



Capacity Building Program Handbook

Effective: January 1, 2020

Table of Contents

1. INTRODUCTION	1
1.1. CONFLICT OF INTEREST	1
2. PROGRAM DESCRIPTION	1
2.1. ELIGIBILITY GUIDELINES	2
2.2. SCHEDULE	2
2.3. RESTRICTIONS	3
2.4. APPLICATION REQUIREMENTS	3
2.5. APPROVAL.....	4
2.6. DENIAL.....	4
2.7. MATCH REQUIREMENT.....	4
2.8. FUNDING DISBURSEMENT	5
2.9. REPORTING.....	6
3. RECORDS	7
3.1. DOCUMENTS AND FINANCIAL RECORDS.....	7
3.2. NONCOMPLIANCE WITH RECORDS MANAGEMENT	7
4. REVIEWS	7

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 will be \$10,000 per organization and will require a match contribution as outlined in Section 2.7.

Agencies seeking funding should apply the fillable .pdf application provided through a link posted on the THDA Participant Information Management System (PIMS) page or the various program pages on 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 January 15, 2020 and will be accepted until March 12, 2020, at 4:00 PM CDT.

Applicants may select their own consultant. However, THDA suggests that organizations planning to apply 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, the applicant must provide information to THDA so that we may evaluate their qualifications.

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 2019 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 at minimum 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 July 1, 2020.

The approved organization must be able to submit a complete Strategic Plan or Succession Plan to THDA before the end of the period of performance. Within 60 days of end of performance period, Grantee will 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 December 31, 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 application submission date.
- Budget modifications are not allowed under this program.
- Extensions in the period of performance or budget are not allowed under this program.
- Emerging organizations 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.

2.4.2. Attachments

The following documents must be submitted through 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:

- 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.
- 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
 - Cost Estimate
 - Staff Organizational Chart
 - Resumes of Senior Staff of the organization

2.5. Approval

Funding determinations are anticipated to be announced by June 1, 2020.

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.

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

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. Matching funds must be cash with no expectation of repayment, and may be contributed from the following sources:
 - a. The organization's own funds,
 - b. Grant funds from non-THDA grant programs for the approved activity, and
 - c. Contributions from a third party.
3. Ineligible sources of matching funds include:

- a. The value of donated land or services,
- b. The value of in-kind services
- c. Funds invested in an earlier phase of the project or committed to the activity prior to THDA's commitment of a Capacity Building Grant, and
- d. Other THDA grant programs.

2.8. 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 this section.

2.8.1. Draw Requests

Funding is on a reimbursement basis.

Reimbursement may be requested according to the schedule in Section 2.8.2.

Invoices or other proof of payment must be submitted with the draw request for each expense in which reimbursement is requested.

Amount requested may not exceed the approved budget amount.

2.8.2. Reimbursement Schedule

THDA has established the following caps on the amount of the grant award which will be paid upon completion of each milestone:

1. **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.

The timeline and plan for completion must be submitted no later than three months from the start of the grant term.

2. **Milestone 2** - An amount equal to 25% of the grant award will be disbursed upon THDA review and approval of a draft plan submission.

The draft Strategic Plan/Succession Management Plan must be submitted to THDA no later than seven months from the start of the grant term.

3. **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 Plan.

The finalized Strategic Plan/Succession Management Plan must be submitted before the end of the grant term.

2.9. Reporting

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

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

2.9.1 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 your purpose and what you seek to accomplish and the manner in which the organization aims to achieve it.
2. **Impact statement** - The impact statement describes what 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 your strategic foundation.
4. **SWOT** - A SWOT is a summarized view of your current position, specifically your strengths, weaknesses, opportunities, and threats.
5. **Competitive advantage** - The competitive advantage includes what you're 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. They state what, when, and who and are measurable.
7. **Long-term objectives** - These long-term strategic focus areas span a three-year (or more) time horizon. They answer the question of what you must focus on to achieve your 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 to report the data of your key performance indicators (KPIs) and track your performance against the 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.

2.9.2 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”** - Outlining 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.

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 funding opportunities of THDA.

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.