



## Repayable Grants Program

This program was established in an effort to provide an additional level of financial support to nonprofits providing critical supports and quality of life amenities to area residents. Waco Foundation's Repayable Grants Program makes short term cash flow grants **of up to \$25,000** to support the unanticipated/emergency funding needs of area 501(c) (3) nonprofits located in and physically serving the Greater Waco (McLennan County) area.

Repayable Grant applications will be assessed based on financial feasibility (future ability to repay the loan) and the degree to which an organization can and does contribute to long-term recovery in our community (you can read more about decision-making considerations below).

Waco Foundation may modify this loan program as other financing sources become available to the local nonprofit sector. It should also be noted that the faster these funds are repaid in the more organizations the Foundation will able to support through this program.

### Eligibility

- 501(c)(3) organizations physically located in and serving the Waco-McLennan County area are eligible for consideration.
- Agencies that are eligible for Safety Net & Support Services Grant Funds may also be considered for a repayable (bridging capital/cash flow) grant, under the appropriate circumstances.

Priority consideration will be given to safety net and support agencies working to address community need during this critical time.

*This is an invitation only grant program.*

### Fund Uses/Priorities

The Repayable Grants 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 Repayable Grant 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.
- Availability of funds from other foundations or public funding sources.
- The existence of one or more of the following: legally binding grant contracts, reliable/recurring government grants, reliable donor base, a history of predictable revenue streams.
- The ability to repay as evidenced by the organization's financial health, including the existence of an operating reserve, endowment or successful line of credit history at a bank.

## Program Details

Repayable Grants are interest-free. These loans can be used to meet cash flow needs of the applying organization. The repayment period can be up to 24 months, depending on the size of the loan. Loan repayments will be made in equal monthly installments.

## Application Procedure

**Step 1:** Contact Foundation staff ([nwynter@wacofoundation.org](mailto:nwynter@wacofoundation.org)) by email to make an initial inquiry and to discuss whether a cash flow loan application makes sense for your organization's particular situation.

**Step 2:** Access the Foundation's grant portal and submit an 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. Loan decisions are made by the Board of Trustees in consultation with the staff.

**Step 3:** Staff will notify your executive director of the loan decision, and, if the loan is approved, the amount and repayment date of the loan.

**Step 4:** An officer of your board and the executive director will sign a promissory note (electronically). Upon receipt of these counter-signed documents, the funds will be released to the organization.

**Step 5:** Funding recipients are required to check in quarterly with staff to share updates about the organization's financial and operational position.

## Anticipated Questions

- **Is Waco Foundation offering grants to local nonprofits in addition to loans?**  
Yes. Organizations interested in applying for a grant should review the Critical Needs Grant Application Guidelines.
- **What is the anticipated application and approval timeline?**  
We anticipate a 14 day (business day) review and approval period. Some applications may take longer to review. In these cases, staff will keep in close contact with your organization about the progress of your application.
- **Will Waco Foundation collect interest on this repayable grant?**  
No. Waco Foundation is making interest-free awards through this program.

- **Are there penalties for not making a payment during the agreed upon repayment period?**

There are no financial penalties for late payments. However, a loan recipient that misses a scheduled repayment may be ineligible for any new competitive grants from Waco Foundation in the future.

- **Can my organization apply for and receive competitive grants from Waco Foundation during the period of an active loan?**

Yes, if the organization has begun to repay the repayable grant.

- **What are the reporting requirements of this loan?**

Your organization will be required to check-in quarterly with Waco Foundation staff with an update on the organization's financial and operating position.

- A brief written report (one page) will be required at the end of the loan period sharing how the loan impacted the mission, finances, and operations of the organization.

- At the end of this process, the Foundation may also administer a survey to learn how we can improve on our repayable grants program—it will be optional to participate in this survey.

- **What if my organization requires a longer payback period beyond what is being offered?**

Waco Foundation will consider longer payback periods on a case-by-case basis.