# Table of Contents

General .......................................................................................................................................................... 2  
   About the CED Social Enterprise Program .......................................................................................... 2  
   Eligibility ................................................................................................................................................ 3  
   Eligible Activities ................................................................................................................................... 5  
   Application Submission ....................................................................................................................... 8  
Evaluation Criteria ............................................................................................................................... 10  
   Business Plan – General ..................................................................................................................... 10  
   Business Plan – Project Implementation ............................................................................................. 12  
   Business Plan – Financial Strategies ................................................................................................. 12  
   Business Plan - Organizational and Staff Profile ................................................................................. 13  
   Bonus Points ...................................................................................................................................... 14
General

About the CED Social Enterprise Program

Question: What is the purpose of the Community Economic Development (CED) Social Enterprise program?

Answer: The CED Social Enterprise program provides funding for projects aimed at business development opportunities and creating employment for individuals with low income located in geographic areas with a demonstrated need for the proposed project. These social enterprises, in turn, reduce personal or community barriers and provide economic support.

Funded Community Development Corporations (CDC)s will support the creation of social enterprises and provide technical assistance and incubator services to assist the organizations willing to start or expand social enterprise businesses with business planning, start-up, and expansion and addressing the personal and community barriers that must be overcome to help individuals with low incomes become self-sufficient (e.g., transportation, child care, need for education/training, language barriers, etc.).

Question: What are the project and budget periods for funded CED Focus on Social Enterprises projects?

Answer: CED Social Enterprise projects are five-year non-construction projects. They are funded incrementally in five 12-month budget periods. Total anticipated annual funding per project is as follows:

- Year 1: $400,000
- Year 2: $400,000
- Year 3: $400,000
- Year 4: $250,000
- Year 5: $250,000

Question: When will funding awards be announced?

Answer: Awards will be announcement on or before September 30, 2019. All applicants who are funded will be notified by e-mail no later than September 30, 2019 by GrantSolutions, a comprehensive grants management system provided by the Grants Center of Excellence.

Question: What is a social enterprise?

Answer: For the purposes of the CED Focus on Social Enterprises Funding Opportunity Announcement, and as defined in the Definitions of Terms section on page 10 of the announcement, a social enterprise is a profit-making business or nonprofit organization that uses revenue-generating activities to: 1) develop new products, services, and commercial activities that result in the creation of new, full-time, full-year jobs – at least 75 percent of which will be filled by individuals with low incomes; 2) reinvest funds back into the community or into supporting the individuals with low incomes filling those positions; and 3) through local entrepreneurship, reduce or remove barriers that the individuals with low incomes filling the positions face (e.g., those reentering into the community from the criminal justice system, experiencing domestic violence, suffering from substance dependence, lacking adequate child care, etc.).
2019 CED-Focus on Social Enterprises Funding Opportunity Announcement Questions and Answers – as of 8/2/2019

**Question:** Page 4 (2nd paragraph under Eligible Activities) says "Any participating social enterprises located in or serving a community (census tract) with a poverty rate of at least 20% or a median income at or below 80% of the area median income will receive priority in the form of bonus points." But these bonus points are not listed on page 55. Is that something that will be added or should we assume the only bonus points are the ones listed on page 55?

**Answer:** As of July 5, 2019, the CED Focus on Social Enterprises funding opportunity has been modified. In Section I. Program Description, the eligibility reference that median income at or below 80 percent of the area median income will receive priority in the form of bonus points has been removed.

Section I. Program Description in the Eligible Activities section on Page 4 of the funding opportunity announcement now reads: For FY 2019, Congress has directed ACF to prioritize applications from rural areas with high rates of poverty, unemployment, and substance abuse. Any participating social enterprises located in or serving a community (census tract) with a poverty rate of at least 20 percent will receive priority in the form of bonus points.


**Question:** Is there a webpage or other source to find substantive details on the programs previously funded by this program? I see a list of awardees for various fiscal years, but no more detail.

