



CDFA
COMMUNITY DEVELOPMENT FINANCE AUTHORITY

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 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 is maximizing the value and impact of community development, economic development and clean energy initiatives throughout New Hampshire.

At CDFA we see a future New Hampshire whose communities are economically and socially resilient, reflect and respect their natural surroundings, and are places where people want to live, work, and play.

CDFA invests in the people of New Hampshire by:

- deploying a well-tuned, effective investment system;
- enabling partners to make transformational and sustainable changes; and
- taking an innovative approach to development finance.

PROGRAM OVERVIEW AND OBJECTIVES

The L5 Capacity Building Program is a subset of CDFA's Tax Credit Program and awards up to \$375,000 annually in resources to strengthen organizations in New Hampshire focused on community economic development.

The program objective is to enable non-profits to focus on capacity building activities that will help them develop new or enhance existing programs and/or to advance community economic development projects. By funding critical strategic initiatives at a pivotal point in an organization's development, CDFA is enabling its partners to deepen their mission by delivering increased value and meaning to the communities they serve.

Grants are made to eligible projects in the form of tax credit 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.

In 2021, CDFA has identified a continued need to assist New Hampshire's nonprofits in becoming more resilient during this time of significant economic disruption due to the Coronavirus – COVID-19. We understand that selling tax credits for capacity building can be challenging, particularly for organizations serving New Hampshire's most vulnerable communities and populations, as well as those under resourced or hindered by geographic challenges. The Granite State is relying on future economic development infrastructure and needs strong, effective nonprofits with the capacity to envision, create, and implement these projects as we recover from the lasting impact of the Coronavirus. Therefore, in 2021, CDFA will be responsible for selling ***100% of the tax credit equity*** for L5 awardees. *If your organization wishes to sell tax credits to support your project, you will have the opportunity to respond in the application.*

CDFA's founding legislation and foundational guidance for the Tax Credit Program can be found in [New Hampshire RSA 162-L](#).

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 consistent activities.
- **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.

GUIDELINES

CDFA will review proposals for L5 Capacity Building funds based upon the goals, measurable objectives, activities, and evaluation components of the proposal and organizational need.

Applications will be reviewed with the potential of encouraging the development of effective and collaborative organizations. CDFA will also consider the applicant's likelihood of attaining sustainable capital for the activity and the extent to which the grant will encourage the exchange of information among community development organizations and cooperatives.

AVAILABLE FUNDING

Applicants are eligible to request from \$10,000 to \$75,000 in funding. In 2021, CDFA will be responsible for selling 100% of the tax credit equity for L5 awardees.

A portion (20%) of the L5 tax credit award supports the administration of the CDFA Tax Credit Program as well as additional statewide investments, technical assistance, data collection, research, and operations. The applicant should calculate their request based on incorporating this percentage into their total funding request. For example, if your L5 project needs \$60,000 for implementation, the total request would be for \$75,000.

FUNDING PRIORITIES

Applications for the following activities are encouraged:

- Collaborative strategies that advance broadly supported community economic development plans.
- Build the capacity of under resourced populations and organizations to implement community economic development solutions.
- Advance strategies or pilots that have the potential to change a broader organizational system.
- Develop and/or initiate innovative solutions to social, economic or community challenges.
- Evidence-based capacity building activities that strengthen the internal organization's ability to expand its mission.
- Strengthen the organization's financial sustainability by enabling the study of, or development of a new or enhanced line of business.
- Advance strategies or pilots that use funding from multiple resources.

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

PRIOR L5 INVESTMENT

Launched in 2016, the L5 Capacity Building Program is focused on providing a one-time infusion of capital at a pivotal point in a nonprofit organization's development. CDFA has awarded tax credit funds to the following organizations which clearly illustrate the funding priorities of the program.

