



Ingham County Sunrise Grant Program

Ingham County Controller, County Services Committee & Board of Commissioners January - March 2022 Quarterly Report:

Sunrise Programmatic Fund Use by Category or Program:

Category	Status	# Grants Awarded	# Clients Served	Funds Obligated	Funds Expended through December 31, 2021	Funds Expended through March 31, 2022
Retail / Goods / Services	Complete	213		\$2,620,000	\$2,620,000	\$2,620,000
Tourism / Hospitality	Complete	49		\$600,000	\$600,000	\$600,000
Nonprofits	Complete	83		\$1,240,000	\$1,240,000	\$1,240,000
New Business During Pandemic	Complete	99		\$695,000	\$695,000	\$695,000
Sole Proprietors	Complete	109		\$545,000	\$545,000	\$545,000
Restaurants, Eateries & Taverns	Complete	60		\$905,000	\$905,000	\$905,000
Childcare Providers	Complete	11		\$840,000	\$840,000	\$840,000
Business Incubators	Ongoing	3		\$480,000*	\$220,000	\$270,000
IMPACT (Discretionary)	Ongoing	3		\$200,000*	\$170,000	\$170,000
Succession Planning Technical Assistance	Initiated		0	\$450,000	\$0	\$110,000
Web, Ecommerce, Bookkeeping Technical Assistance	Initiated		0	\$250,000	\$0	\$0
Elevate Black Business Accelerator Program Support	Initiated	0	0	\$140,000	\$0	\$0

One and All Inclusive Entrepreneurship Program Support	Planned	0	0	\$300,000	\$0	\$0
PROGRAMMATIC FUNDS SUBTOTAL		630		\$9,265,000	\$7,835,000	\$7,995,000
Administrative Expense Type				Funds Obligated	Funds Expended through December 31, 2021	Funds Expended through March 31, 2022
DEI & Economic Development Partner Sub-contracts					\$70,000.00	\$70,000.00
Technical Grant Management Software					\$15,532.48	\$15,532.48
Community Engagement (Professional Marketing & Advertising)					\$45,009.28	\$45,009.28
Professional Services (Finance, Audit, Compliance, Legal, Insurance Expenses)					\$14,825.74	\$20,225.74
LEAP Program Management Compensation					\$104,632.50	\$104,632.50
ADMINISTRATIVE FUNDS SUBTOTAL				\$485,000	\$250,000	\$255,400
TOTAL SUNRISE FUNDS				\$9,750,000	\$8,085,000	\$8,250,400

Programmatic Fund Use Narrative

As reported in the annual report, of the \$8,125,000 in committed programmatic funds for competitive relief grants, \$7,835,000 in programmatic funds was expensed in calendar year 2021. Adding the now initiated technical assistance programs and recently approved via amendment inclusive entrepreneurship programs, the programmatic funds total is \$9,265,000.

LEAP acknowledges that any funds not spent as of the end of the Ingham County Sunrise Grant Program contract period are to be returned to Ingham County. Since yearend, it was determined that the budgeted \$1,250,000 for a new revolving loan fund (RLF) was not feasible, and thus, after discussions and consideration by Ingham County, the \$1,250,000 in funds will be returned by LEAP to Ingham County, bringing the new total planned and contracted fund use for the Ingham County Sunrise Grants Program to \$9,750,000.

In the first quarter of 2022 The Fledge completed initial reporting and received its second grant payment of \$50,000. Allen Neighborhood Center and Transformation GEMS second payments (totaling \$80,000) are anticipated in the second quarter of 2022, as reflected in table below:

<i>Incubator Grantee</i>	<i>1st Payment (12/1/21)</i>	<i>2nd Payment (early 2022)</i>	<i>3rd Payment (early 2023)</i>	<i>Total Grant Funds</i>
Allen Neighborhood Center	\$90,000	\$30,000	\$30,000	\$150,000
The Fledge	\$80,000	\$50,000	\$50,000	\$180,000
Transformation GEMS	\$50,000	\$50,000	\$50,000	\$150,000
All 3 in Category	\$220,000	\$130,000	\$130,000	\$480,000

This leaves \$240,000 in committed competitive relief & capacity-building grant funds to be paid out through the remainder of 2022 and in early 2023.

Two of the three originally budgeted longer-term programs are now ongoing:

1. \$450,000 budgeted Technical Assistance for Succession Planning and Employee Cooperative Exploration;
2. \$250,000 budgeted for Technical Assistance for Ecommerce, Accounting and Restaurant Resurrections;

The succession planning program is now initiated by LEAP and C2BE and will begin adding value to Ingham County's small business community and delivering results in the coming months. An initial payment of \$110,000 has been made to C2BE as a key partner and service provider.