**Answer:** The CED Social Enterprise funding opportunity is distinct from the traditional CED funding opportunity. This is the first time the CED Social Enterprise funding opportunity is being offered. You may view information on the CED program in general at [https://www.acf.hhs.gov/ocs/programs/ced](https://www.acf.hhs.gov/ocs/programs/ced), but there are not any project descriptions for previous awardees for this funding announcement.

**Question:** Has the program received a cut in funding? It appears the number of awardees (six) is substantially lower than in past years.

**Answer:** The CED Social Enterprise funding opportunity is distinct from the traditional CED funding opportunity. This is the first time the CED Social Enterprise funding opportunity is being offered. There are no previous funding levels for comparison for this funding opportunity.

**Federal Award Information**

**Question:** Can we apply for less than the full funding amount? Is the $400,000/year budget is the funding amount for all applicants or the upper limit?

**Answer:** As outlined in Section II. Federal Award Information, projects funded under this announcement are funded incrementally with five 12-month budget periods. Funded projects will receive $400,000 annually in the first three 12-month budget periods to invest in building incubator operations, develop the social enterprises, and start the businesses to hire individuals with low income. Funded projects will receive $250,000 annually in the fourth and fifth 12-month budget period to provide technical support to the businesses and their employees. It is expected that all projects are completed and CED Social Enterprise funds expended within the project period. Changes in direction in the final year of a project are discouraged.
2019 CED-Focus on Social Enterprises Funding Opportunity Announcement Questions and Answers – as of 8/2/2019

Additionally, as outlined in Section V, in evaluating the Project Budget and Budget Justification, reviewers will consider the extent to which the budget for the project demonstrates that the applicant has sufficient funds available (i.e., conditioned only on the receipt of this grant award) and that the planned expenditures are necessary, appropriate, and reasonable for the success of the project as outlined in Section IV.2. Content and Form of Application Submission, The Project Description, Project Budget and Budget Justification. Also, when evaluating the Business Plan - Project Implementation criterion, reviewers will consider the extent to which the application demonstrates that all of the activities to be funded by the award are necessary for the success of the project and are consistent with the project’s scope, scale, and projected outcomes and the application convincingly demonstrates that the CED Social Enterprise cost per position created is equal to or less than the ratio found by dividing the request award amount by $20,000. Please also review Section V.2 carefully for detailed information on the criteria used to evaluate applications.

Eligibility

Question: Who is eligible to apply for a CED Focus on Social Enterprises grant award?

Answer: Applicants of the CED Social Enterprise program must be qualified Community Development Corporations (CDCs).

As outlined in Section 680(a)(2) of the Community Services Block Grant (CSBG) Act of 1981, as amended by the Community Opportunities, Accountability, and Training and Educational Services Act of 1998 (Public Law 105-285), to be a qualified CDC, the organization submitting an application for funding must meet three conditions in order to be eligible:

1. The organization must be a private, nonprofit with 501(c)(3);
2. The organization must have articles of incorporation or bylaws demonstrating that the CDC has a principal purpose of planning, developing, or managing low-income housing or community development projects; and
3. The Board of Directors of the organization must have representation from community residents, business leaders, and civic leaders.

Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

Question: Are Community Action Agencies and/or Tribal organizations eligible to apply for this funding opportunity?

Answer: As noted in Section III.1 Eligible Applicants, organizations are eligible to apply, as long as they meet the following requirements:

1. Applicant must be a private, nonprofit with 501(c)(3);
2. Applicant must have articles of incorporation or bylaws demonstrating that the CDC has a principal purpose the planning, developing, or managing of low-income housing or community economic development activities; and
3. The Board of Directors must have representation from each of the following: community residents, business leaders, and civic leaders.
Note: The CDC designation does not need to be specified on any official documents as long as the three requirements stated above are met.

**Question:** Is there any limitation when it comes to this funding opportunity if we have a current grant funded under the traditional CED announcement or if we have submitted an application for an FY 2019 CED (traditional) grant?

