

GUIDELINES FOR FUNDING

Revised January 2020

These guidelines have been designed to help child care centers, CDCs and other eligible organizations access funding from LISC's Rhode Island Child Care Facilities Fund (RICCFF) to develop, expand or improve early childhood facilities. RICCFF does not have a formal application for funding. All organizations should consult with RICCFF staff prior to submitting a funding request. Before a funding request can be finalized, a site visit will be made by staff and/or consultants to gain a better understanding of your program and your facility plans.

Our staff and consultants will work closely with you to gather information about your organization and proposed project. We encourage you, whenever possible, to use existing materials (such as prior funding proposals or program brochures) to provide us with the type of background information we need to consider your request. As you respond to the questions contained in this document please feel free to consult with Fund staff who will provide you with technical assistance to help you through the process and ensure that they have an accurate picture of your program and project.

In addition, please be advised Fund staff and consultants are available to assist you in understanding the process of developing or improving child care facilities.

The following types of funds are available through RICCFF:

- ┌ **FACILITY PREDEVELOPMENT AND PLANNING GRANTS:** A limited and competitive pool of funding exists to make grants up to \$10,000 to secure professional services to plan for and assess the feasibility of both indoor and outdoor facility projects. Qualified services might include architectural, landscape /playground design, engineering studies, and environmental surveys. These planning grants can also be used to help devise a prioritized facility improvement plan.
- ┌ **RECOVERABLE GRANTS:** A very competitive pool of recoverable grant funds are available to qualified organizations that are looking to expand quality child care or early education programming for low-income families. Recoverable grants, which typically range in size from \$10,000 – \$100,000 can be used to support pre-development costs, such as an option on a site, architectural drawings, environmental and engineering review, legal and project management fees. Recoverable grants essentially function like “zero-interest loans.” The amount of recoverable grant funds provided will vary based on the size and needs of the project and the overall plan for repayment of the funds.
- ┌ **LOANS:** Loans of up to \$5 million are available to qualified child care centers for construction and renovation of child care facilities.

Funds through the RICCF are available to both non-profit and for-profit corporations in Rhode Island. For-profit centers will be asked to demonstrate a “charitable purpose” which will include but not be limited to providing services to a substantial percentage of low-income, DHS subsidized children. All funding requests require the approval of the RI LISC Local Advisory Committee; in addition, funding requests in excess of \$100,000 require the approval of LISC’s national credit committee.

Please be advised that due to the nature of the approval process it may take several months to obtain a final approval on a funding request. Until we have received all of the information on this list we cannot begin consideration of your request for funding. A checklist to help you keep track of information submitted is located at the back of this document.

ORGANIZATIONAL BACKGROUND

Please provide us with the following information about your center/ organization:

- Program Participation in BrightStars, the State’s quality improvement rating system; if you are a current participant in BrightStars please indicate “star rating” and related quality improvement initiatives, if are not currently participating in BrightStars please indicate any plans you may have to do so in the future. If you have a Quality Improvement Plan (QIP) please attach with other information submitted for these guidelines.
- Type of organization, (e.g. 501 (c) 3 nonprofit corporation, sole proprietor, LLC, partnership, etc.). Please provide a copy of your IRS determination letter if the organization is a 501 (c) 3, and/or your articles of incorporation. (Please note that LISC is only able to loan funds to legally incorporated organizations.) For child care centers currently in operation please include a copy of your current DCYF Child Care License.
- History and organizational strategy, including:
 - When the organization was founded, by whom and why
 - Primary mission
- Organizational track record and accomplishments, including:
 - Number of years providing child care services
 - Number and size of sites currently in operation
- Children currently served (the chart below can be used as a guide)

	# of DHS subsidized children	# of private pay children	# of Other Children (e.g., Head Start/ Early Head Start, DHS comprehensive service network, state-funded pre-K, local school dept., etc)	Total # of children
INFANT				

TODDLER				
PRESCHOOL				
SCHOOL-AGE				

- NAEYC accreditation status (e.g., NAEYC accredited, in the process of applying for accreditation; accreditation expired and not renewed, plans to seek accreditation in the future, etc). *If this is a start-up or expansion site, describe the proposed timeline for working towards and attaining NAEYC Accreditation as well as any other proposed quality initiatives.*
- Program philosophy for the delivery of early childhood education services (please feel free to simply attach materials that respond to this question, such as information which may be contained in parent or staff handbooks).
- *For multi-service agencies:* Experience operating other social/human service programs.
- Relationships and/or collaborations with key public officials, private partners, and/or neighborhood groups.
- *For start-up businesses:* provide a full copy of a completed business plan. If you need assistance completing a business plan please contact RICCF staff for a referral to an organization that can assist with this.

