MAKING SUCCESSFUL CONNECTIONS
Lutheran Family Services of Nebraska impacts more than 35,000 people a year through human care services, ranging from behavioral health to preventive education. The faith-based, nonprofit headquartered in Omaha has more than 30 locations across Nebraska and locations in Council Bluffs, Iowa, and Wichita, Kan.

Like most nonprofits, funding for programs or projects is not always easy to obtain, especially through traditional financial means. Recently, however, the organization’s life-skills education program for immigrants received a $32,000 grant from the First National Bank of Nebraska.

The two entities came together through the Federal Reserve Bank of Kansas City’s Life-Skills Education program, Investment Connection.

Investment Connection is designed to increase awareness about community and economic development programs, which are eligible under the Community Reinvestment Act (CRA). It also provides organizations an avenue to connect with funders for loans, investments and service opportunities.

The Kansas City Fed’s Community Development Department piloted the first Investment Connection on May 12, 2011, in Denver. Eight organizations presented proposals at the event. Three of those organizations have received a total of $695,000 in funding to date and have been promised more funding in the future, said Ariel Cisneros, a senior community development advisor with the Kansas City Fed’s Denver Branch.

Community Development did not set a specific funding goal when they started the program, Cisneros said; however, about 30
percent of the organizations that have presented proposals at an Investment Connection event or submitted a request online since 2011 have received or been promised funding for a combined total of $25.6 million.

The program coincides with the Kansas City Fed’s efforts to promote economic development in local communities.

“Our overarching goal was to efficiently expose CRA eligible projects to potential funders,” said Tammy Edwards, vice president of Community Development. “So far, we have been quite successful in helping nonprofits and funders make connections.”

There are two ways for organizations and funders to make a connection.

Instead of an investor meeting one-on-one with an organization, the Kansas City Fed works as a mediator, coordinating an event that gives nonprofits the opportunity to showcase new and existing community and economic development proposals to an audience of potential funders.

The organizations submit proposals to the Kansas City Fed more than 30 days before the event. Community Development staff reviews each proposal and determines whether the organization and proposal are eligible under CRA and fits program criteria, such as the organization is an established nonprofit and meets auditing standards.

A few weeks before the event, Community Development circulates the eligible proposals to potential funders, which include banks, philanthropies, community development funders and government agencies. The day of the event, organizations are given the opportunity to speak for 10 minutes and then take questions about their proposals.

Community Development also offers an online platform for organizations to submit proposals at any time. The proposals are

Erica Dobreff, from left, Kansas City Equity Fund, Cliff Pouppirt, director of planning and development for Blue Hills Community Services, and Mark Parman, Equity Bank, review blue prints for an affordable home. Dobreff successfully secured funding through Investment Connection.
reviewed to make sure the project and the organization are CRA eligible. Once approved, the proposal goes online for funders to view.

“We didn’t want this to be an arduous effort on the organization’s part,” Cisneros said. “This is straightforward and easy to use.”

The Kansas City Equity Fund, Young Americans Bank and Mi Casa Resource Center are just three of many organizations that benefited from new funding relationships courtesy of Investment Connection Online.

Building affordable housing relies on combining multiple funding sources, or “capital stacking.” Raising all the funding necessary to provide affordable housing to families who earn less than 60 percent of area median income is challenging.

“I am extremely pleased with the results from the program...”

Erica Dobreff, president of the Kansas City Equity Fund, posted a proposal for the Gateway Community Development Fund to Investment Connection Online and was selected to share information about the housing proposal and her organization to a group of funders in late 2014.

“The experience was terrific,” she said. “I was pleased by the number of funders in the audience, some that I knew, but many were new. I was happy that it was a large audience—it was fun for me. The audience asked questions about the investment opportunity and the organization. Overall, it was a very cordial way to present the information.”

Dobreff said the online platform was an easy and ideal way to promote an existing program that needed additional funding to grow.

Blue Hills Community Services has benefited from area partnerships over the years, such as the one it has with the Kansas City Equity Fund.

