



# L5 CAPACITY BUILDING

## APPLICATION AND PROGRAM GUIDE

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## COMMUNITY DEVELOPMENT FINANCE AUTHORITY

The Community Development Finance Authority (CDFA) is a statewide nonprofit public authority focused on maximizing the value and impact of community development, economic development and clean energy initiatives throughout New Hampshire. The organization leverages a variety of financial and technical resources, including the competitive deployment of grant, loan and equity programs.

### CDFA'S VISION & MISSION

CDFA envisions New Hampshire's future with economically and socially resilient communities that reflect and respect their natural surroundings and represent places where people want to live and work. In working towards this vision, CDFA invests in the people of New Hampshire by:

- Enabling its partners to make transformational and sustainable changes;
- Meeting the evolving needs of New Hampshire communities;
- Deploying a well-tuned, effective investment system which directly impacts local communities; and
- Taking an innovative and collaborative approach to development finance.

## PROGRAM OVERVIEW

The L5 Capacity Building Program is a subset of CDFA's Tax Credit Program and designates a minimum of \$375,000 in resources to strengthen New Hampshire non-profit organizations focused on community development. The program enables non-profits to focus on capacity building activities that will improve their organizational infrastructure or develop new or enhanced programs. By funding these critical strategic initiatives at a pivotal point in an organization's development, CDFA is enabling its partner organizations to deepen their mission by delivering increased value and meaning to the communities they serve.

L5 Capacity Building funds are to be used by partner organizations to develop strategies that will:

- Result in implementation or execution of a new program or line of business;
- Expand or improve on an existing program or line of business; and/or
- Strengthen internal capacity to support organizational goals.

Grants made to eligible projects are in the form of tax equity and serve as a powerful fundraising tool. Businesses with New Hampshire tax liability support awarded projects by purchasing the credits resulting in the nonprofit receiving a donation and the company receiving a 75 percent New Hampshire state tax credit against that contribution. The credit can be applied against the Business Profits Tax, Business Enterprise Tax or Insurance Premium Tax. The donation may also be eligible for treatment as a state and federal charitable contribution.

CDFA's founding legislation and authority to administer the Tax Credit Program is [New Hampshire RSA 162-L](#).

## PROGRAM OBJECTIVES

The L5 Capacity Building Program focuses on the following two areas which are evidence based capacity building strategies developed by the TCC Group. Applicants should select at least one of the following areas to focus their strategic initiative.

1. **Investments that strengthen the internal organization's** ability to expand its mission through the utilization of one of the following proven capacity building tools:
  - **Leadership capacity:** the ability of all organizational leaders to create and sustain the organizations vision. This includes the capacity of leaders to prioritize, make decisions, innovate, and provide appropriate direction to achieve an organization's mission.

- **Adaptive capacity:** the ability of an organization to monitor, assess and respond to changes in the internal and external environment.
  - **Management capacity:** the ability of an organization to ensure the effective and efficient use of its diverse organizational resources.
  - **Technical capacity:** the ability of an organization to implement its key organizational and programmatic functions through available technologies, tools and staff skills.
  - **Organizational cultural capacity:** the values, assumptions, and behavioral norms that guide how an organization carries out its work. OR,
2. **Investments that strengthen the organization's financial sustainability** by enabling the study of, or development of a new area of social investment or enhancing an existing area.

## ELIGIBILITY

Eligible applicants include community development corporations, other nonprofit organizations involved in community development, and employee and other types of cooperatives.

New Hampshire RSA 162-L:1, definitions for eligible applicants are as follows.

