

# FREQUENTLY ASKED QUESTIONS

## Direct Grants

### I completed the Small Business Support Hub (SBSH) Grant Program Application and was approved as a Participant. Do I automatically qualify to receive a Direct Grant?

**No.** While your admittance into our SBSH Grant Program gives you direct and free access to all the programs, courses, and events we are providing under our program, it does not automatically qualify your business to receive a Direct Grant. For a full list of our programs, courses, and events, please visit our website: <https://www.sbam.org/programs/>.

### How do I apply for a Direct Grant under the SBSH Grant Program?

The Direct Grant Application can be found on our Submittable platform (the same platform you used to complete the SBSH Grant Program Application). Follow these instructions to access the Direct Grant Application:

**INSTRUCTIONS:**

1. Log into your Submittable account.
2. Click on your business name (Shown under the "Submissions" header.)
3. Click on the "Forms" tab.
4. Click on "Direct Grant Application: SBSH Grant Program from SBAM Foundation" under the "Additional Forms" section.

Please note that your Direct Grant Application is linked to your account, so you will not need to reenter any information from your initial SBSH Grant Application.

### What items are given consideration when reviewing our Direct Grant Application?

The intent of the Direct Grant is to promote growth, and/or assist in the achievement of stability during recovery from the COVID-19 pandemic, and/or maintaining stability for your company. Requests that demonstrate these characteristics will be given the strongest consideration.

### How will Direct Grant applications be received and processed?

To ensure that all Direct Grant Applications are given equitable consideration, and that Participants are provided equitable access to our Direct Grant program throughout the terms of the SBSH Grant Program, the SBAM Foundation (SBAMF) has established the following schedule:

| Direct Grant Tranche # | Application Open Enrollment Date | Tranche Application Deadline | Available Funds |
|------------------------|----------------------------------|------------------------------|-----------------|
| 1                      | 8/1/2024                         | 10/31/2024                   | \$53,289.50     |
| 2                      | 11/1/2024                        | 1/31/2025                    | \$53,289.50     |
| 3                      | 2/1/2025                         | 4/30/2025                    | \$53,289.50     |
| 4                      | 5/1/2025                         | 7/31/2025                    | \$53,289.50     |
| 5                      | 8/1/2025                         | 10/31/2025                   | \$106,579       |
| 6                      | 11/1/2025                        | 12/31/2025                   | \$106,579       |

### Do I need to attend the programs, courses or events provided under the SBSH Grant Program to apply for a Direct Grant?

**Yes.** Each program, course, and event in our catalog (<https://www.sbam.org/programs/>) has a point value of 1 to 5. A point value of one indicates a program or course that is less intense in nature, and has a lower time requirement for you, the Participant. By contrast, a point value of five indicates a program, course or event that is more intense or will require more time on your part. To qualify for a Direct Grant, you must compile a point value of at least six (6) by completing programs, courses or events in our catalog. Please note that you must apply for a Direct Grant within six (6) months of completing your last program or course from our catalog.

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**I own multiple companies and each one was approved for participation in the SBSH Grant Program. Can I apply for a Direct Grant for each company?**

**Yes, provided that each company compiles a composite point value of at least six (6).** Each company is accepted into the SBSH Grant Program separately. As such, the qualification for Direct Grants is based on each company. For example, if you own three companies (Company A, Company B, and Company C) and all three were admitted into the SBSH Grant Program, you can apply for a Direct Grant for each approved company that attains a composite point value of at least six (6). In the example below, Company A and Company C would be eligible to apply for a Direct Grant. Company B would not.

| Company Name | Composite Point Value | Direct Grant Eligible |
|--------------|-----------------------|-----------------------|
| Company A    | 17                    | Yes                   |
| Company B    | 5                     | No                    |
| Company C    | 6                     | Yes                   |

Point values may not be split, transferred, or shared between companies, even if they share common ownership.

**Is the Direct Grant application process competitive in nature?**

**Yes.** Once a Direct Grant application is received, it will be reviewed and compared to other Direct Grant applications received in that tranche. We will then select the most compelling applications from that group for further review and approval.

**Does the point value that I accumulate affect my Direct Grant application?**

**Possibly.** IF SBAMF receives two or more Direct Grant applications for consideration during a given tranche period that are all equally compelling, consideration may be given to the company that as compiled the highest composite point value from attending programs, courses, and events in our catalog.

**If my company does not receive a Direct Grant in the tranche in which I applied, what happens next?**

All eligible Direct Grant Applications will be held until the completion of the Grant Program on December 31, 2025, and will be re-reviewed in competition with other Direct Grant Applications as they arrive. To be considered “eligible” your Direct Grant Application must be completed within six (6) months of completing your last program, course, or event from our catalog. For example, if you apply during Tranche #1 and your Direct Grant Application does not receive an award, it will be considered eligible so long as you attend at least one (1) program, course, or event from our catalog within 6 months of the tranche application deadline in which your Direct Grant Application will be reconsidered.

**What is the maximum Direct Grant I can obtain through your program?**

The minimum request is \$500.00 and may not exceed \$4,999.00.

**Is preference given to members of the Small Business Association of Michigan (SBAM), or other trade organizations?**

**No.** Membership in SBAM, or any trade organization is NOT a factor when reviewing submitted Direct Grant Applications.

**How many Direct Grants will be awarded?**

Direct Grants will be awarded by tranche period to the limit of available funds for that tranche. Direct Grant funds not awarded in a tranche period will be rolled over the subsequent tranche period. Assuming that all Direct Grants are approved at the maximum value of \$4,999.00, we estimate that roughly 85 grants will be awarded.

