Capacity Building Grant Program Handbook

Effective: July 1, 2019
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1. Introduction

The THDA Capacity Building Program supports the development and strengthening of the operations, processes and resources nonprofit organizations need in order to effectively ensure affordable housing in Tennessee.

This funding supports non-profit organizations as they work through the development of a Strategic Plan or Succession Management Plan. A strategic plan sets priorities, focuses energy and resources, strengthens operations, ensures staff and other stakeholders are working toward common goals, and establishes the intended outcomes of the organization.

A succession management plan identifies and develops personnel who can replace key staff in the event it is necessary. Succession planning increases the availability of experienced and capable staff that are prepared to assume these roles as they become available. Selected organizations will work with a consultant they select in order to develop the strategic plan or succession management plan.

All awards are based on the organization’s capacity and alignment with THDA’s mission to be the lead state agency promoting sound and affordable housing for people who need help. Awards are also based on the availability of THDA funding.

1.1. Conflict of Interest

No officer or employee of an applicant or awarded organization shall have a personal interest in a contract with that organization of which he/she is an officer or employee.

2. Program Description

The intent of the Capacity Building Grant is to fund non-profit organizations to support the development of a Strategic Plan or Succession Management Plan.

Awards are based on an organization’s capacity; board, staff and community engagement; and the availability of THDA funding. The maximum grant award is $10,000 per organization and will require a match contribution as outlined in Section 2.7.

Agencies seeking funding should submit the fillable .pdf application provided through the Capacity Building Grant page of the THDA website. For questions concerning this program or assistance with application submission, contact the Community Programs Division of THDA at (615) 815-2030.

Applications will be available by July 1, 2019 and will be accepted until August 29, 2019, at 4:00 PM, CDT.
Applicants are required to work with a consultant on the development of the strategic or succession management plan and may select their own consultant. THDA suggests, however, that organizations work with one of the following organizations to find a consultant experienced with the development of a strategic plan or succession management plan as proposed in the organization’s application. If the applicant is knowledgeable about another consultant not listed with these organizations, the applicant must provide information to THDA so that the consultant’s qualifications may be evaluated.

Center for Non-profit Management (Middle TN)
Megan O’Roark, Director of Consulting
megan@cnm.org

Momentum Nonprofit Partners (Memphis and West TN)
Carol Gaudino, Training & Consulting Manager
cgaudino@momentumnonprofit.org

Venture Forward (Chattanooga area and Southeast TN)
Laura McCann, Executive Director
lauramccann@ventureforwardnow.org

Alliance for Better Nonprofits (East TN)
Elle Benson, Director of Capacity Building
EBenson@betternonprofits.org

2.1. Eligibility Guidelines

In order to be eligible for funds under the Capacity Building Program, organizations must:

1. Submit an application signed by the Chief Executive of the organization or the President/Chairman of the Board of Directors.

2. Copy of the latest audit or audited financial statement of the organization.

3. Copy of a current resolution by the Board of Directors or governing body approving the submission of the application under the 2020 Capacity Building Grant Program.

4. A Certificate of Existence or Certificate of Authorization from the Tennessee Secretary of State, as applicable, dated within 30 days of the application date. If the non-profit organization is organized in a state other than Tennessee, a Certificate of Existence from the Secretary of State in which the organization was organized must also be submitted.

5. Documentation of an IRS designation under Section 501(c)3 or Section 501(c)4 of the federal tax code.

6. Copy of the Charter and Bylaws of the organization. The mission of THDA is to be the lead state agency promoting sound and affordable housing for people who need help. The applicant’s mission must align with THDA’s mission, and its activities must foster THDA’s strategic direction.

7. Have a minimum of two years of affordable housing experience in Tennessee and provide a statement describing those experiences.
2.2. **Schedule**

The budget and period of performance for this grant is a maximum of twelve months. Contracts will begin on January 1, 2020.

The approved organization must be able to submit a complete Strategic Plan or Succession Management Plan to THDA before the end of the period of performance. Within 60 days of the end of the performance period, Grantees must submit evidence of Board adoption of plan.