**Answer:** Current CED grantees may apply for an FY 2019 CED Focus on Social Enterprises grant. Applicants of the FY 2019 CED (traditional) program may also apply for an FY 2019 CED Focus on Social Enterprise grant. Note that organizations can be funded for a maximum of one project under CED and one under CED Focus on Social Enterprise announcement in FY 2019, provided that the projects are different.

**Question:** Can the Community Development Corporation directly operate the social enterprise business, or must it be a third-party accessing CDC services funded by the opportunity?

**Answer:** While we cannot comment on the specifics of the design of your proposed project, grantees are expected to play a substantial role in the project. As stated in the Definitions in Section I. Program Description, a project partner is any organization or business participating in the project that is not the direct recipient of CED Social Enterprise grant funds. Typical project partners include the following: equity investors, donors, a wholly owned subsidiary, or a business entity to which the grantee makes an equity investment or capitalizes a loan in support of grant purposes.

Note: CED Social Enterprise grantees must play a substantive role in the project. A grantee working with a project partner must actively monitor the project and ensure compliance with CED Social Enterprise program requirements. Please also review the definition of "Third-Party Agreement" - here, a Project Partner Agreement is defined as a written and signed agreement, entered into by the grantee and project partners, such as a more experienced partner, that will directly or indirectly spend CED Social Enterprise funds and/or create new full-time, full-year positions.

**Question:** What are the requirements for the Board of Directors?

**Answer:** As stated in Additional Eligibility Documentation, applicants must provide assurances that community representation is on the Board of Directors and documents that this governing body has representation from the each of the following: community residents, business leaders, and civic leaders.

**Eligible Activities**

**Question:** If the CDC wants to fund companies (Social Enterprises) with a loan that meets the criteria, can some of the funding be used for pre-loan and post-loan technical assistance provider to "incubate" the startups?

**Answer:** While we cannot comment on your specific project, CED Social Enterprise grant funds may not be used for:

- Projects that include the reimbursement of pre-award costs.
- Projects that provide subawards/pass-throughs.
- Projects that use funding to capitalize loan loss reserve funds.
Projects that use funding to provide loan(s) that have balloon payments that will be paid after the end of the project period.

Projects that focus primarily on job training, job placement, and technical assistance. Note: Limited on-the-job training and job placement activities can be for a specific position that has been created, but cannot be used to operate a general job training and placement program.

Projects that do not create new jobs that did not exist prior to the proposed CED Social Enterprise project.

Additional information concerning eligible and ineligible activities can be found in Section I. Program Description.

For loan projects, the application must demonstrate how loans will be made in compliance with all program requirements described elsewhere in this announcement, including 45 CFR Part 75.322 concerning intangible property. Loan projects require, at a minimum, strategies to ensure that:

- Loan funds go to eligible beneficiaries for business development activities;
- Interest charged on loan will be at or below market rate;
- Copies of executed loan agreements will be submitted to ACF upon establishing such loans with program participants;
- Interest accrued on loans will be used to continue or expand the activities of the originally approved project during the grant period; and
- Repaid principal on such loans that is no longer needed for the originally authorized purpose of the CED Social Enterprise program will revert to ACF.

As outlined in Section IV.2, in all instances involving a loan, the applicant must demonstrate how loans will be made in compliance with all program requirements outlined in the funding opportunity. The applicant must indicate that copies of executed loan agreements will be submitted to ACF upon establishing such loans with program participants. Additionally, re-payment of all loans funded with CED Social Enterprise funds must begin during the course of the funded project period and a balloon payment (if any) must be made before the project period ends. Note: No portion of a loan is forgivable.

Finally, all funds must be included within the budget and budget justification as described in The Project Budget and Budget Justification in Section IV.2 Content and Form of Application Submission, The Project Description.

**Question:** If we expect our project to not create full-time employees for a significant amount of time, do we still qualify for this grant?

**Answer:** For the purposes of the funding opportunity, a job is defined as "new full-time, full-year positions for the project that did not exist prior to the start of the project and came about as a direct result of the investment of OCS funds in project activities, such as development of new social enterprises, the expansion of existing social enterprises, or the development of new products and services. The training and placement of individuals in positions existing prior to the start of the project, even positions guaranteed to individuals with low incomes through a formal agreement with an employer, is not considered job creation."
Question: Can the project provide services to address personal and community barriers for individuals with low incomes to become self-sufficient without creating jobs?

