Build Your Funding Application NOW!

Presenter: Lisa Wagner
October 16, 2013

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?

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
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


Building Blocks of a Successful App

Analysis
- Financial projections
- Market studies
- Strategic / operations plan
- Business plan
- Demonstration of success

Internal
- Audit
- Annual budget
- Dev svc / loan data
- Resumes / Job descriptions
- Org chart
- Stories
- Impact data
- Policies
- Founding documents

External
- Market info (secondary data, primary data)
- Pictures
- Project documentation
- Impact data
- Certificate of Good Standing
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

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
**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
Types of Funders

Banks/Biz

Federal

Foundations

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
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

Funding Applications
Most Embarrassing Moments

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

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!
After the Proposal is Submitted

★ Celebrate successes!!!!

★ If the answer is “no” find out...
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

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Sample Proposal Planning Calendar

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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