



LOCAL EMPLOYERS' ASSISTANCE PROGRAM (LEAP) Program Information



The Honorable Lourdes A. Leon Guerrero, Governor of Guam, and the Honorable Joshua F. Tenorio, Lieutenant Governor of Guam, have established the Local Employers' Assistance Program (LEAP) pursuant to Executive Order 2021-25. The program will provide direct financial assistance to small businesses that have experienced extreme levels of pandemic related business interruption. LEAP funds will be prioritized to the following businesses:

1. Small businesses that can demonstrate a business interruption rate of fifty percent (50%) or greater; and
2. Small businesses that have been verified as a "covered establishment" pursuant to Department of Public Health & Social Services requirements that can demonstrate a business interruption rate of twenty percent (20%) or greater.

The total budget for LEAP is \$50 million, allocated from the following:

1. \$25,000,000 from ARPA funds allocated by Governor Leon Guerrero via Executive Order 2021-25; and
2. \$25,000,000 in local appropriations pursuant to Bill 214-36.

The purpose of this document is to provide program information and guidance. If you have any questions regarding LEAP, please contact GEDA at 671-647-4332 or leap@gedagrants.com.

I. Definitions.

“Average Monthly Gross Receipts” means the sum of all eligible gross receipts as reported on Department of Revenue and Taxation Form GRT-1 for all months in operation in a given period, divided by the total months in operation for the same period.

“Business Interruption” means the reduction of average monthly gross receipts between the pre-pandemic and pandemic periods.

“Covered Establishment” means any establishment designated as such by the Department of Public Health and Social Services pursuant to DPHSS Guidance Memorandum 2021-24 and any other superseding memoranda.

“Guam business” means a person, partnership, corporation, limited liability company, association, or similar entity that maintains a current license to conduct an income producing business on Guam and can be categorized as a small business using the U.S. SBA Small Business Size Standards matched to the North American Industry Classification System (NAICS).

“Pandemic period” means the period starting April 1, 2020 and concluding on March 31, 2021.

“Pre-pandemic period” shall mean the period starting on April 1, 2019 and concluding on March 31, 2020.

II. Eligible Entities.

A Guam business shall be eligible to receive a LEAP Loan if it meets all the following:

Criteria	Requirement
Business interruption (BI) /loss comparing average monthly gross receipts between the periods of April 2019 - March 2020 (pre-pandemic) and April 2020 - March 2021 (pandemic period)	Categories A & B: BI greater than or equal to 50%; or BI greater than or equal to 20% for covered establishment
Minimum employee count (FTE as of 9/30/2021)	Cat. A: 4 or fewer Cat. B: 5 or greater
Minimum annual gross revenue	\$10,000
Meet US SBA size standards (based on NAICS code)	Variable

III. Ineligible Entities.

The following entities shall not be eligible to receive financial assistance under LEAP:

- a) Government or Private Hospitals;
- b) Guam Businesses that have eligible gross receipts for 2020 or whose employee count based on their 12/31/2020 SWICA filing is greater than the size standards listed on the U.S. SBA Small Business Size Standards matched to the North American Industry Classification System (NAICS);
- c) Any business operating in Guam that is part of a national/international corporation that is wholly owned by said corporation. This shall not apply to locally owned and operated businesses with a national/international brand, such as a franchise or licensing agreement;
- d) Guam Businesses that have eligible annual gross receipts of less than Ten Thousand Dollars (\$10,000.00) based on the gross receipts value reported in form GRT-1 for 2020 or 2019;
- e) Child Care Assistance Program-Stabilization 2021 (CAPS2021) grant recipients;
- f) Businesses that commenced operations on or after July 1, 2019;
- g) Commercial Landlords;
- h) Passive Investment Holdings;
- i) Non-profit organizations;
- j) Businesses that have permanently closed and have ceased all business operations. Businesses that are temporarily closed are eligible to receive a LEAP loan, upon certification that they will reopen their business by no later than forty-five (45) days after their loan issuance date.

