

Neighborhood Assistance Program

FY 2009 Guidelines and Application



**DEPARTMENT OF ECONOMIC DEVELOPMENT
Business and Community Service**

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NOTICE

The Tax Credit Accountability Act of 2004 (Senate Bill 1099, Sections 135.800 through 135.830, RSMo) makes several changes to the tax credit programs, specifically:

- Processing tax credit applications;
- Annual reporting requirements; and,
- Penalty provisions.

Changes in Processing of Tax Credits (Section 135.815, RSMo)

Prior to the Missouri Department of Economic Development (DED) authorization of a tax credit, the DED will contact the Departments of Revenue and Insurance and verify that the applicant does not owe any delinquent income, sales, use, or insurance taxes, or interest or penalties on such taxes. If a delinquency exists, the amount of tax credits issued will be reduced by the amount of the delinquency. After satisfying all delinquencies, the remaining tax credits shall be issued.

Reporting Requirements (Section 135.805, RSMo)

Certain tax credit recipients are required to annually report information pertaining to the project that received the tax credits to the DED. The statute requires that a full year pass after the issuance of the tax credits before the SB1099 reporting requirements must be met. The earliest date that reporting may be required is **June 30, 2010**.

The Community Development Category of tax credits, which includes the Neighborhood Assistance Tax Credit program, requires recipients to annually report for three (3) years following the date of issuance of the tax credits to the DED the following information:

- The title and location of the corresponding project;
- Estimated or actual time period for completion of the project; and,
- All geographic areas impacted by the project.

Penalty Provisions (Section 135.810, RSMo)

Failure to meet the annual reporting requirements or fraud in the application process if determined by a court, such person or entity shall be subject to penalties.

If the annual report is ninety (90) days past due, the DED shall send notice by registered mail to the last known address of the person or entity who is required to complete the annual report. The notice shall inform the person or entity of the past-due report and the pending penalties and their respective deadlines.

If the annual report is six (6) months past due, the DED shall notify the Department of Revenue that the taxpayer is subject to penalties because of failure to report.

Such penalties include the following:

- Failure to report for six (6) months but less than one year shall equal a penalty of two percent (2%) of the value of the tax credits issued for each month of the delinquency.
 - EXAMPLE: Recipient receives \$10,000 in tax credits. Annual report was due June 30, 2007, however, the recipient does not submit the report until March 30, 2008. The recipient is nine (9) months delinquent and the penalty would equal 2% multiplied by \$10,000 for nine (9) months or \$1800.
- Failure to report for more than one (1) year shall equal a penalty of ten percent (10%) of the value of the tax credits issued for each month of the delinquency, not to exceed one hundred percent (100%) of the tax credit value.
 - EXAMPLE: Recipient receives \$10,000 in tax credits. Annual report is due June 30, 2007, however, the recipient does not submit the report until March 30, 2009. The recipient is twenty-one (21) months delinquent and the penalty would equal 10% multiplied by \$10,000 for twenty-one (21) months or \$21,000, however, the statute limits the penalty to the amount of the tax credits, therefore, the penalty would be \$10,000.

The taxpayer shall be liable for any penalties as of December 31 of any tax year and the liability shall be due as of the filing date of the taxpayer's next income tax return.

If the taxpayer is not required to file an income tax return, the taxpayer's liability for penalties shall be due as of April 15th of each year.

The Director of the Department of Revenue shall offset any tax credits claimed on a filed tax return against an outstanding penalty before applying such tax credits to the tax year against which they were originally claimed.

Any nonpayment of liability for penalties shall be subject to the same provisions of law as a liability for unpaid income taxes, including but not limited to, interest and penalty provisions.

Penalties shall remain the obligation of the person or entity obligated to complete the annual report without regard to any transfer of the tax credits.

Closed Records (Sections 610.255 and 620.014, RSMo)
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Prior to August 28, 2004 and pursuant to Section 620.014, DED had the authority to close certain records except for the name of the tax credit recipient and the amount of the tax credit. SB 1099 removes this broad exception but DED retains the authority to close records or documents that "relate to financial investments in a business, or sales projections or other business plan information which may endanger the competitiveness of a business" or as also allowed by law.

NEIGHBORHOOD ASSISTANCE PROGRAM

Introduction

This application booklet is designed to provide you with the information needed to understand the Neighborhood Assistance Program (NAP), to determine if your organization is eligible to apply and to assist you in filling out the application. NAP is looking for well thought out and organized proposals: proposals that present a clear picture of a defined project, that specify what the expected accomplishments will be (outcomes), that state the number of Missourians targeted in the achievement of outcomes (performance targets), that have a reliable and accurate method for verifying accomplishments, and a sound plan for future sustainability.

The questions in the application are designed to encourage you to thoroughly think through the project you are proposing and to communicate your ideas and plans in a logical manner. The terms “performance targets” and “milestones” are used to encourage you to answer the questions with focus on real accomplishments and real outcomes. You will need to provide complete and concise answers to the questions and give a comprehensive representation of your proposed project.

There is no application fee to submit a proposal for the Neighborhood Assistance Program. Your FY2009 NAP application will be accepted at any time after it has been posted to the DED website, in March 2008. We will continue to take applications until the tax credits run out or March 1, 2009, whichever is first. Applications will be reviewed on a first received first reviewed basis. Please read all materials carefully to ensure that your application is complete and accurate.

