov).
- CLA's COVID Relief Center: Bi-weekly Livestreams – Thursday, April 29<sup>th</sup>, 2 pm Central
- <https://www.claconnect.com/COVID19>
- YouTube – SBA will put webinars on Youtube channel







# Questions

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**Thank you!**

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