- **Community development corporation** means a nonprofit corporation, organized under the laws of the state to carry out certain public purposes and with bylaws providing that:
  - a) The corporation shall be organized to operate within specific geographic boundaries.
  - b) Membership in the corporation shall be open to all residents of the target area who are 18 years of age or older; membership may be open to persons outside the target area, but voting membership of persons not residing in the target area shall be limited to 10 percent of the total membership.
  - c) The corporation shall have a board of directors, a majority of whom reside in a target area or are members of a target population, 2/3 of whom are elected by the membership, with each member having an equal vote.
  - d) The corporation shall make a demonstrable effort to hire low income or underemployed residents of the operating area.
  - e) The corporation shall impose an annual individual membership fee of not less than \$1 nor more than \$10.
- **Other nonprofit organizations and municipal governments involved in community development** means a nonprofit organization organized under the laws of the state or municipal government to carry out purposes related to community development, improvement, revitalization, or other activities consistent with the purposes of this chapter.
- **Employee cooperative** means a corporation in which the power to elect at least 2/3 of the corporation's directors is held by the employees and in which such elections are held on a one person-one vote basis.
- **Other type of cooperative** means any corporation in which the power to elect the governing body is held by the members of the corporation and in which elections are held on a one person-one vote basis. This may include cooperatives such as housing cooperatives and consumer cooperatives.

## PROGRAM GUIDELINES

All applicants are subjected to a substantial programmatic and financial review. Among other requirements, projects must provide a public benefit and demonstrate that similar funding was not otherwise available. A project is considered based on its own merits and as it compares to the other applicants in the same grant round.

CDFA will review proposals for L5 Capacity Building funds based upon need, effectiveness and the activity. Applications will be reviewed on its proposed effectiveness in encouraging the development of strong and successful organizations. CDFA will also consider the applicant's likelihood of attaining capital for the development of the operating area and the extent to which the grant will encourage the exchange of information among community development organizations and cooperatives.

CDFA welcomes proposals that will result in revenue that can be used to improve the long-term sustainability of the organization.

### AVAILABLE FUNDING

CDFA will designate a minimum of \$375,000 per year in available tax credits for the L5 Capacity Building Program. Awards will be based upon the goals, measurable objectives, activities, and evaluation components of the proposal and organizational need. Applicants are eligible to request from \$10,000 to \$75,000 in funding.

### ACCEPTABLE USE OF FUNDS

Applicants should consider the following examples of acceptable uses of funds for the L5 Capacity Building Program. Please note this is not an exhaustive list of activities but meant to provide guidance to potential applicants.

Examples of investments that strengthen the internal organization are as follows.

- Leadership and management capacity
  - Creation of an organizational development plan;
  - Plan for engaging external stakeholders;
  - Development of an internal decision making structure; and
  - Plan for improving the effective relationship between the Board and Staff.
- Adaptive capacity
  - Develop a data collection plan to evaluate and assess current programs;
  - Create a plan for how programs and or grant making will be most responsive to need;
  - Hire innovative or topical expert to test potential new strategies; and
  - Develop and implement a pilot program to explore a new line of business or a way to meet an identified need.
- Technical capacity
  - Economic development or community development training certificates;
  - Staff and or management training that lead to the advancement of a particular strategy; and
  - Accounting or legal services that lead to the advancement of a particular strategy.
- Organizational cultural capacity:
  - Staff and Board recruitment strategy; and
  - Plan for improving transparency, collaboration sustainability and learning.

Examples of investments that strengthen the organization's financial sustainability by enabling the study of, or development of a new area of social investment or enhancing an existing area are as follows.

- Complete market research or community research;
- Create a business plan or review and advise on an existing business plan;
- Organizational plan to grow the new line of business; and

- Fundraising and resource plan to realize the new or enhanced line of business.

Eligible costs include those incurred for such planning, feasibility or other studies, consultants, technical assistance, educational or publicity programs, or staff costs related to specific capacity building activities.

While not expressly disallowed, applications for the following activities may not be given priority:

- Operating expenses.
- Activities that support an existing/launched/proceeding/underway organizational strategy.
- Capacity building activities that lack impact, creativity and/or innovation, or do not support growth, expansion or evolution.
- Deficit-reduction or expenses already incurred.
- Requests that are typically the responsibility of federal, state, or municipal funding sources;
- Replacement of typical revenue sources (contributions, grants or earned income, etc.).
- Capital campaign activities not explicitly tied to a specific project or program.
- Applicants with an active CDFA tax credit project.
- Requests for a large sum of funds compared to other projects in the same round and/or available tax credit resources.
- Projects whose primary beneficiaries are not New Hampshire residents/individuals and/or whose primary activities are not located in or benefit New Hampshire communities.

