

# Restaurant Revitalization Fund

April 27, 2021

# Background

- American Rescue Plan Act signed into law March 11, 2021 created the program
- Available to restaurants and other eligible businesses
- \$28.6 billion in funding available
- No official start date yet
- \$5 billion set aside for applicants with 2019 gross receipts of \$500,000 or less
- \$4 billion set aside for applicants with 2019 gross receipts between \$500,000 and \$1.5 mil
- \$500 mil set aside for applicants with 2019 gross receipts of not more than \$50,000



# Eligibility Requirements

- Restaurants, food stands, food trucks, food carts
- Caterers
- Bars, saloons, lounges, taverns
- Snack and nonalcoholic beverage bars
- **Entities that must prove that onsite sales to the public comprise at least 33% of gross receipts**
  - Bakeries, brewpubs, tasting rooms, taprooms, breweries, wineries, distilleries, inns



## Eligibility Requirements Cont.

- Open, temporarily closed, or opening soon with expenses incurred as of March 11, 2021
- As of March 13, 2020, owns and operates (together with affiliates) 20 or fewer locations
- Can make good faith certification that current economic uncertainty makes the funding request necessary

# Ineligibility

- Non-profit organizations
- Publicly traded corporation or majority owned and controlled by a public company
- Received a Shuttered Venue Operators Grant OR pending SVOG application
- Owns or operates more than 20 locations
- Permanently closed
- Filed Chapter 7 bankruptcy
- Filed Chapter 11, 12, or 13 bankruptcy and is not operating
- State or local government operated businesses

# Award Detail



- Maximum grant award of \$5 million per location
- Maximum of \$10 million in total for applicant and any affiliates
- Minimum funding request of \$1,000
- Cannot apply for PPP loan after applying for RRF funds

## How to Calculate Grant Amount

- **Calculation 1 – Applicants that were in operation (making sales) prior to January 1, 2019**
  1. 2019 Gross Receipts from 2019 tax return
  2. Subtract 2020 Gross Receipts from tax return
    1. Exclude PPP loan forgiveness, SBA Section 1112 payments, EIDL advances, FRRP Appropriation and any state and local small business grants
  3. Subtract aggregate PPP loans received
  4. Max is \$5 million, min is \$1,000
    1. If requested amount is less than \$1,000 – you are not eligible for a grant

# How to Calculate Grant Amount

- **Calculation 2 – Applicants who began operations in 2019**
  1. Calculate annualized gross receipts
    1. Begin with gross receipts from 2019 tax return
    2. Divide gross receipts by number of months in operation to get average monthly
    3. Multiply average monthly gross receipts by 12
  2. Subtract 2020 Gross Receipts from tax return
    1. Exclude PPP loan forgiveness, SBA Section 1112 payments, EIDL advances, FRRP Appropriation and any state and local small business grants
  3. Subtract aggregate PPP loans received
  4. Max is \$5 million, min is \$1,000
    1. If requested amount is less than \$1,000 – you are not eligible for a grant



## How to Calculate Grant Amount

- **Calculation 3 – Applicants who began operations between January 1, 2020 and March 10, 2021 OR, applicants that have not yet opened but have incurred eligible expenses as of March 11, 2021**
  1. Calculate total amount spent on eligible expenses incurred between February 15, 2020 and March 11, 2021
  2. Subtract 2020 and 2021 Gross Receipts from tax return or to be reported on tax returns
    1. Exclude PPP loan forgiveness, SBA Section 1112 payments, EIDL advances, FRRP Appropriation and any state and local small business grants
  3. Subtract aggregate PPP loans received
  4. Max is \$5 million, min is \$1,000
    1. If requested amount is less than \$1,000 – you are not eligible for a grant

# Gross Receipts

- Included
  - Sales of products and services
  - Interest and dividends
  - Rents, royalties, fees, and commissions
  - From Tax Returns
    - 1040, Schedule C, line 3
    - 1065, line 1c
    - 1120S, line 1c
    - 1120, line 1c
- Excluded
  - Net capital gains and losses
  - PPP loan forgiveness
  - SBA Section 1112 payments
  - EIDL advance
  - Any state and local small business grants
  - Taxes collected and remitted to a taxing authority
  - Proceeds between a concern and its domestic or foreign affiliate

# Eligible Use of Funds

- Payroll costs
- Business mortgage and rent (no prepayments)
- Business debt service (no prepayments)
- Utilities for which service began before March 11, 2021
- Maintenance expenses
- Construction of outdoor seating
- Supplies
- Food and beverage costs
- Covered supplier costs – essential to the operations and made pursuant to a contract, order, or PO in effect at any time before receipt of funds
- Operating expenses – normal and necessary as part of day-to-day activities



# Covered Period and Reporting Requirements

- May use funds for expenses incurred between February 15, 2020 and March 11, 2023 (covered period)
- Covered period ends if the business permanently closes
- Any unused funds must be returned to the government
- All applicants must submit report not later than December 31, 2021 via application portal
  - How much of the award has been used against each eligible use category
  - If all funds have been used by December 31, 2021 – must certify that all proceeds used on eligible expenses
  - If additional funds remain – annual reporting required

## How to Apply

- SBA portal at [Restaurants.sba.gov](https://Restaurants.sba.gov)
- Through a recognized SBA Point-of-Sale (POS) Restaurant Partner
  - Current partners include Toast, Square, and NCR Corporation
- Telephonically through SBA at 844-279-8898
  - Applicants who apply this way will have a longer waiting period due to the requirement that documents be mailed to the SBA



U.S. Small Business  
Administration

# Required Documents

- All applicants
  - SBA Form 3172 (grant application)
  - IRS Form 4506-T – allows SBA to request tax information on your behalf from the IRS
  - Gross Receipts documentation
    - Tax returns
    - Bank statements
    - Internally or externally prepared financial statements
    - POS reports, including 1099-K
- Applicants that must prove 33% test
  - Evidence that onsite sales to the public comprise at least 33% of 2019 gross receipts
- Inns
  - Evidence that onsite **food and beverage** sales to the public comprise at least 33% of 2019 gross receipts

# Timing

- Application portal not yet open – expected sometime in May
- Days 1 – 21 once portal is open
  - All applications accepted
  - SBA will only distribute funds to applicants who have self-certified that it is majority (at least 51%) owned by women, veterans, or socially and economically disadvantaged individuals
    - OWNERSHIP AS OF MARCH 13, 2021 – cannot change ownership structure prior to applying
- Days 22 – end of program
  - All applications accepted
  - Funding provided on first come first serve basis



## Important Notes

- No ‘double dipping’
  - RRF funds cannot be used to cover expenses already covered by other monies received – PPP, EIDL advance, expenses used to receive ERC, FFCRA, WOC credits
- Must provide information for all owners of 20% or more on application



## Resources

- Wegner CPAs COVID-19 Resource Center  
<https://www.wegnercpas.com/wegner-resources/covid-19/>
- SBA Restaurant Revitalization Fund Landing Page  
<https://www.sba.gov/funding-programs/loans/covid-19-relief-options/restaurant-revitalization-fund>
- SBA RRF Portal Landing Page  
<https://restaurants.sba.gov/requests/borrower/login/?next=/>

# Thank You!

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