Answer: As outlined in the funding opportunity, all CED Social Enterprise projects must result in the creation of new, full-time permanent jobs, 75% of which will be filled by individuals with low incomes. As stated in Section I. Program Description, Program Goals, the objectives of the program under this announcement are to: 1) create or expand, and support social enterprises that invest profits in addressing a local need; 2) reduce a personal or community barrier or solve a social problem for a community and its constituents and stakeholders; and 3) establish an incubator that helps enhance social enterprises and their ability to create jobs within the local community and provides services (social and business support, resources, and advice) to the social enterprises.

The positions created should:

- Lead to increased self-sufficiency for individuals and families with low income;
- Create businesses and jobs in low-income communities that improve the livelihood of those who obtain those jobs and strengthen the economic life of the community itself; and
- Attract additional public and private funds to increase community investment and quality of life in low-income communities.

As described in Section I. Program Description, applicants must agree to support the creation of at least a minimum number of jobs based on the following formula: \([\text{Total Amount of Federal CED Social Enterprise Funds Awarded}] / [\$20,000] = \text{[Minimum Number of Jobs to be Created]}\).

Question: Is passing grant funds to a job training organization an eligible activity? Would this job training organization be considered a partner?

Answer: As stated in the Definitions in Section I. Program Description, a project partner is any organization or business participating in the project that is not the direct recipient of CED Social Enterprise grant funds. Typical project partners include the following: equity investors, donors, a wholly owned subsidiary, or a business entity to which the grantee makes an equity investment or capitalizes a loan in support of grant purposes. Note: CED Social Enterprise grantees must play a substantive role in the project. A grantee working with a project partner must actively monitor the project and ensure compliance with CED Social Enterprise program requirements. Please also review the definition of "Third-Party Agreement" - here, a Project Partner Agreement is defined as a written and signed agreement, entered into by the grantee and project partners, such as a more experienced partner, that will directly or indirectly spend CED Social Enterprise funds and/or create new full-time, full-year positions. A memorandum of understanding (MOU) with a project partner committing resources or capital is a typical project partner agreement. The agreement must include the elements outlined in Section IV.2. Content and Form of Application Submission, Business Plan – Organizational Profile. Please also review the evaluation criteria described in Section V. Application Review Information for more details on how applications will be evaluated.

As noted in Section I, CED Social Enterprise grant funds may not be used for projects that focus primarily on job training, job placement, and technical assistance. For the purposes of this announcement, training refers to group-based adult education and skill-building activities (e.g., workshops). It does not
include consultations or technical assistance that is specifically customized or tailored to the needs of a particular business identified in the project.

**Application Submission**

**Question:** When is the application due date?

**Answer:** Monday, August 5, 2019

**Electronic Applications**

The deadline for submission of electronic applications via www.Grants.gov is 11:59 p.m., ET, on the due date. Electronic applications submitted at 12:00 a.m., ET, on the day after the due date will be considered late and will be disqualified from competitive review and from funding under this announcement.

Applicants are required to submit their applications electronically via www.Grants.gov unless they received an exemption through the process described in Section IV.2. Request an Exemption from Required Electronic Application Submission.

ACF does not accommodate transmission of applications by email or facsimile.


Applications submitted to www.Grants.gov at any time during the open application period prior to the due date and time that fail the Grants.gov validation check will not be received at ACF. These applications will not be acknowledged.

**Mailed Paper Format Applications**

The deadline for receipt of mailed, paper applications is 4:30 p.m., ET, on the due date. Mailed paper applications received after the due date and deadline time will be considered late and will be disqualified from competitive review and from funding under this announcement. Paper format application submissions will be disqualified if the applicant organization has not received an exemption through the process described in Section IV.2. Request an Exemption from Required Electronic Application Submission.

