

HERG FAQs

Payroll

Q: What is the time period of payroll I should submit? Quarterly, weekly, biweekly, March 27 to December 29, 2020?

A: You must submit reimbursement requests as it pertains to your payroll schedule (i.e., if your payroll is done monthly, then you can submit reimbursement for 1 month per line item). Payroll reimbursements are only eligible from March 27 to December 29, 2020. You may not submit any payroll that has been previously covered by a federal program (PPP, EIDL, etc.) or HERG Round 1.

Q: Are QuickBooks printouts showing what each employee was paid enough? Do I still need copies of the checks?

A: Yes. You may submit information from an accounting software, if it shows gross, taxes and net payroll, BUT you will also need to submit the names of the employees covered by that payroll period and associated documentation showing the payroll was paid (canceled checks or bank statements).

Q: Are the taxes we deduct on behalf of the employee eligible?

A: No, taxes are not covered in this reimbursable grant.

Q: What payroll costs are allowed? SS, Medicare, Job Service?

A: The net pay and benefits are allowable. Taxes are not allowed in the payroll costs. Other associated costs such as medical are allowed.

Q: Can owner draws qualify for payroll?

A: No, only straight payroll will be covered under this reimbursable grant.

Q: We have 3 employees total with 12 payments from June 15-November 15th. Do you want them individually uploaded (taking up 36 line items) or would you like them by employee so 3 line items - one for each employee with one file containing all 12 pay stubs?

A: The expenses should be uploaded individually; one employee pay period per line.

Q: Does the receipt of PPP loan money impact the application in any way?

A: If you received PPP funds, you cannot claim reimbursement for those same expenses from HERG (i.e., if you received PPP funds for payroll for May-June 2020, you cannot claim payroll from HERG for that same time period).

Q: Is it the employees gross pay, taxes and net pay you want? I do all my book work by a one write system. Payroll is all handwritten.

A: Employee net pay is what will be reimbursed by this grant. You cannot claim taxes. You need to submit payroll accounting for each employee, name of employee, hours worked, pay period dates and proof of payment for that employee (front and back of a canceled check or bank statement).

Q: Are bonuses for rewarded employees eligible for reimbursement?

A: No, bonuses are not eligible.

Q: Can I claim the 1099 employees as part of payroll?

A: You cannot claim 1099 employees as part of payroll but if they are part of the qualified operational expenses, you can claim them under normal operating expense. You cannot claim 1099 contract workers if they are working on special projects or expansion.

Q: If I have my accountant print off a payroll summary for the time frame of March 27-2020 to December 29, 2020 will that meet the qualifications for receipts?

A: You need to break down the payroll per pay period, name the employees covered under each payroll and provide proof that the employees were compensated (canceled checks or corresponding bank statements). Taxes are not covered in this reimbursable grant.

Q: Should we apply for exactly the amount of the requested grant or do you want to see all of our expenses, well over the max? Example - if we have 2 locations and can apply for \$50k, do you want to see our payroll of \$100k, or just cut it off at \$50k?

A: This reimbursable grant maximum is \$25,000 per location. Provide receipts as close to the \$25,000 per location as possible.

Q: I operate a brick and mortar cafe and we also have a food truck. Are these multiple locations?

A: If you operate both under the same EIN, they would be considered multiple locations. If they have separate EIN's they would be considered two different businesses. An individual is only allowed to fill out one application in this grant.

Q: I have two separate businesses; how do I upload payroll documentation?

A: Each payroll must identify which business it is associated with, include the names of the employees, pay period, hours worked and proof the employees were compensated by canceled check or bank statements.

Q: How do I upload both the invoice and a copy of the check for one line item?

A: You can upload both the receipt/invoice along with proof of payment for that line item.

Q: Will just a copy of the front of the check work?

A: No, you must include a copy of the front and back of the check to prove it has been processed through a financial institution or provide a copy of the bank statement showing the payment has cleared the bank.

Q: If I need a copy of the front and back of a check submitted, how do I get a copy of the back of a check that was paid out?