- **G.A.L.A. Community Center (Wolfeboro):** Support the development of a green makerspace and incubator in Wolfeboro through business planning and investments in the organization's capacity.
- **Nashua Soup Kitchen (Nashua):** Explore innovative vehicles for improving access to food in four underserved neighborhoods of Nashua with significant low-income populations. Specifically, the program will explore new ways to distribute food to more challenged populations, including the elderly and children who might be unable to either come to the existing facility or carry enough food due to the distance and transportation issues. Through a strategic planning process involving research of leading models and key stakeholder interviews, Healthy Nashua developed evaluation criteria to prioritize possible projects by likelihood of success, impact on the issue of food insecurity and sustainability to develop an implementation plan.
- **Northern Forest Center:** Enabled organization to increase presence and impact within a community. Funded boots-on-the-ground approach to community economic development, engaged local businesses and leadership to create solutions specific to their needs and community.
- **Plymouth Area Renewable Energy Initiative (Plymouth):** Further the development of the innovative, non-profit NH Solar Shares program. NH Solar Shares will provide interested donors the opportunity to gift locally generated clean solar energy to low-income New Hampshire families needing assistance with their electric bills. The goal is to develop multiple, mid-size solar arrays using charitable donations where the value of the solar energy generated will be credited to low-income families' electric bills and to develop an energy use education plan.

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

- Operating expenses, deficit-reduction or expenses already incurred.
- 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.
- 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. The application requires details on the specific project, to what extent it aligns with the objectives, and information that will help determine the applicant's capacity to complete a successful project.

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 2021 Tax Credit Round.

Application Workshops

The [New Hampshire Community Development Finance Authority](#) will host a series of online webinars for organizations interested in applying for the 2021 Tax Credit and L5 Capacity Building Program Funding Round or learning more about the program.

The **Tax Credit & L5 Capacity Building Program Overview** Webinars will be held on **January 13** and **January 19**. Topics to be covered include an overview of how the Tax Credit works, eligible applicants, program objectives and guidelines, funding priorities, and key dates. Interested applicants only need to register for one of the program overview webinars as the same content will be covered at each event.

- January 13: Tax Credit & L5 Capacity Building Program Overview Workshop – [Register Here](#)
- January 19: Tax Credit & L5 Capacity Building Program Overview Workshop – [Register Here](#)

Those interested in applying for funding are strongly encouraged to also attend one of the **Tax Credit & L5 Capacity Building Application Writing Webinars** specifically focused on the application process and how to apply. These webinars will be held on **January 14** and **January 20**. Topics to be covered include the application process, timeline and a step-by-step overview of the application. Interested applicants only need to register for one of the application webinars as the same content will be covered at each event.

- January 14: Tax Credit & L5 Capacity Building Program Application Writing Workshop – [Register Here](#)
- January 20: Tax Credit and L5 Capacity Building Program Application Writing Workshop – [Register Here](#)

Online Application Available

Applications will be available on CDFA's Grants Management System (GMS) beginning January 20, 2021.

Application Deadline

Applications for the 2021 Tax Credit Round are due Friday, March 05, 2021 by 4:00 PM. Late submissions and incomplete applications will not be accepted.

Award Announcement

CDFA will notify tax credit applicants the week of June 07, 2021 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).

Tax Credit 101 Workshop

Tax Credit award recipients are required to attend the Tax Credit 101 Workshop on the week of June 21, 2021. The workshop will inform awardees about program logistics, resources, as well as helpful information for crafting a successful tax credit fundraising campaign.

EVALUATION

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.

The first step in the review process is to review the Threshold requirements. Then reviewers will complete a desk review of the application, and a comprehensive underwriting of the applicant and the project to evaluate the proposed project. A project is considered based on its own merits and as it compares to the other applicants in the same grant round.

Recommendations for funding will be based upon the goals, measurable objectives, activities, and evaluation components of the proposal and organizational need. Recommendations for funding will be made by the Investment Review Committee to CDFA's Board of Directors.

