

South Carolina Department of Commerce

DIVISION OF COMMUNITY & RURAL PLANNING AND DEVELOPMENT

Community Development Corporations Initiatives



CDC CERTIFICATION APPLICATION GUIDELINES

CERTIFICATION OVERVIEW

The South Carolina Department of Commerce values the importance of community development. Through partnerships with state, local, and private entities, communities are better able to leverage their resources to more effectively encourage economic development.

South Carolina Community Economic Development Act

The South Carolina Community Economic Development Act was enacted in 2000 to support community-based organizations known as Community Development Corporations and Community Development Financial Institutions. It will be repealed effective June 20, 2010, unless reauthorized by the General Assembly. Pursuant to the South Carolina Community Economic Development Act, the South Carolina Department of Commerce is charged with oversight and implementation responsibilities that include certification of Community Development Corporations and Community Development Financial Institutions, administration of grants and loans to Community Development Corporations and Community Development Financial Institutions, and provision of technical support.

Section 12-6-3530 of the South Carolina Tax Code authorizes a credit against state income tax, bank tax, or premium tax liability for up to thirty-three percent (33%) of all amounts contributed to certified Community Development Corporations or Community Development Financial Institutions. The credit is administered by the South Carolina Department of Revenue. The total aggregate amount of credits may not exceed five million dollars for all contributors and one million dollars for all contributors in any one taxable year. Further, a single Community Development Corporation or Community Development Financial Institution may not receive more than twenty-five percent (25%) of the total tax credits authorized or \$250,000 in any one taxable year.

The South Carolina Community Economic Development Act also mandates that the South Carolina Department of Commerce submit an annual report to the General Assembly regarding the grants and loans administered by the South Carolina Department of Commerce as well as tax credits provided pursuant to Section 12-6-3530.

QUALIFIED APPLICANTS

Applicants must be an active Community Development Corporation. A Community Development Corporation must meet the following criteria to be eligible for certification:

- Is chartered pursuant to Chapter 31, Title 33 of the South Carolina Code of Laws.
- Is tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.
- Has a primary mission of developing and improving low-income communities and neighborhoods through economic and related development.
- Has activities initiated, managed, and controlled by the constituents of those local communities.
- Has a primary function of developing projects and activities designed to enhance the economic opportunities of the people in the community served including small business entrepreneurship, job creation, workforce development, GED and adult education, and etcetera. This also includes initiatives conducive to meeting the needs of communities in making services more feasibly accessible and affordable. These also include commercial kitchens, recreational centers, grocery stores, and so forth.
- Does not provide credit, capital or assistance from public funds in an amount greater than \$25,000 at one time or in one transaction.
- Is not a nonprofit organization with the sole purpose of providing housing.
- Does not have the sole purpose of providing technical assistance to other nonprofit organizations.
- Is in good standing with all organizations and entities with which it is affiliated.

The applicant must demonstrate the ability to carry out community and economic development activities. The applicant must have proven success with past community and economic development projects, programs, and activities.

ACCOUNTABILITY

State certified Community Development Corporations should consistently promote community and economic development. The Program of Work, which is a required part of the application for certification, will be used as a performance measure for applicants. The objectives as outlined in the Program of Work should be met within the specified time frames. The Program of Work must be a detailed depiction of what the organization plans to accomplish in the next 24 months with quantifiable measures. Examples of quantifiable measures may include items such as the number of job placements or the number of participants graduated from a financial literacy program.

It is important that the Community Development Corporation outlines realistic and attainable goals and activities that match the capacity of the staff and board of directors. The Community Development Corporation's ability to meet the objectives stated in the Program of Work will affect the Department's decision to grant, renew, or revoke certification.

According to Section 34-43-40(E) of the South Carolina Community Economic Development Act, a Community Development Corporation shall file an annual report for the preceding year with the South Carolina Department of Commerce, on or before the anniversary date of its certification. Please contact the Program Manager for more information regarding the prescribed format. Annual reports may not be applicable to applicants certified after October 31 in any calendar year.

CERTIFICATION PROCESS

The Community Development Corporation certification process is a three-phase process that will take approximately 30-45 business days. The three phases are Internal Review, Site Visit, and Final Determination. An applicant must submit a complete application and a **non-refundable processing fee** of \$300. An approval letter will be mailed to applicants that are designated as state certified Community Development Corporations.