## HOW TO APPLY

All applications must be completed and submitted on CDFA'S Grants Management System ([www.nhcdfragrants.org](http://www.nhcdfragrants.org)). The application requires details on the specific project, to what extent it aligns with the objectives outlined New Hampshire RSA 162-L, and information that will help determine the applicants capacity to complete a successful project. All applicants will be subjected to substantial programmatic and financial review.

An outline of CDFA's L5 Capacity Building Program application can be found in Appendix A of this document. Information on using CDFA's Grants Management System can be found in Appendices B and C of this document.

## KEY DATES

Applicants should note the following dates and deadlines as they relate to the 2018 Tax Credit Round.

### **Application Workshops**

CDFA conducts application writing workshops for organizations interested in applying for or learning more about its Tax Credit and L5 Capacity Building Programs. 2018 Tax Credit Round workshops will be held at the following dates and locations:

- January 17, 2018 – The Palace Theatre – Manchester, NH ([register here](#))
- January 24, 2018 – The Common Man Restaurant – Plymouth, NH ([register here](#))

### **Online Application Available**

Applications will be available on CDFA's Grants Management System (GMS) beginning January 26, 2018.

### **Application Deadline**

Applications for the 2018 L5 Capacity Building Program are due Friday, March 9, 2018 by 4:00 PM. Late submissions and incomplete applications will not be accepted.

### **Award Announcement**

CDFA will notify applicants the week of June 11, 2018 regarding funding decisions.

All award recipients are invited to attend a press conference announcing the funded projects the following week (specific date to be announced). All information related to awards is under embargo until after the press conference.

### **Tax Credit 101 Workshop**

Tax Credit and L5 Capacity Building award recipients are required to attend the Tax Credit 101 Workshop on Tuesday, June 26, 2018. The workshop will inform awardees about program logistics, resources, as well as helpful information for crafting a successful tax credit fundraising campaign.

## **PROGRAM ADMINISTRATION**

### **Network Engagement**

Recipients may be asked to meet with CDFA senior staff to discuss project and help to create a library of best practices.

### **Reporting Requirements**

Recipients will be required to report on the outcomes of the investment.

### **Conditions of Default**

CDFA will take into account the status of existing agreements between the applicant and CDFA. Existing conditions of default of any agreements may, at the sole discretion of CDFA, automatically eliminate the applicant from consideration.

### **Other Conditions**

Recipients receive access to the funds received by CDFA once 50% of the allocation is pledged. Successful applicants will be required to execute a grant agreement with CDFA. Certain additional information may be required to satisfy CDFA that applicant is eligible under RSA 162-L.

## APPENDIX A: APPLICATION OUTLINE

Below you will find an outline of the application for the 2018 L5 Capacity Building Program for state fiscal year 2019 and 2020 tax credits. Applications must be submitted by 4:00 PM on Friday, March 9, 2018, through our online Grants Management System ('GMS')([www.nhcdgrants.org](http://www.nhcdgrants.org)). Hard copy or emailed applications will not be accepted.

### I. Applicant Information

- Organization name, address, etc.

### II. Project Information

- Project title
- What type of activity will L5 funds be utilized for? (162 L:5:l)
  - Investments that strengthen the internal organization, if so in which of the following categories:
    - Leadership capacity
    - Adaptive capacity
    - Management capacity
    - Technical capacity
    - Organizational cultural capacity
  - Exploring or develop a new or enhancing an existing area of business.

### III. Narrative Requirements

- Summarize your organization's current challenges and opportunities, this should be the context for the proposal.
- Provide a narrative that describes the proposal, include details about how the proposal materialized, the operational/functional details, and a summary of project costs.
- Will this proposal result in your organization's ability to access additional public or private resources? If so, describe.
- How will this one-time infusion of resources allow your organization to expand and deepen its mission to provide public benefit?
- Describe the long term value of this proposal to your organization's community. Consider what existing community systems will be impacted by this proposal and the types of reciprocal relationships it will facilitate or enhance.
- Describe the fundraising plan if tax credits are awarded. Attach commitment letters to purchase the tax credits if available.
- How will you know if this proposal is successful, what will look different if the proposal works as planned?