IV. Applicant Categories.

LEAP applicants shall be divided into two separate categories based on total number of full time employees or full time equivalent employees (FTE):

- a) Category A: Businesses with four (4) or fewer full-time employees or full-time equivalent employees (FTE). Category A applicants who are eligible for LEAP assistance will receive a grant award; and
- b) Category B: Businesses with five or greater full-time employees or full-time equivalent employees (FTE). Category B applicants who are eligible for LEAP assistance will receive a loan with a forgiveness provision.

V. Application Period.

GEDA will begin accepting LEAP applications at 8:00 AM on Monday, December 20, 2021, and will continue to receive applications until 5:00 PM on Monday, March 31, 2022.

VI. Application Process.

- a) Application forms can be downloaded from the GEDA website at www.investguam.com/leap.
- b) Completed application forms, along with all required supporting documentation can be submitted via email to leap@gedagrants.com. Hard copies of the application form can be picked up at the GEDA office, located on the 5th Floor of the ITC Building, Tamuning Guam during normal business hours (M-F 0800-1700 excluding government of Guam holidays). GEDA will have a drop box at the office for the submission of hard copies of applications.
- c) All applications will receive a control number. A list of all applications, along with daily application status updates, will be posted on the GEDA website at www.investguam.com/leap.
- d) Applicants will receive an official notice via US mail once an application has been fully processed.
- e) Approved applications shall be transmitted to the Guam Department of Administration for fund disbursement.

VII. Application Checklist.

APPLICATION CHECKLIST		
<i>All applications must include the following supporting documentation</i>		
<input type="checkbox"/> Completed and signed application form	<input type="checkbox"/> Current Business License	<input type="checkbox"/> Duly filed form SW-2 for quarter end 09/30/2021 (SWICA), if applicable
<input type="checkbox"/> Duly filed forms GRT-1 for all months in operation in 2019	<input type="checkbox"/> Duly filed forms GRT-1 for all months in operation in 2020	<input type="checkbox"/> Duly filed forms GRT-1 for months ending January to June 2021.

VIII. Funding Calculation.

LEAP funds for eligible businesses shall be calculated pursuant to the following:

- a) Total all eligible gross receipts values as reported on Department of Revenue and Taxation form GRT-1 for all months in operation for the following periods:
 - 1. Month ending April 2019 to the month ending March 2020 (Pre Pandemic period)
 - 2. Month ending April 2020 to month ending March 2021 (Pandemic period).
- b) Divide the calculated eligible gross receipts values in each period by the total months in operation during the period to determine average monthly gross receipts for each period.
- b) If the calculated average monthly gross receipts for the pandemic period are less than the calculated average monthly gross receipts for the pre-pandemic period, subtract the pandemic period average monthly gross receipts from the pre-

pandemic average monthly gross receipts. The result will be the reduction in average monthly gross receipts the business incurred during the pandemic period. This is the business interruption amount.

- c) Divide the reduction in average monthly gross receipts during the pandemic period by the average monthly gross receipts during the pre-pandemic period. The result is the business interruption percentage.
- d) If the resulting percentage is fifty percent (50%) or greater, the business is eligible based on business interruption. However, businesses that have been verified to be a “covered establishment” must meet a minimum business interruption rate of no less than twenty percent (20%).
- e) Loan amount is determined by tripling the business interruption amount calculated above. Loan amounts are capped at \$50,000 for Category A businesses and \$300,000 for Category B businesses.
- f) Any business that has multiple business locations and applies for multiple LEAP loans shall have each application reviewed individually. However, any business that is determined to be eligible for multiple LEAP loans shall be subject to an aggregate limit of \$1,000,000 in LEAP funds.