If an applicant does not meet the minimum qualifications of becoming a certified Community Development Corporation and/or submits an incomplete or incorrectly ordered application-the organization will be notified. Application materials, excluding the non-refundable application fee, will be returned to the Community Development Corporation. The organization may reapply for certification six months after receiving notification of its status.

Phase I--Internal Review

The submitted application and required documents will be carefully reviewed. The application review will be based on six areas:

- Purpose-why the organization is seeking certification, its mission, and so forth.
- Organizational Management & Capacity-community and economic development experience, track record, measurable outcomes on Program of Work, etcetera.
- Community Involvement & Partnerships-relationships with local municipality, county, or council of governments, federal government, financial institutions, residents, etcetera.
- Fiscal Accountability-financial controls, policies and procedures, funding sources, budget, audit, etcetera.
- Resource Development-plans to acquire additional funding for projects, programs, and or activities, plans to attract contributions using the State Tax Credit Program, etcetera. Following the internal review, the program manager will contact the applicant to schedule a site visit.
- Compliance Academy-completion of the training or accumulation of at least 80 points for classes successfully completed.

Phase II--Site Visit

The Community Development Corporation director will be phoned to schedule a site visit. During the site visit, items discussed will include the goals and activities outlined in the Program of Work, submitted documentation, including accountability measures, and questions related to Community Development Corporation certification. If pertinent, a project site visit and/or a meeting with the board of directors may be requested. There are occasions when a site visit is scheduled prior to the receipt of an application.

Phase III--Final Determination

A final determination, regarding the applicant's certification, will be made by the Department based on the submitted application, Program of Work, internal review, and site visit.

According to Section 34-43-40(H) of the South Carolina Community Economic Development Act, a corporation or institution may request a hearing within thirty days of receiving notice by filing a request for a hearing with the South Carolina Department of Commerce.

APPLICATION SUBMISSION

The application must be notarized, the application responses must be typewritten, and each section of the application must be tabbed. Applications must be accompanied by a non-refundable certification processing fee of \$300.00, made payable to the South Carolina Department of Commerce.

Section 1: Certification Application Cover Sheet

The certification application must be authorized by the organization's director and chair of the board of directors and notarized. Applications must have original signatures.

Section 2: Organizational Management

- Certificate of Incorporation
- 501(c)(3) tax-exemption letter, as designated by the Internal Revenue Code
- By-Laws
- The Program of Work should be a detailed depiction and timeline of organizational goals for the next 24 months (programs, activities, development projects, and etcetera). The projects and activities should meet the needs of the community. The Program of Work template can be found at www.sccommerce.com. All applicants must use the prescribed program of work template.

Section 3: Board Information

- Board of directors listing that includes the following: names and addresses, professional affiliations, community involvement, term expiration, and board committees. Please indicate when meetings are held.
- Minutes of the four most recent board of directors meetings

Section 4: Financial Information

- A copy of the most recent Audit or IRS Form 990
- A copy of the current fiscal budget, including year-to-date expenditures

Section 5:

Resumes

- A copy of a resume from each staff and board member

Section 6:

Components 1-6

- Provide an accurate and detailed response to each component.

Instructions: Section 6 of the application consists of five components. Applicants must answer all questions. Provide the response to each question as a separate attachment and indicate the question number. Components one through six should be included in Section 6 of the application submission.

COMPONENT 1: Purpose

1A. Why is the organization seeking the State Certified Community Development Corporation designation?

1B. Provide a narrative describing the applicant's mission, history, product and service offerings, and markets served.

1C. How is the service provided by the organization essential to the community and why is it necessary for the Community Development Corporation to provide this service?

COMPONENT 2: Organizational Management & Capacity

2A. Is the organization using external assistance (consultant) for the completion of this application? If the answer is yes, to what extent will the consultant be involved in the execution of community and economic development projects of the organization following the completion of this application?

2B. Is the area served a part of a larger empowerment zone/enterprise community or entitlement area? Indicate: Yes / No. If yes, explain:

2C. List the name and title of each staff member. Indicate if the staff member is a volunteer.

2D. List the training and education of each staff member that is directly related to community and economic development or projects therein.

2E. Describe community and economic development experience of current staff and board members.

2F. Describe the applicant's community and economic development experience/track record. Indicate the number of years experience in community and economic development, and the number and type of successful activities-such as the number of program graduates, number of jobs created, and etcetera.