General Overview

Administered by the Missouri Department of Economic Development, the Neighborhood Assistance Program was created to assist endangered communities and their residents in the improvement of their quality of life. A qualifying nonprofit organization or business can be granted assistance to administer a community or neighborhood project if the community or neighborhood itself does not have the ability or resources to deal with the factors challenging its existence as viable and stable.

This program enables donors to redirect their Missouri tax dollars to local projects while reducing the administrative and overhead costs of state administration of the same program.

This form of assistance requires no transfer of tax dollars. The nonprofit organization assumes full responsibility for securing the desired financial support through its own fundraising efforts. The State’s role is to approve projects and process tax credits for eligible businesses that contribute to a NAP project. The tax credit equals 50% of the value of most contributions, but may total 70% for some projects in rural communities. Donors may claim the tax credits when they file their Missouri tax return. As an incentive, the tax credit not only maximizes the amount a donor might give, but also provides an opportunity for businesses, state government, and the nonprofit sector to build and sustain communities by establishing solid public-private partnerships.

Eligible Applicants

To participate in the Neighborhood Assistance Program, applicants must be one of the following:

★ Nonprofit Corporation under the provisions of Chapter 355, RSMo

Note: If an organization is incorporated on a statewide, regional or national level, or established through Congressional Charter, its local affiliates, chapters, divisions, or branches are each permitted to submit an application provided:

- a) *A locally controlled Board of Directors is empowered and assumes all administrative and financial responsibility for the local not-for-profit chapter, division or branch. Only organizations with locally based and controlled boards of directors will be allowed to apply. Local boards that serve in only an advisory capacity to the parent organization are not qualified to apply. DED retains the right to make a final determination of what constitutes a locally controlled board of directors with appropriate powers and responsibilities.*

And

- b) *All NAP donations will be deposited locally and the use of NAP donations is controlled solely by the locally controlled board of directors for the organization.*

And

- c) *The parent organization has no authority over the use of NAP donations except to the extent that the parent organization defines the general organizational purpose(s) of the locally controlled organization.*

★ Organization holding a 501(c)(3) ruling from the Internal Revenue Service of the United States Department of Treasury

★ Missouri business assuming full administrative and financial responsibility for the project. Proposals may not be submitted jointly by more than one company.

Ineligible Applicants

- Churches, denominational headquarters and organizations under the direct supervision or control of a church (i.e. authority to appoint 51% of the Board).

Faith-based organizations may qualify for NAP provided all of the following conditions are met:

- 1) The project addresses a specific identified need in the community that qualifies under one of the eligible NAP project categories.
- 2) One church or one person does not have the authority to appoint more than half the Board of Directors.
- 3) Services are rendered to clients without discrimination.
- 4) Clients are not required to participate in worship services or activities.
- 5) The applicant meets all other NAP eligibility requirements.
- 6) The organization is incorporated separately under the provisions of Chapter 355 RSMo or holds a 501(c)(3) ruling from the IRS.

- ☒ Units of government (political subdivisions, taxing districts), affiliated organizations under their direct supervision or control (i.e. authority to appoint 51% of the Board) and organizations created to benefit public institutions.
- ☒ Partisan organizations.
- ☒ Public or tuition-based private elementary, secondary or post-secondary educational institutions or organizations established to provide direct or indirect support for such institutions and their programs.
- ☒ Hospitals or organizations providing major medical treatment or care or an organization established to provide direct or indirect support for those institutions.
- ☒ 2 organizations with more than 50% of their board members in common may not apply for projects during the same or overlapping project periods.
- ☒ Previously approved organizations that will have overlapping fundraising periods. Applicants are permitted to administer only one NAP project at a time.

Eligible Project Categories and Definitions

Community Services

Any project that enhances the community to make it more desirable to live and work for citizens and workers, as well as pave the way for economic development.

Crime Prevention

Any project that promotes, teaches, or contributes to the security and safety of Missourians.

Education

Any project that provides scholastic instruction for Missourians preparing themselves for better opportunities (school districts, tuition-based schools, colleges and universities are not eligible to apply).

Job Training

Any project that provides skill development and other services enabling Missourians to become employable or seek a higher grade of employment.

Physical Revitalization

Any project that aids in the physical improvement or rehabilitation of any part or all of a Missouri community.

NAP Priority Area

While there are many types of projects that generally qualify for the Neighborhood Assistance Program, the Department of Economic Development actively seeks proposals that are constructing or renovating facilities. Additional consideration will be given to those projects helping individuals obtain their high school diploma, GED, and/or earn certificates for completing vocational, educational courses, and/or job training.

Ineligible Project Activities

- ⊗ Fixed and/or permanent improvements owned or maintained by any private or government entity (streets, sewers, curbs, guttering, lights, flowers, planters, benches, trees, banners, trash receptacles, kiosks and excavation required for landscaping)
- ⊗ Research projects or facilities and public awareness campaigns
- ⊗ Feasibility studies
- ⊗ Public (government) programs, projects, offices or facilities and/or projects that provide direct benefit to taxing districts and/or their agents
- ⊗ Monuments and memorials
- ⊗ Scientific research and development of medical technology
- ⊗ Long-term residential care (i.e.: costs associated with room and board), nursing home and group home facilities
- ⊗ Direct grants to private business
- ⊗ Endowment funds
- ⊗ Fundraising promotions, events or the salaries of outsourced professional fundraising staff
- ⊗ Debt retirement
- ⊗ Scholarships

Defining Your Project

NAP projects are classified as either service delivery projects or capital campaign projects. Organizations applying to NAP must choose between these two classifications. All applications must include budgets for expenses allowed under the chosen classification. **Note: service delivery expenses can not be combined with capital campaign expenses.** The following information will help guide you in defining what type of project you will administer through the NAP.