ADMINISTRATION

Network Engagement

Recipients may be asked to meet with CDFA staff and other Grantees to discuss the project and help to create a library of capacity building best practices.

Reporting Requirements

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

Conditions of Default

It is at the sole discretion of CDFA to automatically eliminate an applicant from consideration if there are existing or prior conditions of default in any agreements between CDFA and the applicant.

Other Conditions

Recipients may request 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 2021 L5 Capacity Building Program for state fiscal year 2022 tax credits. Applications must be submitted by 4:00 PM on March 05, 2021 through our online Grants Management System www.nhcdfagrants.org. Hard copy or emailed applications will not be accepted.

I. Applicant Information

- Organization name, address, etc.

II. Project Information

- Project title
- Which L5 funding priority does the applicant hope to address?

III. Narrative Requirements

- Provide a narrative that describes the proposal, include details about how the proposal materialized, the operational/functional details, and a summary of project costs.
- Please explain how your proposal addresses the funding priority listed in the program guide (See Guidelines).
- 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.
- Which core capacities will the L5 funds be utilized for? (See Appendix E)
- How will this one-time infusion of resources allow your organization to expand and deepen its mission to provide public benefit?
- Describe how the organization will sustain its current level of operations, while building new capacities through this work.
- Will this proposal result in your organization's ability to access additional public or private resources? If so, describe.
- 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 or link to Board of Directors (including affiliation)
- Letters from committed donors
- Articles of Incorporation
- By-laws
- Organizational chart
- IRS tax determination letter
- Fiscal Year start and end dates
- Operating Budget – Current Fiscal Year
- Operating Budget-to-Actual – Previous Fiscal year
- Financial Statements for most recently completed Fiscal Year (provide ONE of the following, listed in order of priority)
 - Audited Financial Statement (required for organizations with operating budgets > \$1 M)

- Review Financial Statement (required for organizations with operating budgets \$500,000 - \$1 M)
- IRS Form 990 (required if no Audited or Review Financial Statement available)
- Management Prepared Financial Statements for current Fiscal Year (Balance Sheet, Profit and Loss, Cash Flow)
- Financial Status Overview (narrative describing applicant's financial situation)
- Operating Reserve (Yes/No – If Yes, amount)
- Endowment (Yes/No – If yes, amount)
- Line of Credit (Yes/No – If yes, amount)
- Other Attachments – Applicant may upload any other relevant documents not listed in other attachment sections.

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

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

- 1) Go to 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 is 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 two 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 are 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 have 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. If you encounter any problems, please do not 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 do not have Adobe software you can use cutewriter to pdf any document. You can download cutewriter software at www.cutepdf.com.
- 6) If you mark a component complete you can still edit that component until the application is submitted, however, you cannot 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.

APPENDIX D: BEST PRACTICES: CAPACITY BUILDING FOR NONPROFITS

CDFA has supported nonprofit capacity building since the inception of the tax credit program through awards that support a nonprofit's ability to further its mission. More specifically, CDFA's focused efforts on capacity building include the Housing Futures Fund, Regional Development Corporations Capacity Building and, most recently, the L5 Capacity Building Program. Capacity building is an intentional focus of the tax credit program as outlined in CDFA's authorizing legislation, [RSA 162 L:5](#). These various capacity-building investments have informed CDFA's practice over time and the development of the following best practices.

Nonprofits need support to engage successfully in strategic planning. While strategic planning is an important capacity building activity that is part of ensuring the development and sustainability of an organization, it is naïve to think nonprofits can accomplish these processes without outside resources and support. Undertaking this work within an organization bootstrapped for staff and operational resources, and likely the expertise to pursue strategic planning thoughtfully, is no small task. It is critical for funders to recognize this and dedicate resources beyond project- and program-based capital towards organizational capacity building. The results are two-fold. Nonprofits become stronger partners with a sustainable path forward to carry out the work critical to their mission and the people they serve; and funders can have increased confidence in the organization to leverage their capital to further that mission.

