



Build Your Funding Application NOW!

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Session Goals

- ★ Learn key building blocks
- ★ Develop a prep-ahead checklist
- ★ Understand differences in funding applications
- ★ Get prepared for your CDFI Fund application
- ★ Avoid pitfalls when applying for funding
- ★ Share lessons learned



Who's In the Room?



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Preparation Breeds Success!

- ★ Ensure you are ready to go
- ★ Allows for adequate time to:
 - Identify appropriate grants/investments
 - Review consistency in application pieces/sections
 - Review for clarity, conciseness, grammatical errors
 - Double check your math!
 - Submit early
- ★ Provides peace of mind!

"By failing to prepare, you are preparing to fail."
- Benjamin Franklin

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10 Most Common Reasons Grants are Declined

- ★ Funder Priorities
- ★ Geographic Footprint
- ★ Prescribed Format
- ★ Poorly Written
- ★ Funding Range
- ★ Capacity/Credibility
- ★ Urgent – Impact
- ★ Not Realistic
- ★ No Money Left
- ★ Sustainable

Source: The Chronicle of Philanthropy, W.K. Kellogg Fdn, Robert Woods Johnson Fdn


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Building Blocks of a Successful App



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TIP #1: Create a Digital Grant File Cabinet

- ★ Include key documents/info needed for most grants
 - Financial statements
 - Audits
 - Organization documents (AOI, Bylaws, Cert of Good Standing, 501c3 letter)
 - Resumes
 - Updated org chart
 - Description of products and services
 - Secondary data
 - Stories and pictures
 - Other?
- ★ Provide access to the development team



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TIP #2: Develop a Capitalization Plan

1. Determine diversification and capital structure goals
2. Update financial projections
3. Determine what is covered through existing funds
4. Identify funding gaps
5. Develop list of potential funders
6. Identify expected funding deadlines
7. Plan to apply for AT LEAST 20%-50% more than you need

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Native CDFI Organization
2014 Cap Planning - Identifying the Funding Gaps

	Budget Projection 2014	Existing Funding 2014	Over / (Under)	EXISTING FUNDING SOURCES			
				Earned Income	2012 NACA	NWAF	USDA IRP
Income							
Lending Fees & Loan Interest	16,315	16,315		16,315			
Training Revenue	3,200	3,200		3,200			
Op & Cap Ex Grants/Contributions	122,678	62,100	(60,578)		55,000	7,100	-
Total Income	142,193	81,615	(60,578)	19,515	55,000	7,100	-
Expenses							
Staff:							
Executive Director	64,800	50,000	(14,800)		50,000	-	-
Officer Manager/bookkeeper	36,000	10,022	(25,978)	10,022	-	-	-
Personnel	100,800	60,022	(40,778)	10,022	50,000	-	-
Allowance for loan losses	8,243	8,243	-	8,243	-	-	-
Insurance	5,000	5,000	-		5,000	-	-
Lending Expenses	1,250	1,250	-	1,250	-	-	-
Supplies	300	300	-		-	300	-
Training - Clients	12,000	2,200	(9,800)		-	2,200	-
Utilities	1,800	1,800	-		-	1,800	-
Total Expenses	129,393	78,815	(50,578)	19,515	55,000	4,300	-
Capital Expenditures							
Equipment & Furniture	2,800	2,800	-		-	2,800	-
Software	10,000	-	(10,000)		-	-	-
Total CapEx	12,800	2,800	(10,000)	-	-	2,800	-
OVER/(UNDER) TOTAL			\$ (60,578)	Total op & cap ex grants you need to raise!			
Lending Capital							
Projected loans made in 2014	300,000						
Capital in the bank beg of year		200,000					200,000
Principal repayments in 2014		50,000					50,000
Total Lending Capital	300,000	250,000	(50,000)	-	-	-	250,000
OVER/(UNDER) TOTAL			\$ (50,000)	Total lending capital you need to raise in 2014!			

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TIP #3: Put it on the Calendar

- ★ Develop tasks & timelines & who does what




Periodic recurring activities

- Update funding registrations
- Update financial projections
- Update operations plan
- Update org chart
- Update loan, dev svcs, impact data
- Send job survey to borrowers
- Gather new client stories

Non-recurring activities

- Conduct client survey
- Conduct strategic planning
- Create capitalization plan
- Add liquidity and capital reserve language to financial policies
- Hire market study for new loan product

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Types of Funders

Banks/Biz




Federal





Foundations

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TIP #4: Preparing for CDFI Fund FA/TA

- ★ General
 - Past performance: get current on reports, etc.
 - New legal entities: register in SAMS/grants.gov
 - Quantitative and qualitative: facts and stories
 - Matching funds: documentation ready
- ★ Market Needs & Demand
 - Gather recent data (within last 5 years)
 - Quantify demand
- ★ Management/Op Capacity
 - BOD approved, appropriate policies
 - MIS systems in place



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TIP #4 con't: Preparing for CDFI Fund FA/TA



- ★ Financial Health – General
 - Demonstrate strength through financials
 - 3 months liquidity
 - Consider self-sufficiency strategies
 - Positive net income

- ★ Financial Health - Portfolio
 - Get delinquencies current
 - Write-off loans that should be written off
 - Make appropriate LLR allocations
 - Are you deploying capital?