STAFF:

Please provide the following information regarding your program's staff:

- Number of full-time and part-time staff
- Summary of qualifications required of teaching staff
- Short (one paragraph) bios or resumes for key center or organization staff, including: the organization's executive director, child care director, head teacher, and finance director.
- *For new or expansion sites:* the plan for recruiting qualified staff and an overview of the proposed staffing pattern
- Describe any current or proposed staff development and training initiatives

BOARD OF DIRECTORS (OR OWNERS FOR FOR-PROFIT CENTERS)

- Provide a current list of board members which includes their current occupations
- Provide short bios for officers of the board
- Describe how often the board meets and the major responsibilities held by the board.
- Provide a resolution from the board authorizing this project (signed statement indicating they are aware of and approve of the project)

- If a for-profit, provide a list of and short bios for all owners of the corporation
- Provide information regarding any advisors used to assist with the operation of the center (consultants, lawyers, accountants, etc.)

ORGANIZATIONAL FINANCES

Organizations applying for grant funds through the RICCFE should provide the following financial information:

- A current fiscal year's operating budget, which breaks out the various sources of revenue to the center or organization. For multi-purpose organizations, please provide an operating budget for the child care center and overall organization.
- The most recent audited financial statements.

Organizations applying for loan or recoverable grant funding from the RICCFE will need to provide the following financial information:

- A current fiscal year's operating budget, which breaks out the various sources of revenue to the center or organization. For multi-purpose organizations, please provide an operating budget both for the child care center and overall organization.
- Audited financial statements for the prior **three years** of operation. Please note, in *some cases* a compilation statement from the accountant or most recent tax returns may be accepted in lieu of audited financial statements for purposes of this application; however, all organizations receiving loan funding from the RICCFE.
- Projected operating budget (also known as an operating pro-forma) for the number of years equal to the term of the requested loan from RICCFE for your proposed facility, showing the ability to repay the loan from operating income or other sources (including an explanation of the projected budget's revenue and expense assumptions and trending patterns). If you need assistance with this or would like to be provided with a pro-forma template or sample pro-formas from other child care projects, please contact RICCFE staff for assistance.
- Describe the organizational financial management practices (e.g., fiscal systems in place, responsibilities and experience of financial management staff or consultants, etc.)
- Outline any previous borrowing experience of your organization. If your organization has taken out a loan in the past, we will need information on the number of loans, the amount borrowed, any outstanding debt, and any problems you may have encountered with the loans.
- Please provide information on whether your organization is currently involved in any type of litigation.
- For-profit businesses may be required to provide a personal guarantee (the personal guarantee form can be provided upon request).

- For-profit businesses will be subject to a personal credit check.
- If part of the project includes acquisition of an existing business, please provide a third party valuation, including an associated value for any fixtures, furnishings or equipment that will remain.
- Indicate any previous work with other financial institutions on this project to date.
- ***For start-up or expansion programs you will also need to provide:***
 - a projected monthly cash-flow budget showing monthly cash receipts and expenditures, starting and ending cash position for each month, and the projected cumulative cash flow until the program achieves sustained monthly positive net cash flow.
 - A description of how start-up (working capital) costs will be financed (please note: RICCF funds may not be used for working capital).

PROPOSED PROJECT

If architectural plans are available they should be submitted with your request. If you need assistance finding an architect to assist with your project, please contact the RICCF. We maintain a list of area architects who have experience and expertise in child care design. Please provide the following information about your proposed project:

- Type of project that is proposed (i.e. new construction, a relocation of an existing program, quality improvement of an existing site, an expansion at an existing site, construction/rehab of a new facility for expansion and/or quality improvement).
- The number of gross square feet of child care space to be renovated/constructed and the number and ages of children you are hoping to serve in this new space.
- If the project includes more than just child care, indicate how much additional gross square footage will be renovated and for what use.
- Will you own the building? Rent the building? What is the current status of this? (Currently own, negotiating lease, purchase/sales agreement, etc.)
- If you own the facility what is the current appraised value of the site and date of appraisal
- Describe the site, including the size of the parcel of land, the size and type of any existing structure(s), who owns the land or building(s), the condition of the land or building(s).
- Describe the location of the proposed site, including the street address, the type of neighborhood, what is adjacent to the property (e.g., residences, retail space, a park, etc.), what is nearby (a bus stop, a train station, a highway, a school, etc.)
- Describe the available outdoor play space (square footage available, location);
- Discuss any zoning changes or regulatory approvals required to implement the

proposed project.