**Question:** Where can I find resources for applying for a CED Social Enterprise grant?

**Answer:** A video about the 2019 CED Focus on Social Enterprise funding opportunity announcement is available at: https://www.acf.hhs.gov/ocs/resource/apply-for-a-ced-grant. Questions and answers will also be posted online as they are received on a weekly basis.

**Note:** As of July 5, 2019, the CED Focus on Social Enterprises funding opportunity announcement has been modified. Information in the video reflects the original, not modified, funding opportunity announcement. Please see the funding opportunity announcement for a summary of the changes.

**Question:** What is the two-file requirement?
Answer: Each applicant is required to upload ONLY two electronic files, excluding SFs and OMB-approved forms.

- File One: Must contain the entire Project Description, and the Budget and Budget Justification (including a line-item budget and a budget narrative).
- File Two: Must contain all documents required in the Appendices. No more than two files will be accepted for the review. Applications with additional files will be amended and files will be removed from the review. The Standard forms and OMB-approved forms will be uploaded separately. The two-file requirement is discussed in more detail in Section IV.2, Page Limitations and Content for All Submission Formats

Question: Are there any word or page limits for the Project Narrative portion for the CED Focus on Social Enterprises announcement.

Answer: As outlined Section IV.2. Content and Form of Application Submission of the FOA, applicants must observe the page limitation(s) listed under "PAGE LIMITATIONS AND CONTENT FOR ALL SUBMISSION FORMATS:" Each applicant is required to upload ONLY two electronic files, excluding SFs and OMB-approved forms.

File One: Must contain the entire Project Description, and the Budget and Budget Justification (including a line-item budget and a budget narrative).

File Two: Must contain all documents required in the Appendices.

For this opportunity, the "Project Description" file is limited to 75 pages; the "Appendices" file is limited to 125 pages. All items must be labeled, numbered, and organized clearly in the Table of Contents. Page limitation(s) do not include SFs and OMB-approved forms. Additionally, all applications must be double-spaced. An application that exceeds the cited page limitation for double-spaced pages in the Project Description file or the Appendices file will have the last extra pages removed and the removed pages will not be reviewed.

Question: How do I register to apply for a grant via Grants.gov? How long does the registration process take?

Answer: Organizations applying for grants via Grants.gov must undergo a registration process, which includes the steps listed below. Registration can take up to four weeks to complete. Therefore, registration should be done in sufficient time to ensure it does not impact your ability to meet required application submission deadlines.


Obtain a DUNS Number: All entities applying for funding, including renewal funding, must have a Data Universal Numbering System (DUNS) number from Dun & Bradstreet (D&B). Applicants must enter the DUNS number in the data entry field labeled "Organizations DUNS" on the SF-424 form.
Register with SAM: In addition to having a DUNS number, organizations applying online through Grants.gov must register with the System for Award Management (SAM). All organizations must register with SAM in order to apply online. Failure to register with SAM will prevent your organization from applying through Grants.gov.


Create a Grants.gov Account: The next step in the registration process is to create an account with Grants.gov. Applicants must know their organization’s DUNS number to complete this process. Completing this process automatically triggers an email request for applicant roles to the organization's E-Business Point of Contact (EBiz POC) for review. The EBiz POC is a representative from your organization who is the contact listed for SAM. To apply for grants on behalf of your organization, you will need the AOR role.

For more detailed instructions about creating a profile on Grants.gov, refer to: https://www.grants.gov/web/grants/applicants/registration.html.

Authorize Grants.gov Roles: After creating an account on Grants.gov, the EBiz POC receives an email notifying them of your registration and request for roles. The EBiz POC will then log in to Grants.gov and authorize the appropriate roles, which may include the AOR role, thereby giving you permission to complete and submit applications on behalf of your organization. You will be able to submit your application online any time after you have been approved as an AOR.

For more detailed instructions about creating a profile on Grants.gov. refer to: https://www.grants.gov/web/grants/applicants/registration/authorize-roles.html.

Track Role Status: To track your role request, refer to: https://www.grants.gov/web/grants/applicants/registration/track-role-status.html.