Funding Calculation Example – Category B applicant with a business interruption percentage \geq 50%	
Pre-pandemic average monthly gross receipts for a business with \$1,200,000 in total gross receipts for a twelve month period ($\$1,200,000 \div 12$)	\$100,000
Pandemic average monthly gross receipts for a business with \$480,000 in total gross receipts for a twelve month period ($\$480,000 \div 12$)	\$40,000
Business interruption amount ($\$100,000 - \$40,000$)	\$60,000
Business interruption percentage ($\$60,000 \div \$100,000$)	60%
Funding Calculation	
A. Business interruption amount multiplied by 3 ($\$60,000 \times 3$)	\$180,000
B. Final Loan Amount	\$180,000

IX. Funding Offsets.

If a LEAP applicant is also the recipient of a U.S. SBA Restaurant Revitalization Fund (RRF) and/or a U.S. SBA Shuttered Venue Operators Grant (SVOG) award, then any LEAP assistance, if eligible, shall have the total LEAP funding amount offset by whatever amount(s) the applicant has received from the RRF and SVOG programs, up to the full LEAP funding amount.

X. Loan Terms.

Category B loan recipients shall be subject to the following terms:

- a) Recipients shall maintain total employment levels based on the SW-2 report filing for quarter ending 09/30/2021, and shall maintain that level for a period of six (6) months following loan issuance date. For businesses that temporarily closed and are planning to reopen utilizing LEAP loan funds, they shall indicate the minimum number of employees needed to open and generate revenue to service the loan.
- b) Loan term of thirty six (36) months, with the first loan payment deferred for twelve (12) months;
- c) Loans are subject to interest at an annual percentage rate of one percent (1%);
- d) Loan amount may be forgiven if recipients meet requirements in this SOP; and
- e) Recipients must use all loan proceeds within twelve (12) months of their loan issuance date. Funds not utilized within this time period are not subject to forgiveness.

XI. Loan Forgiveness.

Category B loan recipients are subject to the following loan forgiveness criteria:

- a) Recipient maintains employment levels for six (6) months, as indicated in SW-2 filings;
- b) Recipient validates eligible payroll and employee benefit expenses that equal to no less than sixty percent (60%) of the total value of the loan. These expenses will be validated based on first reviewing the payroll and employee benefit expenses incurred during the twelve month loan usage period. If the business does not meet the sixty percent (60%) threshold based on that review, then payroll and employee benefit expenses can be retroactively applied to expenses incurred in the six (6) full months prior to the loan issuance date; and
- c) Eligible payroll expenses means salaries, benefit costs such as insurance, and applicable payroll taxes, capped at no more than \$100,000 for any single employee.

Category A recipients are not subject to loan repayment requirements and do not require loan forgiveness, except in the case of misrepresentations or fraud made in connection to obtaining the loan. However, both Category A. and Category B. recipients must maintain full records of how funds were utilized, as all funds are subject to potential audit.

XII. Promissory Note Required.

All Category B loan recipients shall be required to sign a promissory note in order to receive LEAP funds. The promissory note shall detail the loan repayment terms, general details and provisions and GEDA's recourse in case of loan default, among other details.

XIII. Use of Funds.

Recipients shall use all LEAP funds to cover eligible business operating expenses, which includes:

- a) Employee payroll and benefits;
- b) Rent;
- c) Utilities;
- d) Insurance;
- e) Maintenance Expenses; and
- f) Other operating costs (subject to approval).

XIV. Ineligible Expenses.

LEAP funds are to be used for essential business operations, which shall exclude the following:

- a) Reimbursement for any previously paid business expense(s);
- b) Non essential construction/renovation costs;
- c) Employee bonuses or raises;
- d) Travel expenses;
- e) Catering and/or event costs outside of normal business operations;
- f) Lobbying expenses;
- g) Legal expenses, including any legal settlements; and
- h) Other nonessential business expenses as identified by GEDA.

XV. Reconsideration.

Applicants who have had their applications deemed ineligible may seek reconsideration based on the following:

- a) Applicants must submit a written request for reconsideration along with supporting documentation addressed to the GEDA CEO/Administrator no more than ten (10) working days after the Authority sends the loan ineligibility notice detailing the reasoning for reconsideration.
- b) The GEDA review committee will assess the application and supporting documents and make a recommendation to CEO/Administrator for disposition.
- c) Notice of application disposition by GEDA CEO/Administrator shall be provided to applicant no later than ten (10) working days from said action. Applications that have been reconsidered and approved for loan funding will be provided to DOA for check issuance based on availability of funds.
- d) Reconsiderations will be processed on a first come first served basis and are subject to the availability of funds.