- Discuss any environmental problems (lead, asbestos, etc.) or subsurface conditions (water, existing foundation walls, grade, etc.). Indicate whether a Phase I Environmental Study has been completed.
- If the project includes renovation of an existing building, indicate any potential necessary building upgrades. It is recommended building inspection be done prior to loan consideration.
- Describe your process for ensuring that RI Child Care Licensing Regulations are fully met, including whether your preliminary plans have been reviewed by licensing, whether a site visit has been conducted, etc.

For organizations requesting loan funds we will also need:

- A description of proposed collateral for the project. If real estate is the proposed source of collateral please describe any current debt on the building, including terms.

THE MARKET

For all projects, please provide;

- A description of the local population in the neighborhood around the proposed project that you plan to draw from, including the number and ages of children, income levels, unemployment rates, types of housing, demographics, types of business and services in the area, and any other relevant physical or social conditions.
- Information about potential competition from existing center-based or family-based providers in the area, including other centers that currently serve the neighborhood, the types of programs they offer, and whether they are operating at capacity and have waiting lists.
- A description of any specific service needs in the community that you plan to offer that are not being covered by existing providers (e.g. 24-hour services, sick-child services, infant care, care for children with special needs).

If this is a start-up or expansion site provide information regarding the type of market analysis you conducted and why you believe these additional services are needed in the proposed area.

REAL ESTATE DEVELOPMENT CONSULTANTS

You will need to identify and describe the roles and qualifications of each member of the development team (as applicable).

- Project Developer
- Facility Owner

- General Contractor
- Architect
- Project Manager
- Attorney
- Other Consultants

RICCFF staff and consultants are available to assist you in assembling your development team.

PROJECT DEVELOPMENT BUDGET

- Estimated cost of the proposed project broken out by uses of funds (e.g. site acquisition, construction, “soft” costs including architectural, engineering and legal fees, equipment, furnishings, etc.)
- An explanation of how this cost was determined (i.e. architect estimate, contractor estimate).
- Sources of projected or committed support for this project.

A sample format for a project development budget reflecting sources and uses of funding is available if needed.

Please email copies of all materials to:

Rhode Island Child Care Facilities Fund
riccelff@lisc.org

For additional information, please visit our website at www.riccelff.org

Keep track of all of the documents you have submitted as part of your funding request by using the chart below (please reference detailed descriptions above for more information):

<i>Item/Information/ Document Required</i>	<i>Submitted to RICCF</i>	<i>Notes or N/A</i>
Organizational Information		
BrightStars Participation: Current rating, quality improvement plan, environmental rating scale report, etc.		
Organizational documents: IRS determination letter/ articles of incorporation (including 501c3, W9), DCYF child care license		
Organizational Overview: History and organizational strategy, track record, enrollment numbers based on chart above, NAEYC accreditation status, program philosophy, key relationships/ collaborations, number of staff, teacher qualifications, business plan		
Key Staff: Brief bios and capacity to support project, plan for recruiting staff (for new or expansion sites), current/proposed professional development training, list of advisors assisting in operation of center		
Board Members/Owners: List of current board members/owners, board member bios, board meeting times and responsibilities, board resolution of project approval		
Financial Information		
Financial Statements: Current fiscal year's operating budget, financials that are at least 90 days within application date, audited financials (or acceptable alternative), etc.		
Formal Financial Projections: Projected operating budget/pro forma including assumptions, description of how start-up costs (if applicable) will be financed		
Financial History: Organizational financial management practices, previous borrowing experience, current litigation (if applicable)		
For profit borrowers: Credit report not more than 90 days old, personal guarantee, federal income tax returns for the last three years for each party with over 20% ownership		
Proposed Project		
Project description: Project, scope of work, strategic importance		
Site Information: Number of gross square feet, status of ownership (rent/own), site description, location description, outdoor play space description, zoning/regulatory approval notice,		
Collateral: Proposed collateral (if seeking loan funds)		
Development Team: roles/qualifications of development team		
The Market		
Population: Location population description		
Market study or analysis: Potential competition information, services planned to be offered not already available in community		
Appraisal: Status and, if completed, a copy		
Project Development Budget		
Sources and Uses: Sources of additional funding support and status		
Plan and Cost Review: Estimate costs, architectural plans if available, Phase I environmental study (if needed), building		

inspection (if needed), notice of design review with DCYF		
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