### IV. Budget

- Provide a budget with line items for the use of the L5 Capacity Building funding.

### V. Attachments

- List of Board of Directors
- Articles of Incorporation
- By-laws
- Organizational chart
- IRS tax determination letter
- Most recent audit report
- Most recent financial statement
- Current organizational budget

## APPENDIX B: HOW TO REGISTER ON CDFA'S GRANTS MANAGEMENT SYSTEM

### Registration Instructions

These instructions are designed to help guide you through the registration process for CDFA's online grants management system (GMS) at [www.nhcdfragrants.org](http://www.nhcdfragrants.org). If you encounter any problems, please don't hesitate to contact CDFA at 603-226-2170.

- 1) Go to [www.nhcdfragrants.org](http://www.nhcdfragrants.org).
- 2) Click on **Register Here**.
- 3) Complete the form. This will become your personal profile information and includes your contact information as well as information about your organization. Your profile will be used for all grant communication, so make sure it's accurate and up-to-date.
- 4) Fields with a red star (\*) are required, and must be completed or you will not be able to submit your registration.
- 5) Once complete, click the Register link at the top of the form.
- 6) CDFA will be notified of your registration and will review and approve within 2 business days. You will then receive an email from GMS with your user ID and password. You can change your password after you log in, under the My Profile on the main menu page.
- 7) Note: All individuals working on an application in GMS must register. If your organization hires a grant writer, they must register as well, under their business. They must submit a GMS authorization form to be associated with the applicant organization. This form can be found in the Funding Opportunity under attachments.

### Application Instructions

- 1) Once you're registered, login to GMS.
- 2) Click on **Funding Opportunities**.
- 3) Select the appropriate funding opportunity from the **Opportunity Title** column.
- 4) Click on **Start a New Application**.
- 5) Fill in the General Information and click **Save**.
- 6) When you've finished all the components, click **Submit**.

## APPENDIX C: TIPS FOR USING CDFA'S GRANTS MANAGEMENT SYSTEM

These tips are designed to help guide you while using CDFA's online grants management system (GMS) at [www.nhcdfragrants.org](http://www.nhcdfragrants.org). If you encounter any problems, please don't hesitate to contact CDFA at 603-226-2170.

- 1) The best browsers to use are Mozilla Firefox or Google Chrome.
- 2) To edit a component click "edit" near the top of the form. Fields and text boxes will open for you to answer the question(s). Be sure to click on Save after answering questions.
- 3) You can copy and paste from a Word document to a question in GMS. Use the "Paste from Word" feature in each text box banner to avoid copying hidden characters.
- 4) To add a required document, click on the green plus sign to the right of the document. You will then be prompted to browse and attach a file.
- 5) Only attach .pdf or .jpeg documents. If you don't have Adobe software you can use cutewriter to pdf any document. You can download cutewriter software at [www.cutepdf.com](http://www.cutepdf.com).
- 6) If you mark a component complete you can still edit that component until the application is submitted, however, you can't submit your application until all components are marked complete.
- 7) Once you click submit your application will be submitted for review and is only accessible through negotiation. If there is information missing or that needs to be corrected, the respective component(s) will be negotiated back to you for correction.
- 8) After the corrections are made, you must submit the component(s) back to CDFA for review.
- 9) If multiple questions in one component are required fields, you can save the component without answering all of the questions by adding at least one (1) character to each of the required boxes and save. Remember to return and answer these questions before the application is submitted.
- 10) Be sure to "Save" early and often.
- 11) The system will "time out" after three (3) hours of inactivity.
- 12) If you click the back button before you click save your information will be lost.
- 13) Before submitting your application we recommend that you preview your application, print to pdf and save it to your computer.