Service Delivery

Service delivery expenses are defined as expenses that support the normal operation of the applicant agency or address the general conditions of a specific neighborhood or community. For projects providing service delivery, costs associated with real estate acquisition, construction and renovation are not allowable. General occupancy costs and minor repairs, however, are allowable (i.e. rent, utilities, insurance, painting, carpeting, weatherization, etc.). **A service delivery project budget may not exceed \$500,000.**

Capital Campaign

Capital campaign expenses are defined as those expenses that include the acquisition, renovation and improvement of property, as well as new construction and equipment of facilities that will house the services outlined in the proposal. **Only one salary may be included in the budget to oversee the capital campaign. The salary must be prorated to reflect the NAP portion of the project.** Housing and physical and commercial revitalization of a given area are also included in this category. Priority will be given to projects whose predominant use of facility space is for program activities and direct service delivery. If the project involves the acquisition of property, building renovation, expansion or new construction, evidence of site control is required with the exception of housing projects (see Attachment D of the application). **The maximum budget for a capital campaign is \$500,000.**

Property Use and Disposition

The following property use and disposition requirements only pertain to NAP capital campaign projects.

- 1. The entire cost of constructing a facility may be underwritten by NAP if:**

The facility will be wholly used by the NFPO to carry out its own programs and nonprofit activities, as agreed upon with the DED. (Exceptions may be granted for housing and downtown revitalization projects).
- 2. The entire cost of acquiring and/or renovating an existing building may be underwritten by NAP if:**
 - a. The facility will be wholly used by the NFPO to carry out its own programs and nonprofit activities, as agreed upon with the DED; or
 - b. At least half of the facility is used by the NFPO, and the remaining space is rented at fair market value to other nonprofit organizations whose activities would qualify under program guidelines.
- 3. Paragraphs 1 and 2 apply only if one of the following conditions is met:**
 - a. The facility is used exclusively by the NFPO for purposes approved by DED for a minimum of 5 years; or
 - b. If the facility is sold within 5 years, the sale price must be at least 90% of fair market value, proceeds of the sale are to be paid by lump sum payment, with the proceeds applied either toward a replacement facility for the NFPO, or some other activity approved by the DED.
- 4. If any of the following conditions exist, the NAP portion of costs associated with acquisition, construction and/or renovation will be pro-rated according to the percentage of the building that complies with guidelines stated above:**
 - a. A portion of the facility is rented to for-profit business tenants.
 - b. Any portion of the facility is rented on a permanent basis for less than fair market value.
 - c. Less than half of the facility is directly used by the NFPO in carrying out its non-profit purposes.
 - d. Less than half of the facility will be used for direct care and/or direct program delivery.

Environmental Assessment

Environmental assessments are required for non-residential properties acquired or improved by the nonprofit organization. **Note: approved projects will be required to submit a copy of the environmental assessment to NAP within 10 working days from the closing date on any properties.** Buildings previously occupied and owned by the applicant are exempt from this requirement if the purpose of the NAP support is only to renovate the building.

At a minimum, a Phase I Environmental Site Assessment is required on all real estate contributed for NAP tax credit or purchased using NAP contributions. A Phase I Environmental Site Assessment is a property history and a noninvasive physical assessment of the real property conducted in accordance with American Society for Testing and Materials (ASTM) Standard E.1527. (More information about the standard may be obtained by accessing: www.astm.org.)

- All hazardous substances must be removed or abated in accordance with local, state and federal regulations prior to acquiring or accepting contributed property. NAP tax credits cannot be used for contributions made to cover the costs of the removal or abatement of hazardous materials.
- The professionals completing the assessment must be qualified in the detection of hazardous substances in the following categories as applicable to the property:
 - Lead-Based Paint
 - Asbestos-Containing Materials
 - Petroleum Products
 - Other Hazardous Substances

The assessment report must include the credentials of the professional conducting the assessment and be submitted to the NAP applicant and NAP Staff for review before any real estate is acquired. To find professionals that may be qualified to do a Phase I Environmental Site Assessment, look in your local or regional telephone directory under environmental consultants or services.

Tax Credit Payback

Property

If, during the **five years** after the project period ends, your organization disposes of land, buildings, vehicles or equipment that was purchased or donated with assistance from the NAP, a percentage of tax credits approved for the project must be repaid to the State (see schedule below). You may avoid a tax credit payback by selling the land, buildings, vehicles or equipment for a lump sum payment of at least 90% of the current fair market value. The proceeds of the sale must be applied toward replacement land, buildings, vehicles or equipment for your organization or other project activities approved by the Department.

If NAP tax credits have been approved for leasehold improvements and the lease is terminated (for whatever reason) and the property reverts to the owner within five years, a percentage of the tax credits approved for the building project (including any furnishings or equipment that remain with the building) is also subject to the same repayment formula and must be repaid to the State.

Repayment may be in the form of cash paid directly to the State by the applicant or the voluntary relinquishment of tax credits by donors. The amount of tax credit settlement will be:

During Year	Percent of NAP Tax Credit to be Repaid to the State
1	100%
2	80%
3	60%
4	40%
5	20%

Contractual Obligation and Noncompliance

If approved for NAP tax credits, your organization will be required to submit to NAP the following items to maintain good standing and be eligible to apply for future projects:

- Quarterly reports, due within 15 days of each quarter end, detailing where the project is compared to where it was expected to be.
- Requested changes in budget, performance targets, activities, etc.
- Final report within 6 months of the end of the project period.
- Final audit within 6 months of the end of the project period if awarded \$25,000 in tax credits or more.
- Tax Credit Accountability Annual Report (detailed on pages 3-4).