2G. Are the projects or activities currently in operation? If so, how have the projects or activities been financially sustained? If not, why?

2H. What steady source of income has the organization budgeted-excluding grants and donations? Is this amount sufficient to sustain the organization's day-to-day operations?

COMPONENT 3: Partnerships

3A. Describe the relationship of the organization with that of the local municipality, county, councils of government, and other public entities. Discuss letters of commitment and support, duration of relationship, its current status, and etcetera.

3B. Describe the relationship of the organization with that of the local community, service area, other non-profits, businesses, and all other private entities. Discuss letters of commitment and support, duration of relationship, its current status, and etcetera.

3C. What measurable outcomes were achieved from the relationships-amount of donations, number of grants, project support/collaboration, and etcetera? What quantifiable affect did this have on the community-number of jobs created, number of individuals trained, and so forth?

3D. How were the projects or activities initially financed, and how are the projects or activities being financially sustained?

3E. Is the organization currently coordinating or does the organization have plans to coordinate with other federal government public-private partnership initiatives, community organizations, financial institutions, and/or other public and private entities? If so, please describe the nature of the partnership and the specific activities that are or will be undertaken jointly.

**COMPONENT 4:
Fiscal Accountability**

- 4A. Who is the financial officer/administrator of the organization?
- 4B. Does he/she have other responsibilities with the organization? If yes, explain.
- 4C. Please describe the organization’s fiscal/accounting policies and procedures.
- 4D. Are the policies written and board approved?
- 4E. Does the organization have a finance committee? Explain their role as it relates to day-to-day operations.
- 4F. When was the organization’s last audit?
- 4G. If no audit has been completed, please explain why.
- 4H. Please list the funding sources for the current year (not program or project specific).

Use the following format:

	<u>Source Name</u>	<u>Amount</u>	<u>Percent</u>
<u>Local</u>			
<u>State</u>			
<u>Federal</u>			
<u>Private Gifts</u>			
<u>Foundation</u>			
<u>Other</u>			
<u>Total</u>			<u>100%</u>

**COMPONENT 5:
Resource Development**

- 5A. Please describe the organization’s plan to acquire additional funding and attract contributions for community development activities, operations, and projects within the next 24 months. Include potential funding sources.
- 5B. Please describe the organization’s plan to attract contributions using the State Tax Credit Program.

**COMPONENT 6:
Compliance Academy**

6A. Has the organization's board of directors and/or executive staff completed the Compliance Academy with the South Carolina Association of Community Development Corporations? If so, list name, title, and date of completion.

6B. List other staff or volunteers the organization plans to include in the Compliance Academy recognized by the South Carolina Association of Community Development Corporations.

APPLICATION FOR CERTIFICATION COVER SHEET

Organization Name:	
Physical Address:	
Mailing Address:	
Date of Incorporation:	Federal Tax ID Number:
Fiscal Year:	County Name:
Primary Contact Name:	
Contact Title:	
Contact E-mail Address:	
Office Phone:	Fax:
Other Phone:	Web Address:

Authorization

The information presented herewith is true and complete to the best of my knowledge and is submitted to establish my organization as a certified community development corporation through the South Carolina Department of Commerce, Division of Community & Rural Planning and Development. I agree to notify the South Carolina Department of Commerce within 30 days if any changes occur in the information provided in this application.

Executive Director

Chair of the Board of Directors

State Of _____ County Of _____

Acknowledged before me this date _____ Notary Name _____

My Commission Expires _____ Notary Signature _____

The South Carolina Department of Commerce, Division of Community & Rural Planning and Development, reserves the right to disapprove any application or to revoke certification at any time based on changes within an organization, performance, standing, or failure to comply with regulations of the South Carolina Department of Commerce. For more information, call Maceo Nance at (803) 737-0832 or e-mail MNance@SCcommerce.com.

Return the completed application and a check in the amount of \$300 to:

**Attn: Community Development Corporation Certification
Maceo Nance, Community Development Corporation Initiatives
Division of Community & Rural Planning and Development
South Carolina Department of Commerce
1201 Main Street, Suite 1600
Columbia, SC 29201-3200**

RECERTIFICATION PROCESS

The Community Development Corporation recertification process is a three-phase process that will take approximately 30 business days. The three phases are Internal Review, Site Visit, and Final Determination. The certified organization must submit a complete application and a non-refundable application processing fee of \$75. If an applicant does not meet the minimum qualifications of becoming a certified Community Development Corporation and/or submits an incomplete, tardy, or incorrectly ordered application-the organization will be not be recertified. The Community Development Corporation will be notified and all of its application materials returned-excluding the non-refundable processing fee.