Evaluation Criteria

Business Plan – General

Question: We are considering replicating of a current, or previously funded CED Project model in a different geographic area and would like to know what, if any, limitations we would need to consider if choosing this route.

Answer: While we cannot comment on your specifics of your project, we can provide information on the guidelines of the funding opportunity announcement. The CED Social Enterprise project must follow the goals and objectives as discussed in the funding opportunity announcement, rather than the ones in a traditional CED funding announcement opportunity.

As stated in Section I. Program Description, Program Goals, the objectives of the program under this announcement are to: 1) create or expand, and support social enterprises that invest profits in addressing a local need; 2) reduce a personal or community barrier or solve a social problem for a community and its constituents and stakeholders; and 3) establish an incubator that helps enhance social enterprises and their ability to create jobs within the local community and provides services (social and business support, resources, and advice) to the social enterprises.
The positions created should:

- Lead to increased self-sufficiency for individuals and families with low income;
- Create businesses and jobs in low-income communities that improve the livelihood of those who obtain those jobs and strengthen the economic life of the community itself; and
- Attract additional public and private funds to increase community investment and quality of life in low-income communities.

**Question:** The definition for Social Enterprise provides three classifications for what may be considered a social enterprise. Can we incubate social enterprises that fall into all three categories, or should we be focused on one?

**Answer:** While we cannot comment on the specifics of your project design, as stated in Section IV.2 Content and Form of Application Submission, Project Viability, the project should be created so that it has a "a high likelihood of success in creating and/or expanding social enterprise businesses, which will in turn create jobs for individuals with low incomes." Additionally, a reminder that for the purposes of this announcement, social enterprise is defined as a profit-making business or non-profit organization that uses revenue-generating activities to: 1) develop new products, services, and commercial activities that result in the creation of new, full-time, full-year jobs – at least 75 percent of which will be filled by individuals with low incomes; 2) reinvest funds back into the community or into supporting the individuals with low incomes filling those positions; and 3) through local entrepreneurship, reduce or remove barriers that the individuals with low incomes filling the positions face (e.g., those reentering into the community from the criminal justice system, experiencing domestic violence, suffering from substance dependence, lacking adequate child care, etc.).

**Question:** For this grant do we need to have a physical incubator space staked out and ready for build-out/tenant improvements, or do the classroom facilities for the initial classes qualify? If we do need a physical location, do we need to have possession of the property?

**Answer:** For the purposes of this funding opportunity, an incubator is defined as a program to help social enterprises flourish by providing social and business support, resources, services, and advice, normally in one physical location (through the acquisition of real property) within a community. Incubators that are established without a geographic location in the community are not supported by this announcement. As stated in Section IV.2. Content and Form of Application Submission, evidence of site control must be included in the Appendices. As stated in Section I. Program Description, Definition of Terms, Site Control is "Documented proof of the applicant’s ownership or control of the property where grant activities will be conducted. Proof of site control includes all of the following documentation: documentation of the specific property location (address, city, state); documentation of a signed and dated deed or lease agreement between the applicant and property owner; and documentation in the agreement of the terms of the agreement, use of premises, and description of the site (prior use or new property, square footage, use of space for the project)."
2019 CED-Focus on Social Enterprises Funding Opportunity Announcement Questions and Answers – as of 8/2/2019

Business Plan – Project Implementation

Question: What is the cost-per-job requirement for CED Focus on Social Enterprise projects?

Answer: As stated on page 3 of the Funding Opportunity Announcement, applicants must agree to support the creation of at least a minimum number of jobs based on the following formula: \[ \text{Total Amount of Federal CED Social Enterprise Funds Awarded} \div \$20,000 = \text{Minimum Number of Jobs to be Created} \]. For example, if a grantee is awarded $1,700,000 in federal CED Social Enterprise funds across the five 12-month budget periods, it must use that money to conduct activities that will create at least 85 jobs ($1,700,000 \div \$20,000 = 85$). Note: An applicant's score will not increase by proposing jobs above the required minimum.

Applications are awarded points based on the extent to which they meet the minimum cost-per-job requirement under the Business Plan – Project Implementation criterion, as outlined on page 50 of the Funding Opportunity Announcement.