If your organization fails to complete the approved project as stipulated in the NAP contract, or is found to be noncompliant with NAP policies and regulations, your organization may be required to pay back to the State a monetary sum equal to the number of tax credits that have been issued for the project.

Donations to the NAP Project

The NAP tax credit is a fundraising tool that helps nonprofit organizations attract donations to obtain the funds necessary to carry a project through to its completion. Following is a list of the types of donors and donations that are eligible under the NAP as well as any restrictions placed on donations.

Eligible Contributors

Individuals are not eligible for the tax credit unless they have business income.

Business Eligibility	Tax Liability Type	Schedule Filed
Corporations	Corporate, Franchise Tax	MO Form 1120
Farm Operation	Individual Income Tax	Federal Form 1040, Schedule F, MO Form 1040
Financial Institution*	Financial Institution Tax	MO Financial Tax Return
Individual partner in a Partnership or individual shareholder in an S-Corp	Individual Income Tax	
Individual reporting income from rental property or royalties	Individual Income Tax	Federal Form 1040, Schedule E, MO Form 1040
Insurance Company	Gross Premium Receipts Tax	Missouri Insurance Tax Return with the MO Dept. of Insurance
Limited Liability Corporation or Partnership	Individual Members Income Tax, Franchise Tax, Fiduciary Tax	MO Form 1120, 1120S or 1065
Nonprofits with unrelated business income, provided the organization has MO tax liability.	Income Tax	
Partnership	Individual Partners' Income Tax	MO Form 1065
Sole Proprietorship	Individual Income Tax	Federal Form 1040, Schedule C and MO Form 1040
Small Business Corporation (S-Corp)	Individual Shareholders' Income Tax, Franchise Tax	MO Form 1120S

*Includes Banks, Credit Institutions, Savings and Loan Associations, Credit Unions, Farmer's Cooperative Credit Associations, or Building and Loan Associations

The amount of the tax credit claimed shall not exceed the amount of the taxpayer's liability in the tax year that the tax credit is claimed. Any portion of the tax credit not claimed by the taxpayer in the tax year the contribution was made may be carried over the next five succeeding tax periods. The total tax credits approved for a contributor shall not exceed \$250,000 per tax year.

Qualifying Donations

- Cash – valued at face amount of check
- Materials, supplies, equipment – valued at the lesser of either the fair market value or donor's cost
- Professional services – valued at standard billing rate.
- Labor – valued at employee's hourly wage plus fringes.
- Real Estate – valued at the lesser of two independent appraisals.
- Publicly-Traded Stocks and Bonds – Publicly-traded stocks are valued at stock market price on the date of transfer but must be sold by the nonprofit organization within one year from the date of contribution before tax credit will be approved for the donor. Bonds are valued at face value and must be matured at the time of donation. Bonds must be sold by the nonprofit organization within one year from the date of contribution before tax credits will be issued to the donor.

Features and Restrictions of the NAP Tax Credit

- ❖ The NAP tax credit may be claimed against a variety of state tax liabilities and must be claimed in the following order;
 - 1) Gross Premium Receipts Tax
 - 2) Financial Institution Tax
 - 3) Corporate Franchise Tax
 - 4) Corporate and Individual Income Tax
 - 5) Gross Receipts Tax
- ❖ Not refundable or transferable.
- ❖ Five-year carry-forward provision. Donor has six tax periods in which to claim the tax credit. Any balance remaining after the sixth year is forfeited.
- ❖ Projects located in a city, town or village with populations under 15,000 or in unincorporated areas (with the exception of Clay, Jackson, St. Charles and St. Louis counties) are eligible to apply for tax credits at a 70% level. These tax credits are subject to an annual limit. If a project rates high enough to be approved, but all 70% tax credits have been exhausted, the project will be offered 50% tax credits.

RESTRICTIONS ON NAP DONATIONS

1. All NAP donations must be used exclusively for the NAP project. NAP funds may not be used for other expenses for the organization.
2. Membership fees paid to nonprofit organizations by businesses are not considered eligible NAP donations.
3. Donations only qualify for NAP tax credit if they are donated directly to the approved NONPROFIT ORGANIZATION during the fundraising period set by DED (e.g. donations to the City do not qualify).
4. For job training projects, if a contributing business directly benefits from work performed by trainees, NAP tax credit is only allowed on the amount by which the donation exceeds the benefit derived (i.e. donation must exceed the amount of wages that would otherwise have been paid to the trainees).
5. A maximum of \$250,000 in NAP tax credits may be approved annually for a single donor. This represents the combined amount of tax credits approved for donations made by that donor to all NAP projects in the state of Missouri.