A: Financial institutions can provide copies of the bank processing or screen shot of the electronic bank statements.

Q: Do you need each individual employee's cleared paycheck? With 15 employees being paid twice monthly that would be a lot of submittals. Or can I scan in the bank statement for the month showing all the employees cleared checks?

A: You may submit the payroll worksheets showing costs, names of employees, pay period dates, hours worked and bank statements showing the employees received payment.

Q: I do direct deposit (almost exclusively) for my regular employees. Will the pay stubs from each pay period that I get from my CPA work or do I need additional documentation? If I need additional documentation, what would that be?

A: Pay stubs and bank statements for that time period should be submitted to show proof of payment.

Q: Can I submit paystubs rather than canceled check?

A: No, you need to show proof of payment for the employee, such as canceled checks or bank statements. Paystubs or other documentation showing employee names, pay period, costs, etc are also needed.

Q: Our payroll is dispersed through automatic deposit. In speaking with our accountant, she is able to provide pay stubs for each pay period and each employee but cannot do a cancelled check as those do not exist. Can you please confirm that this will be qualifying documentation for payroll expenses?

A: No, pay stubs alone will not qualify. Pay stubs along with corresponding bank statements should be included for payroll expenses to provide proof of payment.

Utility

Q: Do we look at the invoice date or payment date?

A: Repayment is based on Dates of Service. You may submit expenses covered between March 27 and December 29, 2020. You need to submit the utility invoice along with proof of payment for each billing cycle. Each month must be filed on a separate line with corresponding documentation.

Q: What if a bill is paid but the check hasn't cleared the bank?

A: Without proof of payment, the expense will not be eligible.

Q: Does each utility bill need to be separate line item?

A: Yes, each utility bill (showing dates of service) needs to be on a separate line with corresponding documentation showing proof of payment (canceled check, bank statement, credit card statement).

Q: When we're applying for the HERG grant can we just submit the payments to MDU or our insurance company or landlord for the corresponding period. Or do we have to provide each and every invoice? Because some are set on an annual payment or they don't provide an invoice because the payment is a fixed amount per month?

A: You must submit each invoice you wish to be considered. You may submit pro-rated amounts to cover the timeframe between March 27, 2020 and December 29, 2020. You must provide the utility statement, insurance statement or other expense documentation showing total cost along with proof of payment such as canceled check or bank statement.

Q: If I can get a document/statement report from the Utility company for the time frame as to what was billed, paid, etc. inclusive of the entire time frame of March 27 December 29, 2020, would that be sufficient for the receipt?

A: You may have one statement for the entire period, but you must put each month on a separate line item. Only one reimbursable item (example April electric bill-or-April payroll-or-April rent) per line item along with all corresponding documents to prove that expense was paid (example: front/back canceled check, bank statement, credit card statement)

Q: How many reimbursable items should I put per line item?

A: Only one reimbursable item (example April electric bill-or-April payroll-or-April rent) per line item along with all corresponding documents to prove that expense was paid (example: front/back canceled check, bank statement, credit card statement)

Q: Say insurance was paid for the entire year on February 15, 2020. Is the portion related to April-November eligible even though the bill was not paid within the eligible timeframe?

A: Based on Federal Guidance, you will be able to prorate the costs for the time covered under this grant. You will need to provide a copy of the insurance policy showing cost for documentation.

Q: Can I use my cell phone bill for reimbursement?

A: If your cell phone is registered in the business name (on the billing) you may claim a cell phone as part of utilities.

Rent

Q: If our rent invoice includes rent, cams and water/trash (set amount each month) what do I need to submit? I was not sure if the cams and water/trash counted to be reimbursed and if they did if I had to submit it all separately.

A: Yes, you may submit all operational expenses associated with the rent. You must submit proof of operational expense (letter or email from landlord, notification of rent due, lease) along with proof of payment such as canceled check or bank statement.

Q: What if we do not receive invoices for rent? Will a canceled check from the bank work for proof of payment for rent?