2.3. **Restrictions**

- Applicants are limited to one grant every funding cycle.
- Applicants applying for a strategic plan must not have a strategic plan adopted by their Board of Directors after June 30, 2016.
- Applicants applying for a succession management plan must have completed a strategic plan within the last three years.
- Applicants with an existing or previous THDA grant must not have any outstanding compliance issue(s) within the twelve (12) months prior to the application submission date (August 29, 2019).
- Budget modifications are not allowed under this program.
- Extensions in the period of performance or budget are not allowed under this program.
- Emerging organization are not eligible. ("Emerging" is defined as being in existence less than two years and/or not having an engaged board, staff, or community).

2.4. **Application Requirements**

The Application package must include:

2.4.1. **Proposed Budget**

The proposed budget cannot exceed the consultant’s estimate and must include:

- Proposed activities
- Line item costs

2.4.2. **Attachments**

The following documents must be submitted through the Participant Information Management System (PIMS):

- Organizational charter.
- Organizational by-laws.
- Most recent financial audit or audited financial statements of the organization.
- 501(c)3 or 501(c)4 determination from the Internal Revenue Service
- Most recent Strategic Plan of the organization. If the applicant has not adopted a strategic plan, the applicant must provide a letter from the Executive Director to that effect.
- Completed Board Information Sheet for each board member.
- Signed and notarized Disclosure Statement for each board member.
and the Executive Director.

- Signed and notarized Disclosure Statement for the organization. The organization’s Disclosure Statement must be signed by the Executive Director or the Chairman of the Board.

The following documents must be submitted with the application:

- If the organization was organized under the laws of the state of Tennessee, Certificate of Existence from the Tennessee Secretary of State, dated within 30 days of the application due date.

- If the organization was organized under the laws of a state other than Tennessee, a Certificate of Existence from the Secretary of State in which the organization was organized AND a Certificate of Authorization to do Business in Tennessee from Tennessee Secretary of State dated within 30 days of the application due date. Both documents must be dated within 30 days of the application due date.

- Documents for consultants not approved by one of the five organizations listed in section 2.0:
  - State Corporation Commission Certification
  - Dun & Bradstreet Report
  - 2 letters of reference
  - Resumes of consulting staff who will contribute to this project

- Staff Organizational Chart

- Resumes of Senior Staff of the organization

- Copy of a current resolution, dated within 30 days of the application due date, by the Board of Directors or governing body approving the submission of the application under the 2020 Capacity Building Grant Program

### 2.5. Approval

Funding determinations will be announced by November 1, 2019. Funds will be awarded based on an assessment of the organization’s application and the availability of THDA funds. A recommendation for funding consideration will be made to the THDA Executive Director. The THDA Executive Director will make the final funding determination and will notify the THDA Board of Directors of all grant awards at its meeting in November 2019.

Selected organizations will receive a written notice of award and a Grant Agreement. The organization must return the Grant Agreement to THDA with signature by an authorized representative.
2.6. **Denial**

Organizations that are not approved for funds will receive a written letter from THDA explaining the denial of grant funds.

2.7. **Match Requirement and Funding Disbursement**

Funds may be requested from THDA via the submission of a payment request to THDA. Funds will be distributed as the Grantee completes each milestone, subject to the restrictions in Section 2.9:

1. THDA will require a match contribution from the Grantee towards the total budget cost based on the following increments:
   a. THDA will require a 10% match contribution towards the total project budget for organizations with an annual budget of less than $500,000.
   b. THDA will require a 30% match contribution towards the total project budget for costs incurred for organizations with an annual budget of more than $500,000, but less than $1,000,000.
   c. THDA will require a 50% match contribution towards the total project budget for organizations with an annual budget of $1,000,000 or greater.