Non-Cash Donation Restrictions

6. Non-cash donations, with the exception of donations of grain, publicly-traded stocks and bonds, qualify only if the donated goods or services are specifically noted as line items in the approved NAP budget. Services are valued at the standard billing rate for nonprofit clients. Items are valued at the lesser of either the current fair market value or cost to the donor, and may include reasonable overhead costs incurred by the donor in making the contribution, such as transportation or shipping. In no case shall the value of the NAP donation include sales tax and/or profit margin. No donation will be certified for NAP tax credits unless the project budget submitted with the NONPROFIT ORGANIZATION'S application (or as agreed to and amended by NAP) has specifically provided for the type of donation proposed.
7. Used clothing does not qualify for tax credit. Only new items donated by clothing manufacturers, distributors, or retailers are eligible. The value of such items should be the lesser of cost or the fair market value at the time of contribution.
8. Only food bank organizations (i.e. organizations whose purpose it is to redistribute food to other organizations and pantries) are permitted to offer NAP tax credit on donated food items. Value of donated items is based on a valuation formula approved by DED.
9. Individuals doing business qualify to receive tax credit for the donation of goods, services, or materials ONLY if they pay tax on the income they receive from the sale of those same goods, services, or materials (file schedule C, E or F for income derived).
10. When a portion of the value of a non-cash item is donated, NAP tax credit will be based upon the difference between the cost to the NONPROFIT ORGANIZATION and the value of the donation if wholly donated.
11. Donations of real or personal property for the purpose of resale do NOT qualify for NAP tax credits.
12. Tax credit for the donation of professional services is only allowed for services directly pertaining to the project.
13. Service and maintenance contracts, donated office space, and donated professional services for periods beyond the approved NAP fundraising period do not qualify for tax credit. Tax credit for donated contracts will only be approved after the contract is fulfilled.
14. In-kind donations of accounting and audit services are restricted to the review of the NAP fund and NAP record keeping. No other donations of in-kind accounting or audit services will be allowed.

Real Estate Donation Restrictions

15. For the donation of buildings and other real estate:
- Title must be held free and clear by the donor.
 - Tax credit is based on the lesser of two independent appraisals conducted by state-certified or state-licensed appraisers. Appraisals must be performed no more than 18 months prior to date of donation. Only one appraisal is required when the property is either;
 - Commercial property with appraised value of less than \$50,000 or
 - Undeveloped or residential property with appraised value of less than \$25,000.
 - A Phase I Environmental Site Assessment is required on all real estate contributed for NAP tax credit or purchased using NAP contributions, with the exception of existing residential structures. Cost of the inspection and study (including lab-testing fees) may be donated for NAP tax credit. (See “Property Use and Disposition, Environmental Assessment” for more details.)
 - Cost of appraisals may also be donated for NAP tax credit. Contact the Missouri Real Estate Appraisers Commission in Jefferson City at 573-751-0038 to verify that an appraiser has met the qualifications to be state-certified or licensed.
16. Donations of partial ownership interest in real estate do not qualify for NAP tax credit (i.e. full title must be given to the NONPROFIT ORGANIZATION in order for the donation to qualify for tax credit), nor will NAP contributions (i.e. cash) be used to acquire partial interest in real estate.
17. If only a portion of donated land is to be used for activities covered under this Agreement, the NAP tax credit will be pro-rated to reflect only the land actually used for the NAP project.
18. The razing or demolition of a structure is not an allowable project activity. In addition, any donations of professional services associated with the razing or demolition of a structure do not qualify for tax credit.

Fund Raising Restrictions

19. Donations applied toward fundraising activities do not qualify for NAP tax credit, including:
- 1) Donated goods or services to be given away or auctioned
 - 2) Donated goods or services needed to carry out a fundraising event
 - 3) Outsourced professional fundraisers
 - 4) Donated cash applied toward any of these expenses
20. When a donation results from the purchase of a ticket from a nonprofit organization (i.e. for an event), the donation is determined by subtracting the value of whatever is given to the donor in exchange for the ticket purchase from the cost paid by the donor (according to Internal Revenue Service guidelines). The monies donated must be applied to the approved project.

21. Costs associated with the production of printed or audio-visual materials qualify when those materials focus on services provided by the NONPROFIT ORGANIZATION rather than promotion of a specific fundraising activity or event. A fundraising appeal may be included in the material.

Submitting Your Proposal

Before submitting your proposal, be sure to keep a copy of the application and attachments for your own records. You should double-check your proposal to make sure all required items are enclosed (a checklist has been provided for this purpose). There is no application fee.

Proposals may be submitted at any time for FY2009. We will take applications until we run out of credits or no later than March 1, 2009. Send your application to our Jefferson City office at the following address:

MO Department of Economic Development
Business and Community Services
Neighborhood Assistance Program
Truman State Office Building
301 West High, Room 770
P.O. Box 118
Jefferson City, MO 65102

Receipt of all applications will be acknowledged in writing via e-mail. For those organizations that do not have access to the Internet, you may call (573) 751-4539 for verification of receipt.

Proposal Rating

As the administering agency for the Neighborhood Assistance Program, the Department of Economic Development has the fiduciary responsibility of awarding tax credits for projects that result primarily in public benefit rather than private gain or financially benefit an organization that would not otherwise be eligible to apply for NAP on its own behalf. The following guidelines have been developed with this in mind.

Rating the Project

1. Initial Screening

Applications will be reviewed on a first received first reviewed basis. An initial screening will be conducted to determine if your organization meets the basic eligibility requirements and that the application is complete. Active participating organizations should be aware that prior tax credit utilization and performance will be a factor in the review of new proposals. Organizations with a low tax credit utilization rate (less than 50% of tax credits have been used) may be denied or offered an extension when applicable.

All organizations must be in good standing with the Secretary of State when applying to NAP. To find out if your organization is in good standing, call (573) 751-4936 or visit the Secretary of State Business Entity Database at <https://www.sos.mo.gov/BusinessEntity/soskb/csearch.asp>.