For the remaining technical assistance services, while no related funds have yet been expended, contracts with subject matter experts on technical assistance topics including website & ecommerce platform development, accounting & bookkeeping, restaurant consulting and bilingual business consulting are all in the process of being executed by LEAP to serve small business clientele across Ingham County over the coming years.

The additional programmatic funds of \$440,000, left over from the competitive relief grants process in the fall of 2021, have now been reallocated for other uses as described below.

1. \$300,000 – Ingham One and All – Fund LEAP's nationally award-winning One and All inclusive entrepreneurship program at \$150,000 a year for 2 years (2023-2024) to support underrepresented and Asset Limited Income Constrained Employed (ALICE) people establishing or growing their businesses in Ingham County. LEAP would actively seek additional funding partners to enable the robust and incredibly rich program that the community has come to know and love. If the program is run regionally for the tri-county area, Ingham County's funding would contribute specifically to Ingham County located businesses and/or Ingham County residents (historically over 80% of program participants)
2. \$140,000 – Elevate Cohort Grants – Provide funding over 3 years to augment the impact of LEAP's Elevate black-owned business accelerator program in partnership with PNC Foundation and operating 2022-2024. Funds will contribute to working capital grants (anticipated at \$5,000 – 10,000 each in value) to black-owned businesses in Ingham County participating in LEAP's Elevate equitable economic development program designed to empower and accelerate growth of businesses in Ingham County that support more equitable business ownership representation.

Administrative Fund Use Narrative

During the first quarter of 2022, \$5,400 has been expensed in professional services administrative costs including \$1,800 for LexisNexis background checking database access and \$3,600 for Rehmann to conduct the federally required single audit. We also received a \$9474.53 expense from Clark Schaefer Hackett for the 1099 preparation and processing of year 2021, paid in early 2022 but attributed to 2021 expenses and reflected in early provided table figures accordingly.

2,384 hours had been worked by the LEAP team on the Ingham Sunrise Program from its inception in spring of 2021 through December 31, 2021 yearend. An additional 177.5 hours were worked by LEAP staff from January 1, 2022 through March 25, 2022, bringing the new total to **2,561.5**. Still hundreds more hours are anticipated over the course of the program as a whole with continued work on the technical assistance programs, inclusive entrepreneurship programs and continued financial and reporting administration in coming years.

The program & administrative fees portion of funding was initially set as a not-to-exceed figure of \$500,000 in our contract. \$15,000 of these funds were shifted from administrative to programmatic funds, shrinking the total administrative funds tied to the program to \$485,000.

LEAP remains committed to excellently delivering on the full scope of work attached to the Ingham County Sunrise Grant Program, which to our knowledge is the most nuanced and complex pandemic relief program oriented around filling gaps and reaching those most in need conducted anywhere in Michigan.

Fraud Case Update

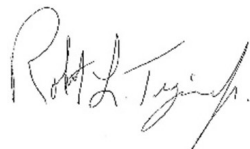
LEAP engaged with LPD Detective Jacob Sinke on December 15, 2021 through referral from the Ingham County Prosecutor to attempt to recover \$15,000 in funds fraudulently obtained by a program applicant. During this meeting LEAP answered questions about the program's due diligence process and provided documentation related to the financial fraud crime committed against LEAP and Ingham County during our administration of the program. Detective Sinke reassured us that our process for mitigating fraud was exceptional and subsequently initiated an investigation. LEAP continues to fully cooperate and provide all information requested by Detective Sinke to pursue and recover the stolen funds. From investigation thus far, Detective Sinke has successfully served a warrant for related bank records and is now interacting with the FBI to continue pursuit of the stolen funds.

Upon further investigation by the FBI, a likely perpetrator has been identified and interviewed, which resulted in an admission of the \$15,000 in funds ending up in his bank account, and admission that he proceeded to spend those funds, but a denial that he defrauded the Ingham County Sunrise Grants Program with a fraudulent application claiming to be the owner of a legitimate business in Ingham County. The investigation is ongoing and it is unclear as to whether criminal charges will be brought against the suspect.

Through the course of the competitive grants portion of the program September through December 2021, LEAP identified and thwarted 84 instances of attempted fraud, and we are not aware of any other realized fraud.

Thank you for your continued support. Please do not hesitate to contact me should you have any questions or require additional information. I can be reached at: bob@purelansing.com or (517) 285-6360.

Regards,



Robert L. Trezise, Jr.
President & CEO