



Critical Needs Grant Funding Guidelines

As a Foundation, we recognize that COVID-19 is taking a significant toll on our community's residents and nonprofits. We anticipate that by far the largest amount of assistance will be provided by public sources through a wide variety of vehicles. Waco Foundation is working with the nonprofit community to understand need and trying to fast track nonprofits' ability to access federal resources. We are also evaluating the need for charitable assistance but encourage nonprofits to seek access to the large set of federal aid available.

Nonprofits that have not already done so are encouraged to look at current and upcoming stimulus packages being offered through the SBA, Workforce Development, and other federal and state authorities, for support.

Support Options for Eligible, Charitable 501(c)(3) Nonprofits

The Foundation will suspend its plans for a traditional grant cycle (and traditional requests) for FYE2021 until it is clear that emergency resources are no longer needed. Instead, the Foundation will offer a Critical Needs Grant Program.

Intent

The Critical Needs Grant Program is designed to provide short-term, situation specific funding for nonprofits experiencing operating challenges due to unforeseen emergencies or urgent needs. With a relatively small amount of funding, these loans or grants help an organization manage an unbudgeted, unforeseen, and time-sensitive opportunity or emergency that will enhance or preserve the ability of the organization to meet its mission.

Eligibility

- 501(c)(3) organization physically located in and serving the Waco-McLennan County area are eligible for consideration.
- Under certain circumstances, the Foundation may consider loans or grants to public sector agencies. It should be noted, however, that these funds only support unbudgeted, unforeseen events that will, or has, significantly interrupted essential services. Expenses that fall under the purview of standard agency/government responsibility are not eligible for consideration.

- Critical Needs Grant requests will only be considered by the Foundation if it is determined the request is time-sensitive in nature (funding is needed in 45 days or less) and could not have been predicted or reasonably planned for.

Grant awards will all into two categories:

- Small – grants of up to \$5,000
- Medium sized – grants of up to \$25,000

Priority consideration will be given to organizations filling key community support roles including youth serving organizations, cultural/arts organizations, and other organizations that may traditionally be undersupported during times of crisis. All agencies will need to demonstrate need.

Fund Uses/Priorities

The Critical Needs Grant Program enables Waco Foundation to support urgent, unanticipated needs that directly impact a nonprofit's operations or a major aspect of its work. Funds may be used to help address one or more of the following circumstances:

- A temporary increase in the need for services resulting from an emergency.
- The need for general operating expenses resulting from a significant and unexpected loss of regular or committed funding (budget shortfall/deficit).
- The need for interim funding/bridging capital (while an organization awaits government funding/repayment)
- The consolidation, downsizing or termination of programs in a responsible manner; and/or the stabilization of a program or aspects of the operation that if left unaddressed, would have a severe negative effect on the population served by the organization.
- The acquisition of essential equipment, technology, or resources, for which there is no other source of funding, and without which the work of the organization would be severely compromised. (e.g. equipment necessary due to new regulations/requirements, technology & supplies needed for remote work)
- Emergencies (e.g. fire, gas explosion, flood or disease outbreak, natural disaster or other unpredictable occurrences) that directly impact an agency and whose relief or recovery response requires capital expenditures.
- An accidental or unexpected occurrence that causes an organization's facilities to be inaccessible or programs inoperable until resolved. This may include emergency repairs to a building's structure or its mechanical systems (heating/cooling, water service, etc.) which are not covered by insurance.
- Replacing an item or piece of equipment lost due to theft, operational failure or damage, that is required to operate core programs/could threaten an organization's ability to provide programming or services.

- Deficit funding or debt retirement (under special circumstances)
- Other needs not herein defined that could not have been anticipated, and for which there is no other source of funding.

What These Dollars Will Not Fund

We will not fund proposals for projects that should have been anticipated and budgeted for and that are not time-sensitive. Generally, critical need funding will not be awarded for:

- Structural or technology failures due to deferred building maintenance or technology upgrades.
- Expenses incurred long before the grant application was submitted.
- Problems resulting from an organization's failure to adequately plan. This includes but is not limited to:
 - waiting until a lease expires before trying to locate alternate space,
 - relying on a small number of donors for support without a developed plan to sustain programming,
 - failing to pay taxes,
 - running operating deficits over multiple years,
 - not anticipating construction contingency costs,
 - failing to plan for maintenance costs and or replacement costs of existing equipment.
- Failure to meet regular obligations (general operating expenses, ongoing program costs, or payroll expenses) due to situations other than an emergency.
- Replacing a gradual loss of funding/declining donation income.
- Endowment funds, capital campaigns, or annual giving campaigns.
- Festivals or one-time events such as fundraisers.
- Support for travel, field trip, competition, or award ceremony expenses for schools or organizations.
- Scholarships or individuals.
- Sectarian, religious or partisan political purposes.
- Church buildings and grounds (exceptions may be given for daycare ministries).

How We Evaluate Critical Needs Applications

The Foundation will consider the following criteria:

- Compatibility with the Foundation's general funding priorities and guidelines.
- Whether the project or program enhances or preserves the ability of the organization to meet its mission.
- Well-documented community need for organization and/or project; community support for the project and the organization.

- Extent to which the project or program addresses the needs of our region, including underserved populations.
- Time sensitivity of the project or program – funding would meet an immediate revenue need.
- Financial sustainability of the project or program and financial stability of the organization. Including but not limited to:
 - Funding Reserves: Local foundations have provided advice that all organizations need between 3 and 6 months of operating reserve in anticipation of emergency shortfalls. An organization without a reserve will need to include an explanation as to why in their grant application.
 - Endowment Status: Organizations with endowments will need to explain the organization’s policy regarding the approved (& potential) uses and limitations of their endowment income to address needs.
- Project is not part of the annual work plan or budget.
- Availability of funds from other foundations or public funding sources.

Application Details/Process

The grant process is as follows:

Step 1: All prospective applicants must schedule a discussion with the Foundation to assess eligibility for funding. If the project is deemed to meet eligibility requirements, the nonprofit will be invited to submit an application.

Step 2: Access the Foundation’s grant portal and submit a Critical Needs Grant application. Note that after your application packet is submitted, staff may request a phone or video meeting with your organization's board chair and executive director.

Step 3: The grant application will be reviewed and assessed for funding approval.

Step 4: The organization will be notified of the Foundation’s decision. If a grant is approved, an award letter/grant agreement will be drafted and made access to the organization for signing.

Step 5: Grantees are expected to submit a close out report describing the use of the funds, etc. (via the online grant portal) 90 days following the completion of funds.