Question: Do contract work or stipends constitute job creation or must the positions be part/full-time employee status to count both in terms of jobs created/percentage going to low-income persons?

Answer: As stated in Definitions in Section I. Program Description, a full-time, full-year position is a non-seasonal position requiring at least 30 hours of work per week. An aggregation of part-time positions to a full-time equivalent is not considered a full-time position.

Business Plan – Financial Strategies

Question: Since part of the project will involve recruiting the social enterprises to participate, how detailed does the 5-year project need to be (i.e., are grantees expected to describe the exact uses of the $1.7M prior to selecting the social enterprises, or have a general idea of how they plan to use the $1.7M with details on the year one budget)?

Answer: As stated in Section IV.2 Content and Form of Application Submission, Budget and Budget Justification, "The application must include a budget and budget justification that clearly breaks out requested funding into the amount that will be used for the creation or expansion of social enterprises and that amount that will be used to provide incubator services to the social enterprises and other administrative costs. The application budget must contain funding for all required items in the first year, including travel for one staff member to attend a training and technical assistance meeting in Washington, DC, during each year of the grant" Please see the section for additional information. Additionally, as outlined in Section V.1 Criteria, in evaluating the Business Plan - Financial Strategies criterion, reviewers will consider the extent to which the application demonstrates sound and reasonable financial strategies that have a high likelihood of leading to the success of the project as outlined in Section IV.2. Content and Form of Application Submission, The Project Description, Business Plan - Financial Strategies.

Question: What, if any, financial commitment (or documented proof of financial commitment) do we need to have secured and dedicated in order to qualify?

Answer: In reviewing the Business Plan - Financial Strategies criterion, reviewers will consider the extent to which the application demonstrates sound and reasonable financial strategies that have a high likelihood of leading to the success of the project as outlined in Section IV.2. Content and Form of
Application Submission, The Project Description, Business Plan - Financial Strategies. For projects that involve non-CED Social Enterprise funding to carry out the project, reviewers will also consider the extent to which:

- The application provides evidence that all capital requirements have been met through financing, cash resources, or in-kind contributions.
- The application demonstrates evidence (e.g., signed commitment letters) of unconditional commitments for loans; municipal, federal or state tax credits; equity stock investments; or other supporting grants totaling at least the amount of non-CED Social Enterprise funds necessary.
- The application provides evidence (e.g., a financial statement of cash available) of the applicant's ability to contribute any non-CED Social Enterprise cash resources that are needed for the project and that the applicant has pledged in support of the project.

The application provides evidence of in-kind contributions of personal property and a demonstration of how the value of those contributions was established through techniques such as an inventory valuation for equipment and/or a certified appraisal for real property.

Business Plan - Organizational and Staff Profile

**Question:** The Organizational and Staff Profile section on pages 31-32 and 52 includes the same regular CED language on requiring signed partnership agreements by all partners that will be spending the social enterprise funds and/or creating the new full-time, full-year jobs (and demonstrating the project partner’s financial viability for responsibly managing the proposed federal funds). The minimum required language of these agreements on page 32 are items that are only appropriate for the social enterprise/business creating the new jobs would be committing to. Does this mean that OCS expects grantees to have at least 1 social enterprise/project partner lined up for year one?

**Answer:** As stated in Section IV.2, Organizational and Staff Profile, a partnership agreement must be completed "If the applicant proposes to partner with organizations that will directly or indirectly spend CED Social Enterprise funds and/or create new full-time, full-year positions." Additional criteria can be found in Section V.1 Criteria, Business Plan - Organizational and Staff Profile. Please also review Section IV.2, Project Viability. For projects proposing the expansion of existing social enterprise businesses, the business plan must include a detailed strategy for how the applicant will recruit financially feasible and viable social enterprises to participate in the incubator. It must describe the specific criteria the applicant will require the existing social enterprises to meet in order to demonstrate financial viability, to include the elements in the agreement to be established with participating social enterprises. The applicant’s strategy for recruiting social enterprises will identify the specific documentation that participating existing social enterprises will be required to provide (e.g., evidence of earnings, etc.) and will identify the minimum standards that this evidence must meet.