A: A letter or email from your landlord that states the amount of rent or a copy of the lease, along with a canceled check or bank statement will be acceptable as documentation.

Q: Do we need to submit mortgage payments on a month to month basis (X amount for April, X amount for May, etc) and a bank statement for each month showing the payment or can it be lumped as one total for April-November?

A: Each month should be on a separate line item along with corresponding documentation to show the amount of the expense and that the expense was paid.

Q: Our company rents a portion of parking lot from another company. Does this qualify?
A: Yes, this is part of operational costs.

General

Q: Should I list expenses above \$25,000 to ensure I get approved for the full \$25,000?
A: This reimbursable grant will only cover \$25,000 in expenses. Provide expenses as close to that amount as possible.

Q: Do the receipts need to be dated between March 27 to December 29, 2020?
A: Yes, receipts need to be dated on or after March 27 to December 29, 2020. If it does not show a zero balance or is not clear, corresponding documentation that proves that expense was paid will be required. If the date of the receipt is March 27 or after, but dates of service fall prior to March 27, the award amount will be prorated.

Q: I am wondering if the cost of processing credit cards (Merchant Processing) is a qualifying expense for the HERG grant.
A: Yes, if the cost of processing credit cards is part of normal operating expense for the time period covered in this grant you may apply for reimbursement.

Q: Is the cost of the liquor license a qualifying expense, and if so, does it need to be prorated for the covered time period (the license is paid one time per year).
A: Any licensing that is part of your normal operating expense would be covered but for only from March 27, 2020 to December 29, 2020.

Q: Do I need to upload our food license and liquor license for documentation for the submission portal?
A: No, but you must self-certify that the business is compliant with all state and federal licensing requirements.

Q: Are bonuses for rewarded employees eligible for reimbursement?
A: No, bonuses are not covered by this reimbursable grant.

Q: Do fees from credit card companies qualify?
A: Yes, if credit card fees are part of the operational expense of the business, they may qualify for this grant reimbursement.

Q: Can we include late fees and penalties in this grant?

A: No, you cannot include late fees and penalties incurred between March 27, 2020 and December 29, 2020.

Eligibility

Q: My business is a production service but based out of my home (added onto my home to store the equipment). Do I qualify?

A: If you have expenses directly relating to your business, such as payroll, insurance, equipment, etc. those expenses would qualify. Unless your utilities are separated between business and home, you may not be reimbursed for those costs.

Q: If I have multiple restaurants at the same physical address, similar to a mall food court. Is each considered a unique restaurant, provided it has a unique taxpayer ID number, considered a location, eligible for the HERG, subject to the \$25k and \$75k max amounts

A: This is a campus per HERG and is eligible for a total of \$25,000. A campus is defined as businesses under the same ownership structure within ¼ mile of one another's physical location.

Q: Do 501c(4) qualify?

A: If you qualify in one of the four eligibility areas, you can apply for HERG funds.

Q: Is it considered multiple locations if 1 person owns more than 50% or a group of individuals own more than 50% of more than one business?

A: You may only fill out ONE application and will be eligible for up to \$25,000 for one eligible location, up to \$50,000 for two eligible locations, and up to \$75,000 for three or more eligible locations. If you receive a grant for more than one location, you cannot spend more than \$25,000 per location. An eligible location must meet business eligibility requirements as listed at <https://www.ndresponse.gov/covid-19-resources/covid-19-business-and-employer-resources/erg/herg-hospitality-economic> and is defined by the a customer facing marketplace. List all locations in which your ownership is 50% or greater, regardless of whether business has a separate EIN. Applicant must list each business under this guideline and will be awarded according to the \$25,000, \$50,000 and \$75,000 maximum rule.

Q: To clarify, we do weddings and commercial events that encompass audio, video, lighting, staging (or posing), and photography. We also have the ability to do live-streaming and have assisted venues with live-streaming before. Would we still qualify?