**How will I be notified if my company has been awarded a Direct Grant?**

Each applicant will be notified as to the status of their Direct Grant Application within 30 days of the application deadline for each tranche period. Direct Grant awardees will be provided with a copy of the Direct Grant Agreement which must be completed, signed, and returned to SBAMF by the date specified. A specimen copy of the Direct Grant

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Agreement can be downloaded by following this link:  
<https://www.sbam.org/wp-content/uploads/2024/07/Direct-Grant-Participant-Agmt-SPECIMEN-072220241-1.pdf>

Applicants who are not awarded a Direct Grant in a specific tranche period will be advised as to what action they must take to keep their Direct Grant Application “eligible” for future consideration.

### How can the funds awarded to my company be used? Are there restrictions?

**Yes, there are restrictions as to how Direct Grant funds can be used.** The restrictions for awarded Direct Grant funds are established by the U.S. Department of the Treasury and are not set by SBAMF or SBAM. In general, Direct Grant funds may be used for “eligible costs”. As detailed in the requirements from the U.S. Department of the Treasury, “eligible costs” shall mean the following:

- Purchases of equipment, inventory, software, or hardware up to \$4,999.00 per unit;
- Highly specialized consulting services or other services which cannot be contracted directly with, or provided by, the Entrepreneurial Hub by December 31, 2024; and
- Any other cost that is not an Ineligible Cost approved by SBAMF, in its sole discretion, related to supporting the business operations or growth needs of the Participant.

By contrast, the U.S. Department of the Treasury, defines “ineligible costs” as follows:

- A general infrastructure project that does not respond to a negative economic impact of the COVID-19 pandemic.
- A program or service that includes a term or condition that undermines efforts to stop the spread of COVID-19 or that imposes conditions on participation or acceptance of the service that would undermine efforts to stop the spread of COVID-19 or discourage compliance with recommendations and guidelines in CDC guidance for stopping the spread of COVID-19.
- Expenditures that violate the conflict-of-interest requirements in the federal OMB’s Uniform Guidance including any self-dealing or violation of ethics rules. Eligible Costs that will be or have been reimbursed by another MSF, MEDC, or federal program.
- Building-based construction costs (i.e., any activity that disturbs the ground or modifies a structure).

- General economic development costs unrelated to directly supporting the services under Section 2.5(b) (ii) of the Grant Agreement.

### In real terms, what prohibitions are there on how I use Direct Grant funds?

The following examples are offered to provide clarity about the restrictions placed on the use of Direct Grant funds. These lists are not designed to be exhaustive, and order does not indicate importance. Questions about the eligibility of use should be directed to SBAMF at [info@sbamfoundation.org](mailto:info@sbamfoundation.org).

#### Ineligible costs examples:

- Construction costs: Construction is generally defined as “any activity that disturbs as surface”.
- Payroll expenses: Including wages, taxes, and benefits.
- Any expense that was incurred in whole or in part prior to the effective date of the Direct Grant Agreement.

#### Eligible costs examples:

- Marketing expenses.
- Website development.
- Capital expenses may not exceed \$4,999. Please note that Direct Grant funds cannot be combined with other funding sources to make a capital purchase. For example, a computer costs \$3,000. This would be an acceptable use of Direct Grant funds. However, if the computer cost \$7,000, Direct Grant funds could NOT be used as they do not cover the entire purchase price.
- Costs associated with hiring software developers, AI developers, and similar services when outsourced, are eligible.
- Expenses related to the purchase of hardware and software are eligible.
- Funds can be used to send employees to receive specific industry certifications. Direct Grant funds used for certification or licensing fees must result in receipt of the corresponding certification or license by September 30, 2026. Travel expenses related to training are also allowable.

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### **I recently had a new website developed for my company that cost \$3,500. Can I use Direct Grant funds to pay for this expense?**

**No.** Expenses incurred prior to the effective date of the Direct Grant Agreement signed between your company and SBAMF are ineligible for payment using Direct Grant funds.

### **My company has applied for Direct Grants with other Small Business Support Hubs within the state of Michigan. Can I combine the awarded Direct Grants from other hubs with the Direct Grant funds awarded through SBAMF?**

**No.** Your company may only receive one (1) Direct Grant award from one (1) hub in the SBSH Grant Program. In other words, if you accept an awarded Direct Grant from SBAMF, you are prohibited from accepting another Direct Grant award from any other hub in the SBSH Grant Program.

### **My company previously received a Business Accelerator Fund (BAF) grant through a SmartZone. Is my company prohibited from receiving a Direct Grant through the SBSH Grant Program.**

**No.** If your business has received a BAF grant through a SmartZone you are not excluded from receiving a Direct Grant through the SBSH Grant Program.

### **My company has been awarded a Direct Grant from SBAMF. When can I make the purchases I described in my Direct Grant Application?**

Direct Grant funds shall be awarded to your company on a reimbursement basis. You will be required to submit to SBAMF receipts or other acceptable written proof evidencing your payment of eligible costs within 30 days of purchase (the Receipts). SBAMF shall, within forty-five (45) days after receipt of your receipts, reimburse your company for eligible costs paid, up to the amount of the

Direct Grant award. Direct Grant awards may not be split or issued to Participant in phases, and all Direct Grant funds shall be made payable in the name of approved company. Direct Grant funds must be reimbursed by SBAMF no later than June 30, 2025.

### **Are Direct Grant awards subject to income tax?**

**Possibly.** Please consult your tax advisor. You, as the awarded Participant, are responsible for any local, state, or federal taxes, including timely report filing, associated with receiving a Direct Grant award.

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