For projects proposing the startup of new social enterprise businesses, the business plan must include a detailed strategy for how the applicant will identify new social enterprises to participate in the incubator that have the capability to become financially feasible and viable. It must describe the specific criteria the applicant will require the social enterprises to meet in order to demonstrate that they can achieve financial viability, to include the elements in the agreement to be established with social enterprises.
For both expansions and startups, the strategy will also present a detailed plan for identifying and mitigating challenges that could compromise expected financial viability during project implementation. See "Financial Feasibility/Viability" in the Definition of Terms available in Section I. Program Description.

**Bonus Points**

**Question:** What bonus points are available to applications of the CED Social Enterprise program?

**Answer:** As described beginning on page 55 of the Funding Opportunity Announcement, applicants of the CED Social Enterprise program can receive up to 6 bonus points, if they meet the following criteria:

1) **3 Bonus Points:** The application demonstrates evidence that the proposed project will create jobs in a designated **Opportunity Zone with persistent poverty** as identified by U.S. Department of Agriculture’s Economic Research Service (USDA ERS) listed in Appendix A: Persistent Poverty Counties. Areas that are not in a USDA ERS-identified persistent poverty county may qualify for bonus points if applicants can provide data demonstrating that the area to be served by the project has had a poverty rate of 20 percent or more for the past 30 years, as measured by the United States Census Bureau’s decennial census.

Applications proposing a project located in and aligned with the Opportunity Zones Initiative must provide a signed letter of support in order to receive bonus points. The letter of support must document the extent of involvement/collaboration and clearly outline roles and responsibilities and any support and/or resources to be provided as a result of this partnership. Applicants must also identify the Opportunity Zone that will benefit the CED project.

2) **3 Bonus Points:** The application demonstrates evidence that the proposed project is in **rural areas with a high rates of poverty, unemployment, and substance abuse**, and will create jobs in a rural community.

**Question:** Page 29 refers to a Sample Chart of Jobs Created in Appendix A - but there is no such chart in the announcement (Appendix A are the Persistent Poverty Counties). Are applicants required to apply for the full $1.7 million over 5 years and create at least 85 full-time full-year jobs?

**Answer:** As of July 5, 2019, the CED Focus on Social Enterprises funding opportunity has been modified. In Section IV.2. Content and Form of Application Submission, the reference to examples of number of jobs based on specific award amounts in Appendix A: Sample Chart of Jobs Created has been removed.

The CED Focus on Social Enterprises FOA does not include an appendix with chart outlining job creation targets for various award amounts. As stated on page 3 of the FOA, applicants must support the creation of at least a minimum number of jobs based on the following formula:

\[
\text{[Total Amount of Federal CED Social Enterprise Funds Awarded]} \div [\$20,000] = \text{[Minimum Number of Jobs to be Created]}.
\]

Since CED Focus on Social Enterprises projects receive awards of $1,700,000 in federal CED Social Enterprise funds (funded incrementally over five 12 month budget periods), they must use that money to conduct activities that will create at least 85 jobs \((\$1,700,000 \div \$20,000 = 85)\).
Question: The application states that a project located in and aligned with an Opportunity Zones Initiative must provide a signed letter of support in order to receive bonus points. Who should the letter of support come from/ are there any requirements regarding who we request a letter of support from?

Answer: As stated in Section V.1 Criteria, Bonus Points - Underserved Areas: Project Located in County with Persistent Poverty or Opportunity Zone, "the letter of support must document the extent of involvement/collaboration and clearly outline roles and responsibilities and any support and/or resources to be provided as a result of this partnership. Applicants must also identify the Opportunity Zone that will benefit the CED project."

Question: Are additional points distributed for a project located in both a designated opportunity zone and an area with persistent poverty?

Answer: A maximum of 3 bonus points may be awarded for either a project located in a county with persistent poverty or an opportunity zone. The applicant will not receive additional points for having both.