



## Grantmaking Guidelines for Disaster Relief Assistance to Small Businesses

### Overview

During times of disasters, community foundation affiliates may be positioned to provide grants to organizations that are supporting populations experiencing hardship. One population that may be adversely affected is the small business community. While granting to for-profit entities is generally not permitted during normal situations, times of disaster may cause community foundations to consider providing financial resources to support the relief and recovery efforts serving small businesses. These guidelines have been developed based on information provided in *IRS Publication 3833: Disaster Relief: Providing Assistance Through Charitable Organizations*, along with conversations with community foundation colleagues, economic development professionals, and resources provided by the Council on Foundations.

### Purpose

The purpose of these guidelines is to provide a framework that may be used by community foundation affiliates that want to support small businesses during times of disaster. This form of grantmaking must be done in collaboration with nonprofit partners who are equipped and experienced with supporting small businesses, such as:

- Chambers of Commerce
- Economic Development Commissions
- Local Governmental Entities
- Certified Development Financial Institutions
- 501c3 Nonprofits

### Forms of Grantmaking

There are several funding strategies community foundation affiliates may consider utilizing.

- **Technical Assistance for Small Business Owners:** Underwrite costs for making resources and experts available to small businesses owners to: navigate and apply for governmental programs, business coaching, financial planning, etc.
- **Marketing Campaigns:** Underwrite the costs of “shop local” campaigns and other marketing strategies to bring awareness to the importance of supporting small businesses during disaster.
- **Workforce Assistance:** Support organizations that help place individuals in new employment after a loss of a job. Underwrite the cost of technical training programs to upskill displaced workers.

During times of disaster, grant funding may be requested to support grant programs that provide direct relief to small businesses. These grant programs should be administered by partnering organizations, i.e. Chambers, Economic Development offices, etc. Grants award through these programs should be intended to combat community deterioration that may be accelerated by the disaster or to lessen the burden of government.



- **Small Business Grant Program:** Provide funding to nonprofit partners who are running grant programs for small business relief. These grant programs should only give aid to small businesses that cannot access governmental assistance, and/or are part of underserved and underinvested communities.

Reasons for assistance may include the following, and must be documented:

- The curtailment of business operations due to the disaster that is causing financial stress for individual business ownership that didn't exist before the disaster.
- Assistance to communities or populations that are underinvested. This may be to minority owned businesses, or communities that have received a designation related to community deterioration, i.e. Opportunity Zones, census tracts eligible for New Market Tax Credits, state and federal emergency declarations, etc.
- Documentation that business has had to limit operations due to public health crisis and has experienced significant financial stress.

### **What to Do Now**

If the community foundation affiliate advisory board and/or fund holders want to support small business relief and recovery during a time of disaster they should:

- Identify trusted partners who are front-line service providers to small businesses.
- Take inventory of what governmental assistance may be provided and forecast who may not be served by those programs.
- Invite fund holders and other grant funders in the community to invest alongside the community foundation.
- Contact Community Foundation of Greater Des Moines staff to provide due diligence assistance on the proposed grants.

### **Conclusion**

During times of disaster our communities will need their local community foundation to respond to provide financial resources in support of relief and recovery efforts. If the small business community has been adversely affected, and is identified as a population needing assistance, these guidelines will allow the community foundation affiliates to respond appropriately and in a way that is permissible.