Phase I – Internal Review

All applications will be carefully reviewed along with the required documents. The application review will be based on how well the certified organization demonstrated/executed its programs/projects as it relates to its purpose, organizational management & capacity, community involvement & partnerships, fiscal accountability, resource development, and the Compliance Academy as outlined in the original program of work. Following the internal review, a site visit will be scheduled.

Phase II – Site Visit

The Community Development Corporation director will be phoned to schedule a site visit. During the site visit, the program manager will discuss the goals and activities outlined in the Program of Work, discuss submitted documentation, accountability measures, and answer questions related to community development corporation certification. A visit to all project sites may occur. The coordination of project site visits will be discussed prior to the scheduled appointment.

Phase III – Final Determination

A final determination will be made regarding the applicant's certification based on the submitted application and Program of Work, internal review, and site visit.

RECERTIFICATION APPLICATION SUBMISSION

Certified designation of a Community Development Corporation expires two years from the date of the certification. The certification may be renewed for additional two-year periods upon application and approval by South Carolina Department of Commerce. In order to apply for recertification, the community development corporation must submit the following documents at least twenty-five (25) business days prior to certification expiration. Late submissions will not be accepted.

Section 1: Organizational Management

- Program of Work for the next 24 months (must use prescribed program of work template)
- Annual Report (if the document has not been submitted)
- Amended or revised organizational documents (only provide a copy if changes have been made since the original certification application).
- Current staff and updated list of the board of directors (include contact information, professional affiliations, community involvement, and term expiration)
- Most recent Audit or IRS Form 990
- Copy of organization's current budget, including year-to-date expenditures
- List of resources acquired within the past 24 months (include local, state, and federal funding)

Section 2: Performance Update

- Performance update of the activities outlined in the previous Program of Work. Include statistical information such as the number of individuals that successfully completed a financial literacy program, the number of jobs created, and etcetera.

**Section 3:
Continuing Education**

- Copy of certification that confirms that at least one member of the Community Development Corporation's board and/or executive staff has completed the South Carolina Association of Community Development Corporation's Compliance Academy.
- Provide support documentation that the Community Development Corporation's board and/or executive staff have completed at least 40 hours (or the commensurate points) of community and economic development training over a two-year period.
- Training is required to maintain certification, and may be selected at the discretion of the organization. It is expected, however, that the training is related to the community and economic development initiatives specific to its service area. Support documentation, as noted below, must accompany the application.
 - Agenda
 - Roster
 - Certificate (if applicable)

Return the completed application and a check in the amount of \$75 to:

**Attn: Community Development Corporation Recertification
Maceo Nance, Community Development Corporation Initiatives
Division of Community & Rural Planning and Development
South Carolina Department of Commerce
1201 Main Street, Suite 1600
Columbia, SC 29201-3200**

CERTIFICATION REVOCATION

If it is determined that the Community Development Corporation is not financially responsible, not actively participating in Community and Economic Development activities, not performing according to the information outlined in the application and Program of Work, or not providing information requested by the Department, certification may be suspended for six months. If certification is suspended, the Community Development Corporation forfeits the right to offer tax credits or apply for available funding. If the Community Development Corporation does not show significant improvement within six months, the state certified designation will not be reinstated. The Community Development Corporation must then wait an additional six months to reapply for certification and pay the \$300 non-refundable application processing fee.

The South Carolina Department of Commerce, Division of Community & Rural Planning and Development, reserves the right to disapprove any application or to revoke certification at any time based on changes within an organization, performance, or failure to comply with the regulations of the Department and provisions of Section 34-43-20(2) of the South Carolina Community Economic Development Act.

TECHNICAL ASSISTANCE

In concert with the South Carolina Association of Community Development Corporations, technical assistance is available to aid applicants in designing process including but not necessarily limited to program and project development-as well as financial planning.

The applicant must submit a copy of the following documents before a planning session will be scheduled:

- Technical Assistance Request Form
- 501(c) (3) tax-exemption letter
- Certificate of Incorporation
- Components 1-6 of the application (excluding the Program of Work)

For more information, please contact Maceo Nance at (803) 737-0832 or MNance@sccommerce.com.