2. Review of Application

Once your project has met all basic eligibility requirements, a review of your written responses will be conducted. Your proposal will be reviewed for the following: targeted customers, clear and concise project outcomes and performance targets, milestones that are clearly identified and proceed in a logical sequence, key individuals and partners involved with the project, the financial capacity to complete the project, and future plans for sustainability.

Bonus points will be given to proposals at the end of the review that can verify that the project directly impacts the NAP priority area.

Deficiency points will be subtracted from proposals where the applying organization has a history of underutilization, late quarterly reports, and/or failure to meet targets.

Recommendations and Notifications

Every effort will be made to notify organizations within six to eight weeks of receipt of the application. No announcements will be made before the end of the legislative session. Awards will be made on a quarterly basis. Agreements (contracts) will be sent to those organizations selected for approval. Those organizations that are not approved for the program will receive denial notification in writing. If denied, applicants will have one opportunity to resubmit the application. The review of resubmitted applications will be conducted in the order of “date received” of the new information/documentation.

Mandatory administrative training workshops for approved organizations will be scheduled soon after announcements are made. These workshops will provide information on the contractual obligations of approved NAP organizations as well as the reporting requirements for the program.

Need Help With Your Proposal?

As a partner in community development, the Neighborhood Assistance Program is committed to assisting nonprofit organizations and businesses with the application process. Contact the NAP staff for technical assistance at any time.

- ☞ If you call and reach our voice mail telephone answering system, please leave a detailed message (i.e. name, organization, nature of your question, telephone number). This allows staff to respond more quickly and efficiently.
- ☞ Individual consultation may be arranged on a first-come, first-served basis. Due to the demand for assistance and the heavy schedule kept by our staff, you are strongly encouraged to schedule an appointment. We regret that we are not always able to accommodate unscheduled walk-in visitors.
- ☞ In an effort to promote equity among our applicants, please be advised that staff will not review draft applications. We will, however, continue to work with applicants seeking to better understand the application and the application process.

☞ Application workshops will be conducted periodically throughout the year. For your convenience, you may attend any of the sessions. You must RSVP by using the workshop registration form. The application workshops will be posted on the NAP website at <http://www.missouridevelopment.org> (click on BCS Programs, then Neighborhood Assistance Program, and finally Application Workshops). The website will reflect any changes that may occur regarding time and location due to inclement weather or other unforeseen circumstances. As always, the sessions are free and open to the public.

You must read the NAP Guidelines and Application before attending the workshop. Come prepared with a list of questions and bring this application booklet with you.

Guidelines for Application and Examples

- * Your application must be typewritten.
- * Do not use type smaller than 10 point.
- * State the number and question at the top of each page before answering.
- * Provide complete responses to: a) either service or capital questions (according to project type) **and** b) all administrative questions.
- * Use only the attached forms provided in the application.
- * Double check your proposal to make sure you have included all required items.
- * Submit one copy of your entire application (including attachments). **The application must contain original signatures.** Please keep all pages in proper order.
- * Fax copies of applications will not be accepted.
- * Keep a copy of the entire application, including all attachments, for your records.

Please read the questions thoroughly and provide concise answers, while answering the questions as completely as possible. Keep in mind that the focus should be on outcomes and that all pieces of the application must tie together (proposed activities → outcomes → targets → verification → milestones). Use the definitions and examples provided on the next few pages to assist you in answering questions in the application.

DEFINITIONS

1. **Project Period** – The timeframe in which all activities (i.e. fundraising, service delivery, expenditures, and/or construction related to the proposed project) will be completed (excluding the required final report and audit).
2. **Project Outcomes**
For Service delivery – Outcomes are the broad, general goals an organization sets for itself that result in direct benefits to the customers that are involved in a program. Outcomes may relate to a change in the knowledge, skills, attitudes, behaviors, condition, etc. of participants. Outcomes must clearly relate to the services provided by your organization.

For Capital projects – At least 2 outcomes should be established.

One should be a general outcome that establishes the project as capital.

i.e. Increase the number of new and/or renovated facilities in a Missouri community.

An additional outcome should reflect an increase in the number of clients who will receive services at the renovated/newly constructed facility upon project completion.

3. Performance Targets

For Service delivery – Targets are the numerical (not percentage) performance levels that indicate how many targeted customers will achieve the specified outcomes. There should be a minimum of one performance target for each outcome, and each should reflect how the targeted customer would benefit from the project. Include why those target numbers were chosen, rather than higher or lower targets. Projects may list any number of outcomes and performance targets, but should choose those that will be impacted to the greatest degree by the services provided.

For Capital projects – The first target, to correspond with the first outcome, should provide specific information about the renovation/construction/acquisition. The second target should provide the number of clients receiving or participating in programs offered at the new/renovated facility by the end of the project period.

- 4. Project Verification** – Verification includes any information tool that tracks and evaluates success of achieving performance targets and outcomes. Include how often the evaluation will take place and who is responsible for collecting the data. Each performance target must have an evaluation tool.

Example: Job Training Center providing specific job skills and training necessary for obtaining jobs with area businesses.

Outcome	Performance Target	Verification
Increase the number of people mastering job skills and training.	70 of 80 participants will successfully complete the jobs skills and training program.	Post-tests will test mastery of skills. Each successful participant will receive a certification. (Ongoing monitoring by the Project Director)
Increase the number of participants that obtain full time employment.	Of the 70 participants that receive a certification, 50 will obtain full time employment.	Program Director will contact participants monthly for 6 months after certification.

