

**FY2017-2019 FA APPLICATION COMMENTS  
PROVIDED BY BLUESTEM CONSULTING**

**Executive Summary**

-how does the CDFI Fund define Business Loans vs. Microfinance Loans?

**Business Strategy (starting pg 7 of pdf)**

Q5. Will the Fund hold awardees to this? It's possible to make estimates, but actual demand and deployment are very hard to predict so I am not sure this will provide any meaningful or accurate information to the Fund. Also what if an applicant plans to use part of an FA award for Loan Loss Reserves for Development Services such as credit counseling that serves multiple or all of their loan products, how should they break that out on the chart?

Q6. The objective of "Increase volume of current products and services" often includes expanding into an new area or serving a new population....this will make 6a-6d redundant and/or very confusing for the applicant to answer.

Q6a. A CDFI may be expanding into new counties, but not necessarily new states so nothing will be reflected here. In the chart, are applicants supposed to guess at what level they will deploy in the new state? This seems confusing to me.

Q6b. This is confusing...are we supposed to GUESS or ESTIMATE the number of new females/new races/income of future borrowers? These seems like it would be very difficult and only that – a guess or estimate. This seems like it would take a fair amount of time and not provide meaningful information.

Q6c. Similar comments as 6a and 6b....

Q6d. This seems reasonable. Seems like you should eliminate the charts on 6a-6c and just have applicants provide narrative and then use 6d to show increased activity levels.

Q8. This question is confusing....If a CDFI had strong growth and is successfully deploying all previous awards, and continues to experience strong demand or is continuing to expand and grow as described in previous awards, is this considered different? In the Previous CDFI Fund FA Award Uses, should an applicant consolidate all awards for the last 3 years? The last 5 years? I am not sure what the Fund is looking for here. The Projected CDFI Fund FA Award Uses will have already been provided under question 5....is the Fund looking for something different in the chart under question 8?

Q11. 3,000 characters seems very short for this section, particularly for CDFIs that have several loan products and/or development services.

Q13. If an applicant has to answer each subsection separately there may be a lot of overlap and redundancy. I think this is confusing for an applicant. 13b may encompass 13c and 13d (eg, if a CDFI expects to increase volume of current products and services it is often because they are expanding geographically or adding new populations within their existing service area). It seems like it would be much better if the applicant could just answer this as one question with the instruction to address FA Objectives described in Q6.

## **Management and Staffing**

Under the AMIS Management Dropdown Questions, the 1,000 character limit seems too short. If there has been a change in governance structure, adverse legal action, or change in senior leadership, it seems like it would be beneficial to be able to adequately explain why the change happened. I think any of these changes would be significant and worth allowing AT LEAST 2,000 characters. 3,000 would be better.

## **Financial Position**

Q16. This question is a little confusing. Is this question just asking for discrepancies between the FA app and audited statements? It seems like it is asking the applicant to again discuss their financial health just as in Q15, as well as to address any discrepancies between the app and audits.

Q17. If an applicant will be docked points ONLY or audit findings in the last fiscal year then this question is fine. If an applicant will also be docked points for audit findings in the last three years then I think we should be allowed to address findings in the last three years (and not just the last year).

### **AMIS Financial Dropdown Questions**

-What is Enterprise accounting software? Is this just any accounting software? I am not aware of any CDFI that doesn't use accounting software so I'm not sure how useful this question will be....The issue is whether or not they use it effectively.

-A-133 audits often take longer than 180 days. I hope that if a larger CDFI that is required to have an A-133 audit will not be docked points because it takes longer than 180 days.

-I think you need to define "third-party funders" when asking about covenants. Or just remove the "third-party" if you are referring to all funders.

-If a CDFI says that it has had one or more missed or overdue payments to a funder maybe they should be provide an opportunity to explain. Sometimes there are extenuating circumstances and it is not a systemic problem.

## **Growth and Financial Projections**

General comment- in the FY2016 application, applicants were required to enter all financial, lending, and impact projections one cell at a time into AMIS. I believe this created significant opportunity for error in applications and took a significant amount of time to enter and then check and double check. Since the Fund does not need this information for tracking (like it does actual historical information), it would be much more efficient and accurate if applicants could just attached an excel workbook for the projections, as we have in years prior to 2016.

Q21. I don't see how this is different from Q6 and Q7. It seems the answers will be the same.

Q23. A 2,000 character limit here seems extremely inadequate to address both financial and lending activity projections and to tie those in with strategic goals.

Q25. This seems like the same as Q10.

Q26a. This seems like too short a character limit to adequately describe leveraging partnerships.