Evaluate internal expertise and engage consultants intentionally. When determining when and how to engage consultants for capacity building activities, it is important to first evaluate how internal skill sets map back to process goals. For example, if an organization's leadership is adept at strategic planning with strong stakeholder relationships that will result in candid feedback to guide the process, focus external resources on filling gaps in expertise or bandwidth elsewhere. Leverage capital efficiently and effectively by taking the time to consider how to engage outside expertise where it will deliver the most value to the organization.

Capacity building can transform organizational mindset from reactive to proactive. Limited bandwidth and resources in the nonprofit sector create an environment where organizations are more often than not reactively addressing challenges instead of proactively planning how to address, avoid or mitigate these challenges. Due to the cyclical nature of this environment, being reactive can become an organizational mindset that is detrimental to its ability to grow and ultimately, succeed long-term. Capacity building can help shift this mindset by putting significant resources towards fostering the growth of an organization's internal knowledge and skills, operations and the ability to contribute to the larger social ecosystem. When these key elements feed into a long-term, holistic strategy, it creates the ability for individual staff and the organization as a whole to adopt a proactive mindset.

Ongoing operational support is critical to building a nonprofit's capacity. Capacity building can take many forms, one of which is through ongoing operational support. This is a critical aspect to creating a stable, successful nonprofit. When providing this type of capital, it is important to allow its flexibility to meet the needs of the nonprofit where they are in development.

One-time capacity building investments create new opportunities. Providing a one-time infusion of capital at a pivotal point in a nonprofit's development is critical to their growth and ability to pursue new opportunities. Capacity building activities, like strategic planning, enable nonprofits the opportunity to step back from their daily work and dedicate staff and other resources towards these pursuits. Without these types of supports within the nonprofit sector, short-term goals drive the organization to function within its comfort zone with less focus on the long-term sustainability of its operations. When given the chance to pursue, nonprofits find capacity building activities result in outcomes beyond initial expectations and create new, sustainable pathways forward not previously considered.

Developing public-private partnerships is a valuable tool in long-term sustainability. To maintain long-term viability, nonprofits need a diverse funding stream that supports the organization through an increasingly unreliable landscape of available capital. The Community Development Finance Authority's L5 Capacity Building Program provides the opportunity for nonprofits to cultivate strategic, long-term relationships with local businesses invested in their mission, which strengthens the nonprofit's network and ability to leverage private-sector partnerships to achieve community-based goals.

APPENDIX E: BEST PRACTICES: TYPES OF CORE CAPACITY

The TCC Group has developed the following core capacities critical to a non-profit organization's effectiveness and it is provided as guidance to help develop your application. This list is not exhaustive. You may choose from the accompanying list of suggested activities to support your application or develop your own.

Leadership and Management capacity: the ability of all organizational leaders to create and sustain the organization's vision. This includes the capacity of leaders to prioritize, make decisions, innovate, and provide appropriate direction to achieve an organization's mission. Leadership capacity is critical to advance transformative change. Management capacity is the ability of an organization to ensure the effective and efficient use of its diverse organizational resources. Investments in leadership and management capacity could include,

- Hiring of professional coaches;
- Engagement with external stakeholders;
- Development of an internal decision making structure; or
- Plan for improving the effective relationship between the Board and Staff.

Adaptive capacity: the ability of an organization to monitor, assess and respond to changes in the internal and external environment. Such as,

- Evaluation and assessment of current programs and improvement implementation;
- 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: the ability of an organization to use utilize new technologies, tools and staff skills to implement key organizational and programmatic functions that support the advancement of a new strategy. Such as,

- 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: the values, assumptions, and behavioral norms that guide how an organization carries out its work. Such as,

- Staff and Board recruitment strategy; and
- Plan for improving transparency, collaboration sustainability and learning.