- 5. Project Milestones** – Milestones are the essential steps that define what participants must do to enable agencies to successfully reach the targets. Milestones are based on the participants’ efforts/activities and must be verifiable. First, list each step that must occur in order for the project to achieve the targets listed. Second, go back and determine the level of participation required or other important variables that may affect the achievement of the performance targets. Include a timeline explaining when each milestone will begin and end. In addition, define the steps that the organization must take in order to complete the construction, if applicable.

Capital campaigns should include milestones relating to acquisition of property, construction or renovation, as well as date of occupancy and when services will begin in the new facility. (see examples below and next page)

Milestones: Example (Job Training)

Construction Milestones	Timeline
Acquire Property	By Jul. 31, 2008
Site Preparation Completed	By Aug. 31, 2008
Foundation Completed	By Sept. 30, 2008
Framing Completed	By Dec. 31, 2008
Construction Completed	By June 15, 2009
Occupancy Date	By June 30, 2009

Programming Milestones	Number Needed	Timeline
Participants learn of programs through mailers and informational sessions in high schools, career centers, etc.	300	150 prior to Jun. 30, 2008 150 prior to Dec. 31, 2008
Participants sign up	80	40 by Aug. 1, 2008 40 by Jan. 1, 2009
Participants attend classes	80	Daily 40 Sep. 2008-Dec. 2008 40 Jan. 2009-May 2009
Participants earn Job Skills Certification	70	32 Dec. 2008 38 May 2009
Graduates will be placed in jobs	50	23 by Jan. 2009 27 by June 2009
Follow up with graduates	70	Monthly

Organizations should remember to treat outcomes, performance targets, verification and milestones as inter-related elements of a single process. Each outcome must have its own performance targets and verification mechanisms. All outcomes, performance targets and milestones should directly relate to the activities described in question 1.

- Outcomes reflect what you want to accomplish.
- Performance targets allow you to measure the extent to which the outcomes are accomplished.
- Verification indicates how performance targets are measured and tracked.
- Milestones establish the timeframe and steps taken to accomplish the performance target(s) and ultimately the outcome(s).

Scoring of the NAP proposal will address the connection of identified outcomes, performance targets and milestones.

6. Key Individuals

- **Energy** – The ability to infuse life into yourself, colleagues and the target population. Energy is what a program needs to get started, but more importantly, what it takes to keep going. Do the key individuals demonstrate the ability to generate enthusiasm for the project among the target population, staff and community? Can the individuals engage the target population and keep them involved in the project?
- **Capacity** – The level of skill and knowledge that each of the key individuals have in their positions, not necessarily the length of time they have been with the project. Include a detailed account of the individual's role in implementing the proposed project.
- **Commitment** – Do the key individuals have a personal stake in the success of the program? Do they have a commitment to stay with the project until it is completed or for a specified amount of time?

Note: If your proposal requests funding for an employee's salary as an integral part of project implementation, then that employee must be identified as one of the key individuals.

NAP Budget - is the proposed budget for organizations seeking support through the Neighborhood Assistance Program. The budget consists of the various expenses to support the project described in the application. All items in the budget must be clearly tied to the activities and outcomes of this proposal.

The Department actively seeks to apply NAP funds to direct care and direct program expenses, while minimizing NAP funds used for administrative salaries and general overhead costs. **Administrative salaries and general overhead expenses should be prorated for the NAP portion of the total project or organizational budget.**

If your project receives a tax credit award, this will become your approved NAP budget. NAP staff may adjust the proposed budget during the application review process. Organizations will be notified of any changes that occur. The budget form must be typewritten. Please round all figures to the nearest dollar.

NAP BUDGET LINE ITEM/CATEGORY AND COST BREAKDOWN:

Enter all items that will be donated to your organization for NAP tax credits or purchased with NAP cash donations. (Review “Donations to the NAP Project” pages 11-15 of guidelines for eligible items and restrictions.) These costs should be categorized according to the budget categories provided. Be sure to itemize all costs included in your proposed NAP budget total. If NAP leveraged funds will only support a portion of the total project budget, please indicate the total amount of funding that will be secured from other sources for the project.

- **Salaries/Fringe** – Should include only full and part-time staff members who are integral to the implementation of this project. Amounts should be pro-rated to reflect the approximate percentage of time devoted to the project. Please indicate the amount of each salary that NAP funds will cover and the amount to be funded by other sources.
- **Contracts** – Can include paid services required for the NAP project that are not compatible with the hiring of a full or part-time staff person. These services can include legal, auditing, architectural, engineering and other services approved by NAP that are needed to implement the project. Out-sourced fundraising services may not be counted as eligible NAP project costs. **If your project budget includes an audit, only the cost of the NAP project audit may be included for tax credit. An audit is required if an organization uses \$25,000 or more in tax credits.**
- **Travel** – Can include costs for client transportation and local and/or out of town travel costs for staff. Staff travel costs may include expenses required to participate in professional training related to the implementation of the NAP project.
- **Equipment** – Can include the purchase, lease, or rental of equipment, furnishings, appliances and other related items that will be used in the proposed NAP project. Please use reasonable and current market value in your area to determine cost.