Other Key Tips:

- Answer the questions
- Make sure charts are consistent with narrative
- Make sure financial projections demonstrate growth, impact and need for funds

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Funding Applications Most Embarrassing Moments



“Experience is what you get when you don’t get what you want...”

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Final Tips Writing the Proposal

- ★ Don't do it alone!
- ★ Develop relationship with funder prior to submitting proposal
- ★ Identify funder's goals and funding priorities and tailor application to meet these
- ★ Be clear and concise – “meat on the bones, but no fat”
- ★ Triple check your math

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Final Tips Writing the Proposal con't

- ★ Read ALL instructions carefully
- ★ Use the funder's words in your proposal
- ★ Show methodology for arriving at outcomes
- ★ Site all sources
- ★ Use free reviews if available
- ★ Write to the points!
- ★ Recognize reviewers are people
- ★ Submit the proposal early!

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After the Proposal is Submitted



★ Celebrate successes!!!!

★ If the answer is “no”
find out...



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Build Your Funding Application NOW!

Checklist

- ☐ Audited and YTD financials
- ☐ Description of products and services
- ☐ Documentation of partners/collaboration
- ☐ Resumes / job descriptions for new positions
- ☐ Impact data (target market & your organization)
- ☐ Primary data (client surveys, bank interviews, market studies, etc.)
- ☐ Secondary data (Census, HMDA, CRA, FDIC, etc.)
- ☐ Stories & photos
- ☐ Board-approved policies
- ☐ Financial projections
- ☐ Strategic goals & objectives

Key Tips

- ★ Start early!!!
- ★ Create a calendar; set deadlines
- ★ Use outside help where needed
- ★ Make sure registration is current on federal grant sites (grants.gov, SAMS)
- ★ Create an electronic proposal funding folder for all general info
- ★ Develop budget and capitalization plan – don't let the tail wag the dog
- ★ Develop a relationship with ALL funders prior to submitting proposal
- ★ Use free reviews if available
- ★ Have a second person review the proposal
- ★ Submit the proposal early!!!!
- ★ If the answer is "no" find out why

SAMPLE PROPOSAL PLANNING CALENDAR

ACTIVITY	Person Responsible	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Notes
Internal information														
2013 Audit	Finance mgr								x					
Compile annual impact data	Business Coach	x	x											
Write 4 client stories	Business Coach			x			x			x			x	
Update resumes/job descrip	HR mgr	x						x						Loan assist job desc
External information														
Client survey	Exec Dir		x	x										
Send job survey to borrowers	Loan Officer				x									
Gather updated secondary data	Business Coach	x						x						
Other														
Check grants.gov, SAMS	Finance mgr		x											
Check mycdfifund registration	Finance mgr		x											
Update financial projections	Exec Dir		x	x										
Revise financial mgmt policies	Exec Dir						x	x						BOD approval by Apr
Develop capitalization plan	Consultant				x	x	x							

FUNDER	Expected Due Date	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Notes
Planned Proposals - Federal														
CDFI Fund FA	Jan 2014?				x									
SBA Microloan	ongoing							x						
USDA RBEG	Feb 2014?					x								
Planned Proposals - Foundations														
NWAF	invitation only	x												make contact at OFN
CCHD	Nov 1, 2014		x											
Planned Proposals - Banks/Biz														
Wells Fargo	ongoing					x	x	x						need funds by Jul
U.S. Bank	Mar, Jun, Sept									x				



Comprehensive Business Plan Tip Sheet

General

- ✓ Answer ALL the questions
- ✓ Make sure charts are consistent with narrative
- ✓ Double check numbers and narratives when you transfer them onto the application
- ✓ Financial projections should be realistic, but demonstrate growth and impact
- ✓ Tell your story, then support it with data (i.e., quantitative AND qualitative information)
- ✓ Determine CBP objectives and support throughout application
- ✓ Be specific when providing actual historical data (don't say, "We served approximately 100 clients...." Do say, "We provided small business training to 102 clients in 2012.")

Market Needs and Demand

- ✓ Use recent data (within last 5 years)
- ✓ Cite ALL sources
- ✓ Economic distress: provide general info (unemployment, lack of housing, etc.,) then focus on credit and capital
- ✓ Demand: use market studies, client surveys, applications/inquiries
- ✓ Quantify demand
- ✓ Demonstrate that you understand your market with stories and data

Products and Services

- ✓ Describe each financial product and development service
- ✓ Keep it simple, but not too simple (3-6 or so financial products)
- ✓ Connect to market needs and demand section
- ✓ Connect to CBP objectives
- ✓ Provide specific data on leverage

Management Capacity

- ✓ Explain how Board and key staff support CBP activities
- ✓ Describe underwriting process for EACH loan product
- ✓ Address management of financial accounts and MIS for each area requested

Financial Capacity

- ✓ Meet all of MPS in your projections
- ✓ Include grants restricted for operating funds in your liquidity ratio
- ✓ Show a plan to grow self-sufficiency if you don't meet the MPS
- ✓ Write-off loans if they need to be written off
- ✓ Revise Loan Loss Reserve at year-end
- ✓ Describe sustainability of financial products (cost of capital, sources of capital, etc.)
- ✓ Demonstrate overall past financial health and plan for future health