2. THDA has established the following caps on the amount of the grant award which will be paid upon completion of each milestone:
   a. Milestone 1 - An amount equal to 25% of the grant award will be disbursed upon THDA’s approval of a timeline and plan for completion of the planning process by the Grantee.
   b. Milestone 2 - An amount equal to 25% of the grant award will be disbursed upon THDA review and approval of a draft strategic or succession management plan.
   c. Milestone 3 - An amount equal to 50% of the grant award will be disbursed upon THDA’s review and approval of the organization’s completed strategic or succession management plan.

2.8. **Reporting**

Organizations are required to submit a report, including the Strategic Plan or Succession Management Plan, by the close of the grant period.

Funded organizations must also submit a status report on progress under their plan for three years following completion of the grant period.

2.8.1. **Strategic Plan**

This plan is a high-level blueprint for ongoing activities and processes that organizations use to coordinate and align resources and actions throughout an organization systematically. The following components should be included in the final strategic planning deliverable:

1. **Mission statement** - The mission statement is the organization’s purpose, what the organization seeks to accomplish and the manner in which the organization aims to achieve the accomplishments.
2. **Impact statement** – The impact statement describes the impact the organization wants to achieve in their community.

3. **Values statement/Guiding principles** - These statements are enduring, passionate, distinctive core beliefs, and guiding principles that are part of the organization’s strategic foundation.

4. **SWOT** - A SWOT is a summarized view of your current position, specifically strengths, weaknesses, opportunities, and threats.

5. **Competitive advantage** – The competitive advantage includes what your organization is best at compared to the competition.

6. **Short-term goals/priorities/initiatives** - These items convert the strategic objectives into specific performance targets that fall within the one- to two-year time horizon. The goals are measureable and they state what the organization seeks to accomplish, when the accomplishments will occur, and who is responsible.

7. **Long-term objectives** - These long-term strategic focus areas span a three-year (or more) time horizon. They answer the question of what the organization must focus on to achieve its vision.

8. **Action items** - These specific statements explain how a goal will be accomplished. They’re the areas that move the strategy to operations and are executed by teams or individuals (with those identified) within one to two years.

9. **Scorecard tools** – The scorecard is used to report the data of key performance indicators (KPIs) and to track performance against monthly targets.

10. **Financial assessment** - Based on historical records and future projections, an assessment statement that plans and predicts the future controls over your organization’s financial performance.

### 2.8.2. Succession Management Plan

This plan identifies the development of potential successors for key positions in an organization, through a systematic evaluation process and training. The following components should be included in the final succession planning deliverable:

1. **Active Leadership Involvement** – Organizational leadership is actively managing this strategic initiative.

2. **Integration with your strategic plan** - Succession planning cannot operate in a vacuum while strategic methods cannot be achieved without talent.

3. **Processes to identify essential positions and their critical competencies**—Basic steps for the process.

4. **Procedures to identify, promote, and select “high potentials”**—Out-lining individual career ladder development, if applicable.

5. **Integration of individual development plan utilizing training, coaching, mentoring and appraisals**—Identifying the essentials of a good performance management plan.

6. **Methods to identify gaps in succession** - Determining how to build internal strength or the need to recruit externally.

7. **Plan Evaluation Process**- Succession planning must be ongoing and not an annual look-see.
2.9. Draw Requests

Funding is on a reimbursement basis.

Grantees may only request reimbursement for funds according to the schedule in Section 2.7.

Proof of payment must be submitted with the draw request for each expense in which reimbursement is requested.

Amount requested cannot exceed the current approved budget.

3. Records

3.1. Documents and Financial Records

Documents and all financial files attributed to this grant must be retained for five years from the date the final grant invoice is paid.

3.2. Noncompliance with Records Management

Failure to comply with any of the recordkeeping and reporting requirements could result in consequences which may include, but are not limited to, recapture of funds or prohibition from future THDA funding opportunities.

4. Reviews

THDA may conduct a review of the grantee’s program operations to ensure proper accountability and compliance with program requirements.

Using the findings of the review, THDA may determine whether to continue participation unconditionally or conditionally. Additionally, the findings of a review may serve as a basis for determining future grant funding for the THDA Capacity Building Grant Program.

Grantees will be notified at least fifteen (15) days prior to reviews.