- **Supplies** – Can include all supplies integral to implementation during the project supplies period. Office supplies, such as paper, paper clips, postage, toner cartridges, etc. should be calculated at a reasonable use cost per year and should be minimized. Please use a separate figure for any unusually large supply needs that relate to the nature of the NAP project.
- **Building Space** – Can include rent or lease of facilities used by your organization during the NAP project period for the NAP project. These costs should be comparable to the prevailing fair market value for rent in the community or geographic area in which you are located and should be prorated to reflect the amount of time NAP programming takes place at the facility.
- **Construction** – Can include new construction, expansion and/or renovation of your building. All construction cost figures should be reasonable and based on prevailing costs in your community or geographic area. Please provide a breakdown of construction costs, cost per square foot, and a description or floor plan of the facility.
- **Property Acquisition** – Can include land and/or structures that will be acquired to complete your NAP project. These costs should be based on current appraisals at the time your application is submitted.
- **Other Costs** – Can include utilities, phones, building and vehicle maintenance, insurance and any other item essential to the NAP project that does not fit in the provided categories. General overhead costs (such as utilities and maintenance) should be prorated for NAP programming.

(See sample budget line items on next page)

The following examples are not all-inclusive for each project type but are provided to show the detail required on the proposed budget form.

Service Delivery Project Example

BUDGET LINE ITEM AND COST BREAKDOWN	NAP BUDGET	AMOUNT FROM OTHER SOURCE
1. Salaries Project Director (30,000 x 20% of time) \$15,000 Vocational Instructor/Counselor (30,000 x 65% of time) \$19,500	\$34,500	\$40,000
2. Equipment - Computers (new, for client training) 2 @ \$3,000 Program Equipment and Machinery \$8,500 File Cabinet (1 @ \$250) \$250 (detailed breakdown of equipment and machinery should be attached)	\$5,000 \$8,000	\$1,000 \$ 500 \$ 250
3. Contracts Audit \$2,000 (Have funding for accounting services, see answer to question 23)	\$ 2,000	

Capital Campaign Project Example:

NAP BUDGET LINE ITEM AND COST BREAKDOWN	NAP BUDGET	AMOUNT FROM OTHER SOURCES
1. Property Acquisition - \$60,000 City donating other cost of property (see answer to q. 23)	\$35,000	\$25,000
2. Site Work - \$22,500 Excavation (\$15/cu yd @ 500 yd) \$7,500 Asphalt paving \$10,000 Other costs being covered by private donation not qualifying for tax credit (see answer to question 23)	\$17,500	\$5,000
3. Floor Coverings - \$25,000 Vinyl Comp Tile \$5,000 Base and Carpet \$10,000 Other costs being covered by private donations not qualifying for tax credit (see answer to question 23)	\$15,000	\$10,000
4. Project Administrator Salary - \$2,000 (oversight of tax credits, organize and contract with workers for the renovation)	\$2,000	\$0

Note: Only one administrative salary may be included for the administration of a capital campaign.

TOTAL TAX CREDITS:

If your project is located in a city, town or village with a population under 15,000 (with the exception of projects located in Clay, Jackson, St. Charles and St. Louis counties), compute 70% of the total NAP budget. If your project is located in a city, town or village with a population of more than 15,000, compute 50% of the total NAP budget.

NOTE: Tax credits at the 70% level are not guaranteed for all projects located in areas with populations of 15,000 or less. These tax credits are limited and subject to availability during the year of approval. Approved projects that qualify at the 70% level will be offered tax credits at the 50% level when 70% level tax credits have been depleted.

APPLICATION ATTACHMENTS

All attachments must accompany the application at the time of submission. Applications received that are missing one or more attachments at the time of submission may be automatically disqualified.

Attachment A – Current Members of the Board, Council, or Commission

Provide the name, day phone, board position, occupation, whether or not the individual is a resident of the project area, and current board term of each person comprising your Executive Board of Directors. Make additional copies of this form as necessary. NAP staff may call one or more of your executive board members to discuss their role on the Board, as well as their general level of support for and knowledge of the content of the application.

Attachment B – Letters of Support

Provide letters of support from individuals, agencies, organizations or institutions whose cooperation is required to carry out the project. Letters from your targeted customers, state elected officials and community leaders may also be submitted. General letters of support for your organization are accepted. However, letters indicating specific support for the proposed NAP project will strengthen your proposal. You must submit at least three letters of support along with this attachment written after November 1, 2007. Copies of the support letters are acceptable.

Attachment C – Local Government Certification

NAP statute requires that each applicant submit a local government certification stating that the project does not interfere with existing city plans or ordinances. This is not an endorsement by the local government authority. You must use the form provided.

Attachment D – Site Control Document

If your proposal involves any construction, facilities acquisition, improvement, or expansion, you are required to give written evidence that your organization has sufficient control over the site where the proposed acquisition, construction or renovation will take place. Review and complete this attachment and submit with the appropriate documentation.

Certification & E-Verify

This form certifies that your organization does not employ illegal aliens (undocumented workers)* and that the information contained in the application is true, correct and complete.

* In addition to certifying that your organization does not employ illegal aliens, **all applicants must:** 1) enroll in E-Verify, 2) check the box on the Certification confirming enrollment and participation in E-Verify, and 3) provide supporting documentation.

The **E-Verify Program**, conducted jointly by the U.S. Citizenship and Immigration Services (USCIS) Verification Division and the Social Security Administration (SSA), is designed to provide employment status information to determine the eligibility of applicants for employment.

E-Verify requires that participating commercial employers use the automated Verification Information System (VIS) to check the SSA and the USCIS databases to verify the employment authorization of **ALL** newly hired employees.

An employer's participation in E-Verify is currently free. To access the E-Verify website, go to: https://www.vis-dhs.com/employer_information.htm.

The Certification form must be signed (by the Executive Director of the organization or by a person duly authorized to represent the applicant organization) and notarized. **All applicants must complete this form and attach a copy of the e-verification memorandum to be eligible for the program.**