

LISC Chicago Small Business Capacity Building

Chicago fosters a robust small business and entrepreneurship ecosystem, and small businesses represent a huge segment of our city's economy and employment. But the benefits of small business ownership and the economic growth small businesses bring are not shared equally across the city. Business owners of color and those in disinvested neighborhoods on the south and west sides are more likely to encounter gaps in affordable capital, technical assistance, and professional networks that make it more difficult to succeed and grow.¹

LISC Chicago invites applications from eligible 501(c)(3) organizations seeking to support small business growth and sustainability in eligible Chicago neighborhoods and corridors. Successful applicants will propose an innovative program designed to address gaps in access to capital, technical assistance, and/or professional networks for business owners in a single target geography (one or more adjacent neighborhoods, commercial corridors, etc.) in the City of Chicago. The proposed program must represent an expansion or increase over your current work.

Background

Local Initiatives Support Corporation (LISC) Chicago is the local office of the nation's leading community development investment organization. Together with residents and partners, we build resilient and inclusive communities that are great places to live, work, visit, do business and raise families. We are an investor, capacity builder, convener and innovator. Our focus is on equitable development—ensuring that every neighborhood and its residents have the opportunity to benefit from economic transformation by building community wealth.

Capacity building is at the core of LISC's work in economic and community development. These strategic investments support key staff and operations that allow organizations to sustain and increase organizational and programmatic capacity. Through HUD Section 4 funding, LISC makes grants available to community partners whose goals are aligned with our programmatic priorities. Since 2017, LISC Chicago has undertaken a new challenge to support small businesses and entrepreneurs beyond our lending activities. As we test new ideas and scale those that show promise, LISC seeks to build capacity in organizations doing this work.

Program Goals and Priorities

Strong neighborhoods and commercial corridors depend on local businesses that build wealth, keep dollars cycling locally, and create jobs.² Small businesses play a pivotal role in disinvested communities, while business owners in these neighborhoods also face disproportionate barriers to profit and growth.

LISC Chicago seeks to build the capacity of organizations that support and serve small businesses and entrepreneurs. LISC will award 2 to 4 grants of approximately \$30,000 to \$75,000 each for 12-month terms to organizations that meet *all* of the following criteria:

¹ Assessing Chicago's Small Business Ecosystem: Pathways to Improved Coordination, Inclusive Growth, and Shared Prosperity. 2018. Next Street & CRF USA.

² The Big Impact of Small Businesses on Urban Job Creation: Evidence from Five Cities. 2016. Initiative for a Competitive Inner City & JP Morgan Chase & Co.

- Have a specific geographic focus within the City of Chicago, with priority given to organizations working on the south and west sides of Chicago AND/OR in [neighborhoods with a LISC Quality-of-Life plan](#);
- Offer a strategic proposal that aims to enhance small business growth and sustainability in the targeted area by addressing gaps in the existing supports;
- Demonstrate a history of work with entrepreneurs and small business owners in the target area; and
- Commit to maintaining eligibility for HUD Section 4 funding as described below.

Submittal Requirements

Applications (including Section 4 eligibility documentation) should be submitted **by email** to LISC Chicago to the attention of Caroline Rendon (ctrendon@lisc.org) by 5pm on Friday, March 15, 2019.

Applications should be no longer than three pages and answer all of the following questions:

1. Please provide background on your organization and your track record of success working with small businesses.
 - a. Please share one or two recent examples of work you have done in the proposed neighborhood or geography with small businesses.
2. Describe the initiative you propose to support with these funds, including:
 - a. What issue(s) does this program address? How do you know this is affecting businesses you work with? *For example: Thirty-two businesses we worked with in 2018 struggled with gaps in their network, affecting their ability to draw customers, investment, marketing, and other services.*
 - b. How will this program change the issue(s)?
 - c. How does this program represent an expansion or increase over your current work?
 - d. How will you track the impact of this program?
3. What partnerships or collaborations will you rely on to do this work?
4. Describe how you plan to use these funds. Please note that HUD Section 4 funds may only be used for allowable expenses associated with eligible program activities, for example: staff salaries and fringe, staff training and travel, consultant services, associated indirect costs, and expendable program supplies.

Eligibility and Program Requirements

All applicants must demonstrate eligibility as detailed on page 3 of this RFP. Please include items 1-5 in your application, and LISC will verify items 6-14 as we move forward with selected organizations.

