

Kent County Small Business Recovery Fund Game Plan Lifestyle Planner Grant Issue

PLEASE NOTE: While some of the events outlined in this document took place before Representative Grant took office in the Michigan House of Representatives on January 1, 2023, we refer to her as Rep. Grant throughout.

1. Why were Mini Mogul and Game Plan initially eligible for the grant funds when they weren't registered in Kent County?

The grant application developed by the Grand Rapids Chamber only asked if the business was *located* in Kent County not if the business was *registered* in Kent County. The completed application and information requested from the applicants hold legal precedence over marketing materials that mentioned registration.

2. Rep. Grant has returned the \$5,000 grant awarded to Game Plan Lifestyle Planner. Will Kent County demand that she return the Mini Mogul grant as well?

Kent County is satisfied with Rep. Grant's return of the \$5,000 grant awarded to Game Plan Lifestyle Planner because the discrepancy related only to documentation submitted for that business.

Rep. Grant filed her 2019 taxes for the two businesses using her personal tax return and separate Schedule C forms for each business. She submitted that tax return as part of her Mini Mogul grant application on July 1, 2020. She submitted a separate grant application for Game Plan Lifestyle Planner on July 20, 2020. The Schedule C for Game Plan Lifestyle Planner did not match the information on the Income Statement submitted in the Game Plan application.

Specifically, the documents submitted with the Mini Mogul grant application showed gross sales for Game Plan for 2019 as \$205; whereas, the claimed sales for December 2019 submitted on the Game Plan application was \$4,250.

3. Would clearer documentation requirements have prevented this situation?

Requirements for documentation to accompany applications were clear and consistent. The application required two of the following financial documents: tax returns, income statements, sales reports, cash flow statements, profit and loss statements, and balance sheets.

When a committee composed of Grand Rapids Chamber and community members assessed and then recommended applications for funding, the County reviewed those applications to ensure multiple grants were not awarded to a single business. We also verified taxpayer ID numbers with the Internal Revenue Service and made sure W-9s were on file for all businesses before funds were awarded.

This situation is unique in that Rep. Grant submitted the applications for these two businesses on two different days, and they were reviewed by different Chamber teams. When viewed separately, each application appeared to qualify. When examined together in the Fall of 2022, we found an inconsistency in the revenue listed in Schedule C for Game Plan in Rep. Grant's 2019 tax return and the income statement she submitted with the Game Plan grant application.

4. Why didn't you know that Rep. Grant had not filed an amended return?

When Rep. Grant provided a copy of her amended return in May of 2023, we took her at her word that it had been filed.

Plus, the County does not have the legal authority to ask the IRS to verify if an individual or business submitted their tax return. We did not ask *any* applicants for permission to seek this verification.

5. Why did you accept an unsigned client copy of Rep. Grant's amended return?

First, we held Rep. Grant to the same standards we maintained during the application process for *every* grant applicant. If they submitted a client copy of their tax returns along with other required documents, that was acceptable.

Second, the County does not have the legal authority to ask the IRS to verify if an individual or business submitted their tax return. We did not ask *any* applicants for permission to seek this verification.

6. When you discovered the discrepancy, why did you allow her to amend her tax returns rather than requiring that she return the money?

In January of 2023, when we discovered the discrepancy, we notified Rep. Grant that she had to explain and rectify it or return the money.

This was consistent with the fact that the Chamber worked with many applicants throughout the process to ensure their paperwork was in order. We extended this same opportunity to Rep. Grant.

We also believed that Rep. Grant's willingness to pay additional tax and incur potential penalties to the IRS demonstrated that the inconsistency was the result of a genuine mistake.

7. Do you have concerns with the other applications that were funded?

We worked diligently with the Grand Rapids Chamber to ensure that applicants met the eligibility requirements. These efforts included review by the Chamber's teams, monitoring of the Chamber's processes by Plante Moran, verification of Taxpayer Identification Numbers with the IRS, adherence to federal reporting requirements, personal review by our Fiscal staff to ensure that a single business did not receive two grants, and inclusion in our annual audit.

We have received no additional challenges and have no reason to believe there were problems with other applications. We trust the process.

Residents who wish to report a specific and documented issue with a grant can contact the County Administration Office at kentcountyadministrator@kentcountymi.gov.

8. In hindsight, would you change anything about the process?

As in everything we do, we look for continuous improvement. With the benefit of hindsight, we would not have allowed elected officials to apply for funding, and if a single applicant applied for more than one grant, we would have assigned the same review committee to those applications.

9. Where is the money going?

The money will be returned to the County, as per the CARES Act guidelines. As for its specific use, that has not been determined.