A: A Production company that provides technology and audio-visual services to meetings and events (and can certify that 75% of sales were derived in ND) is defined as a business that provides a minimum of five of the services below:

- Audio – high quality audio equipment, consistent coverage for all meeting and event rooms used
- Video – production of high definition video and provide displays, video walls and monitors
- Live-Streaming – for remote attendees or overflow meeting rooms
- Lighting – to support quality production
- System design, installation and training to assure event organizers can use technology in assure quality productions
- Provides staging and event activation sets to assure interactive events
- Photography – capturing video and still photos at the event for use in engagement and marketing and would be eligible.

Standalone professional services such as DJ, photographers, videographers however would not be eligible.

Q: How do we certify that 75% of sales were derived in ND? Can you provide any additional insight as to what “derived” would be defined as for the grant purposes?

A: You must self-certify the business has done at least 75% of your business in North Dakota.

Q: During the briefing it was noted about the profitability of the company. If as of 3/1/20, a business was not profitable, would that disqualify the business from receiving funding?

A: Yes, the applicant must be able to self-certify the business was profitable on 3/1/2020 or projected to be profitable within 180 days from 3/1/2020.

Q: What does it mean to be financially viable before March 1st?

A: The applicant must be able to certify that the business was profitable on 3/1/2020 or projected to be profitable within 180 days from 3/1/2020, was not more than 90 days delinquent on any loans prior to 3/1/2020, is registered and in good standing in the State of North Dakota or the equivalent tribal entity, and is not delinquent on federal or state taxes.

Q: How or what does a business need to provide to prove “negatively impacted”?

A: A negative fiscal impact will be self-certified at the beginning of the application and could be asked if the businesses is audited after the grant award. This impact could be loss of business, delay of business activities, additional purchases for health, safety and continued business operation or temporary business closure.

Q: Do bowling alleys qualify?

A: Yes, indoor recreation entertainment sites like bowling alleys, indoor golf clubs and indoor trampoline parks where membership/class fees do not exceed 51% of revenue are eligible.

Q: If the business closed in the spring due to executive order and didn't reopen, does that disqualify it for this HERG grant?

A: Yes. If the business is not currently open, they would not qualify for this grant.

Q: Are political subdivisions eligible for HERG funding?

A: Yes, as long as the application is for a business that is qualified under the HERG guidelines and derives 51% of revenue from on-site sales.

Q: We are a dance studio that offers performing arts performance throughout the year, but due to COVID we have not been able to hold any of our productions, would we be able to qualify for this grant? Or what would we need to have to qualify for this grant?

A: In general, dance studios would not be eligible, since most of the revenue is generated from class fees. The exception to this would be if a studio has a venue to host events and charges admission and revenue is 51% or greater.

Q: Can you specify the required income sources and percentages for indoor entertainment?

A: An entertainment venue including indoor recreation entertainment, e.g. bowling alleys, indoor golf clubs, and indoor trampoline parks who charge a public admission fee. If membership fees exceed 51% of revenue, they are not eligible.

Q: Would a fitness center/gym/YMCA qualify?

A: In general, fitness center/gyms are not eligible as their revenue comes from membership/class fees.

Q: Can funds be used for improvements that creates more space in a movie theater? Is the cost to replace seats an eligible expense? Can the operator of two theaters apply for funds for both locations? What are the most common reasons why an application for two locations would be denied?

A: Repairs are allowed, but expansion costs are ineligible. Equipment used for daily operation but not for expansion are allowed.

If two theaters apply and ownership is 50% or greater, regardless of whether the business has a separate EIN, they are only eligible for one application. Applicant must list each business under this guideline and will be awarded according to the \$25,000, \$50,000 and \$75,000 maximum rule.

Most common reasons that applications are denied for multiple locations are the following:

- If there are multiple applications where ownership is 50% or greater, there should only be one application and each location is capped at \$25,000.
- Campus policy, defining a campus as the following: A campus is defined as businesses under the same ownership structure within ¼ mile of one another's physical location and therefore only eligible for \$25,000.