Timeline & Schedule

Friday, February 15, 2019	Request for Proposals released
Friday, March 15, 2019	Applications due to LISC by 5pm
Friday, March 29, 2019	LISC notifies awardees
Monday, April 8, 2019	Awardee responsibilities commence

For more information, please contact Caroline Rendon at ctrendon@lisc.org.



Local Initiatives Support Corporation

HUD Section 4 Capacity Building Program

Eligibility and Program Requirements

The Department of Housing and Urban Development (HUD) Section 4 Capacity Building Program is exclusively for **Community Development Corporations (CDCs)** and **Community Housing Development Organizations (CHDOs)**. CDCs and CHDOs must be organized under Federal, State or local law to engage in community development activities (which may include housing and economic development activities) primarily within an identified geographic area of operation. CDCs and CHDOs must have a tax exception ruling from the IRS under 501 (c)(3) or (4) of the Internal Revenue Code. The goal of the program is to enhance the capacity and ability of CDCs/CHDOs to carry out community development activities that benefit low-income persons.

CDCs and CHDOs applying and/or receiving HUD S4 capacity building grants from LISC are required to submit the following documentation and comply with specific program and federal requirements. This list is for intake and general information purposes. Sub-recipients may be subject to additional documentation or program requirements as determine by LISC and/or HUD.

1	W-9 Form most recently released by the IRS	Most recent version.
2	Tax Determination Letter	
3	Audited Financial Statements for the last 3 Fiscal Years	Internal financials and 990 Form may be accepted the first year of funding. Additional funding may be contingent upon the completion of a review with the expectation to complete an audit next.
4	If subject to an A-133 audit, submission of A-133 Audits to the federal Audit Clearing House is required.	Organizations expending more than \$750,000 of federal funds during a fiscal year, are subject to an A-133 audit. Organizations subject to an A-133 audit must submit the package to the Federal Audit Clearinghouse within 9 months after the close of their fiscal year or 30 days after receiving it from the auditors. https://harvester.census.gov/facweb/default.aspx/
5	DUNS number	The Federal government requires that all entities applying for Federal grants and cooperative agreements have a DUNS number. Obtaining a DUNS number is free. https://www.whitehouse.gov/sites/default/files/omb/grants/duns_num_guide.pdf
6	Active registration on the System for Award Management (SAM)	Organizations applying for HUD S4 capacity building grants must: 1) Be registered in SAM. 2) Maintain an active SAM registration during LISC grant term. SAM registrations must be renewed on a yearly basis. https://www.sam.gov/portal/SAM/#1
7	Federal Tax obligations must be current	LISC may ask for copies of the CDC's recent Form 941 for proof of payment of federal tax obligations. LISC will also review this information at any moment during the grant period.
8	Not excluded, debarred or suspended from doing business with the Federal government	As evidenced in SAM.gov
9	Accounting system that maintains records that identify the source and application of funds by grant/award. Project cost accounting system able to segregate grant revenues and expenditures by grant.	This is different than having separate bank accounts. Organizations must track their HUD S4 grants separately in their accounting systems and should be able to produce general ledgers, balance sheets, and other accounting records that demonstrate that grant expenses are segregated for each federal grant.
10	Supporting documentation for Salary and Fringe that meets federal requirements (i.e. time and effort reporting system)	As per federal regulations, grantees are required to have an auditable system of internal controls which provide "reasonable assurance" that all salaries and wages charged to a federal award be documented to accurately reflect the work performed for the award . To accomplish this, a CDC must have either an effort reporting OR a payroll certification system that provides assurance to the federal government that was carried out/charged at a level that reasonably reflects the activity for which the employee is compensated (salaried employees only). <i>Time and Effort Reporting</i> uses time sheets as documentation. Timesheets should separate activity/hours by funding/project and account for all the time an employee works. They have to be signed by the employee and his/her supervisor. <i>Payroll certification system</i> is an alternative method of effort reporting. A CDC's timesheet can only show in and out; however, they must also have a payroll certification system which uses a project/activity methodology based on the concept that charges are "reasonable" in relation to the work performed by an employee.
11	Written Personnel Policies and Procedures	The CDC should have a Personnel Manual that has been recently updated and approved by the Board.
12	Written Procurement Policies and Procedures	The CDC should have Procurement Procedures that meet federal regulations.
13	Written Financial & Accounting Procedures	The CDC should have a Finance Manual that has been recently updated and approved by the Board.
14	Project Cost Accounting	The CDC should be able to maintain subaccounts/subfunds so that financial reports of revenue and expenditures can be produce by individual grant/PA#

Please contact a LISC Program Officer to obtain additional information on the HUD Section 4 Capacity Building Program administered by LISC