

DEPARTMENT OF THE TREASURY

CFDA 21.012 NATIVE INITIATIVES CFDA 21.020 COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS PROGRAM

I. PROGRAM OBJECTIVES

The Community Development Financial Institutions (CDFI) Program promotes economic revitalization and community development investment in, and assistance to, CDFIs. Assistance under the CDFI Program is intended to enhance the ability of CDFIs to make loans and investments and provide services to distressed communities and individuals who have been unable to take full advantage of the financial services industry. The Native Initiatives or Native American CDFI Assistance (NACA) Program provides funding to build the community development capacity of certified Native CDFIs, Emerging Native CDFIs, and Sponsoring Entities, and to increase access to capital in Native Communities.

II. PROGRAM PROCEDURES

The CDFI Program is administered by the Community Development Financial Institutions Fund (CDFI Fund), Department of the Treasury. The CDFI Program and the NACA Program provide CDFIs and Native CDFIs with (1) financial assistance in the form of grants, loans, equity investments, deposits and credit union shares and/or (2) technical assistance in the form of grants. Financial and technical assistance awards are provided through a competitive nationwide evaluation and selection process. After selection, each CDFI Program and the NACA Program award recipient enters into an assistance agreement, which includes performance goals and other terms and conditions.

In order to be eligible to apply for assistance, entities must meet or propose to meet specific CDFI eligibility criteria (12 CFR sections 1805.200 and 1805.201). CDFIs include, among others, entities such as community development banks, community development credit unions, depository institution holding companies, non-profit loan funds, and community development venture capital funds.

An organization wishing to apply for financial assistance only or a combination of financial assistance and technical assistance through the NACA Program must be either a certified Native CDFI or present a plan to be certified. Organizations that are Emerging Native CDFIs or Sponsoring Entities may only apply for technical assistance grants.

Source of Governing Requirements

The CDFI Program is authorized by the Community Development Banking and Financial Institutions Act of 1994 (Pub. L. No. 103-325, 12 USC 4701 *et seq.*). The CDFI Program implementing regulations are codified at 12 CFR part 1805.

The NACA Program is authorized by annual appropriations to the CDFI Fund Program Account and is administered using the implementing regulations for the CDFI Program, which are codified at 12 CFR part 1805.

Availability of Other Program Information

Additional information on the CDFI Program and the NACA Program is available on the CDFI Fund website at <http://www.cdfifund.gov>. A template of the assistance agreement is available at http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=7. If there are specific questions regarding the programs, the CDFI Fund may be contacted via telephone at (202) 653-0421 or by e-mail at cdfihelp@cdfi.treas.gov.

III. COMPLIANCE REQUIREMENTS

In developing the audit procedures to test compliance with the requirements for a Federal program, the auditor should first look to Part 2, Matrix of Compliance Requirements, to identify which of the 14 types of compliance requirements described in Part 3 are applicable and then look to Parts 3 and 4 for the details of the requirements.

A. Activities Allowed or Unallowed

1. *Financial Assistance* – The CDFI Fund may provide financial assistance intended to strengthen the capital position and enhance the ability of a CDFI Program or NACA Program award recipient to provide financial products and financial services. Schedule 5-B of the assistance agreement prescribes the specific authorized uses of financial assistance awards for each CDFI Program or NACA Program award recipient (12 CFR sections 1805.300 and 1805.301).
2. *Technical Assistance* - The CDFI Fund may provide technical assistance grants to build the capacity of a CDFI, a Native CDFI, or an entity that proposes to become a CDFI or Native CDFI. Such technical assistance may include training for management and other personnel; development of programs, products, and services; improving financial management and internal operations; enhancing a CDFI's or Native CDFI's community impact; or other activities deemed appropriate by the CDFI Fund. Schedule 5-A of the assistance agreement prescribes the specific authorized uses of such technical assistance amounts for each CDFI or Native CDFI award recipient (12 CFR section 1805.303).
3. *Community Partnerships* – Assistance provided upon approval of an application involving a community partnership shall only be distributed to the CDFI Program award recipient and shall not be used to fund any activities carried out by a community partner or an affiliate of a community partner (12 CFR section 1805.302(c)).

E. Eligibility

1. **Eligibility for Individuals** – Not Applicable
2. **Eligibility for Group of Individuals or Area of Service Delivery** – Not Applicable

3. Eligibility for Subrecipients

CDFI Program and NACA Program award recipients may not distribute assistance to an affiliate without the prior consent of the CDFI Fund (12 CFR section 1805.302(b)).

G. Matching, Level of Effort, Earmarking

1. Matching

- a. *Financial Assistance* – Each CDFI Program and NACA Program non-ARRA award recipient must match financial assistance provided with an amount that is at least comparable in (1) form to the type of financial assistance provided by the CDFI Fund, and (2) value, on a dollar-for-dollar basis, to the financial assistance provided by the CDFI Fund. Such match must come from sources other than the Federal Government, and must consist of non-federal funds. Funds provided to a CDFI pursuant to the Housing and Community Development Act of 1974 are generally considered to be Federal funds, and may not be used to meet the match requirements. The applicable time frame for meeting the match is set forth in the Notice of Funds Availability (NOFA) published in the *Federal Register* for each funding round. The most recent NOFAs can be retrieved from the CDFI Fund’s website at <http://www.cdfifund.gov> (12 CFR sections 1805.500 through 1805.504).

The amount of financial assistance disbursed by the CDFI Fund to a CDFI Program or NACA Program award recipient will not exceed the amount of match that the award recipient has in hand. As a result, the CDFI Fund may make multiple disbursements of financial assistance as the CDFI Program or NACA Program award recipient receives the requisite matching funds.

- b. *Technical Assistance* – There is no match requirement for technical assistance amounts under the CDFI Program and NACA Program (12 CFR section 1805.303(d)).

2. Level of Effort – Not Applicable

3. Earmarking – Not Applicable

L. Reporting

1. Financial Reporting

- a. SF-270, *Request for Advance or Reimbursement* – Not Applicable
- b. SF-271, *Outlay Report and Request for Reimbursement for Construction Programs* – Not Applicable

- c. SF-425, *Federal Financial Report* – Applicable to Technical Assistance
- 2. **Performance Reporting** – Not Applicable
- 3. **Special Reporting** – Not Applicable
- 4. **Subaward Reporting under the Transparency Act** – Applicable

IV. OTHER INFORMATION

As described under II, “Program Procedures,” the CDFI Fund provides financial assistance and technical assistance awards through the CDFI and NACA Programs. Starting with awards in Federal Fiscal Year 2011, the CDFI Program assistance agreement has clarified guidance for determining Federal awards expended. For determining whether the audit threshold is met and determining Type A programs: (1) financial assistance awards are considered Federal awards expended once the awardee expenses the funds for the authorized uses outlined in the awardee’s assistance agreement, and (2) technical assistance awards are considered Federal awards expended once the awardee expenses the funds for goods or services for the authorized uses outlined in the awardee’s assistance agreement. Assistance provided in the form of a loan requires the recipient to submit annual audited financial statements until the loan is repaid.