The Kansas City Equity Fund recently benefited from a funding connection it made through Investment Connection.

Blue Hills is a community development corporation (CDC) that has worked for years in the Blue Hills Neighborhood of Kansas City rehabbing homes or building new ones.

The organization uses a block-by-block strategy to focus neighborhood revitalization with new and renovated single-family and multifamily homes, home repair services to owner occupants, and community planning and organizing.

Blue Hills also administers supportive services to improve academic achievement of students, leadership development, policy improvement, neighborhood involvement and resident empowerment.

More than a year ago, the organization created a small business incubator for contractors. The 14,168-square-foot incubator, built to LEED Silver standards and also houses Blue Hills’ headquarters, is one of several new developments along Prospect Boulevard, one of Kansas City’s busiest urban roadways.

It’s one of the first of its kind in the nation, said Randy Morris, director of member services for the National Business Incubator Association, which has 1,275 members in the United States. “Incubators serve the entrepreneurial spirit within a community, creating jobs and creating wealth,” Morris said.

The building also serves as a community meeting space, community office space for service-based organizations, and a home repair, weatherization and single-family development center.
“I am extremely pleased with the results from the program; we reached new funders and secured a $250,000 investment by Equity Bank; the return on investment was outstanding. I’m not surprised that (Investment Connection) is quickly approaching $26 million in connections.”

Dobreff found the online database so successful that she plans to submit a proposal for the St. Louis CDFI Fund that offers multiple funding opportunities.

“I would recommend Investment Connection to other community development organizations that are trying to reach funders and create awareness of their programs,” she said.

Mark Parman, regional president-Kansas City for Equity Bank, said he knew there was a solid connection when he heard Dobreff’s presentation.

Parman found Investment Connection to be a valuable program, adding that it was concise, well done and a good use of his time.

“The variety of programs available— with diverse geographic coverage and areas of focus—provided an opportunity to hear about many investment and lending opportunities in one meeting,” he said. “It is beneficial when you are looking for CRA-eligible investment opportunities that make sense for your bank; you don’t have to chase them down.”

Cassandra Ilich, assistant vice president, community reinvestment and fair lending, Colorado Federal Savings Bank, said attendance at the in-person Investment Connection program provided the impetus to work with Young Americans Bank and fund its Send-a-School program with $10,000.

“Because of (the program) we were able to make strong funding connections,” Ilich said.

Ilich added that organizations’ websites often look the same and Investment Connection gave her a better understanding of the organizations and their proposals.

“Investment Connection helped us establish new relationships with organizations

Patrick Fogerty, from left, senior vice president of Colorado Federal Savings Bank, Ashley Dunn, mayor of Young Ameritowne, along with Rich Martinez, Young Americans Bank, and Cassandra Ilich, Colorado Federal, recognized Colorado Federal’s investment in Young Americans Bank’s program.
we may not meet, sped up the funding process, and provided an efficient way to learn about different activities around the state,” she said.

In addition to funding Young Americans Bank, Colorado Federal Savings Bank also established a relationship with Mi Casa, making a $25,000 investment for a new resource center. Ilich said she thinks Investment Connection is a great way to spread the wealth.

Rich Martinez, president of Young Americans Bank, sees Investment Connection as a unique way to make presentations to funders intent on making investments in the community.

Martinez said securing two investments through Investment Connection was an excellent return on investment. In addition to the $10,000 it received from Colorado Federal Savings Bank, Young Americans Bank received $1,500 from Colorado East Bank and Trust for its On the Road Initiative for Pueblo and Greeley, Colo. Martinez added the bank is developing several new relationships with funders that are considering proposals for funding.

This is an example of how funders can invest in multiple organizations with only using one source to connect, Cisneros said. For example, First National Bank of Nebraska, which funded Lutheran Family Services in Omaha, Neb., also gave a $1 million grant to Accion, headquartered in Albuquerque, N.M., for its service programs in northern Colorado. Accion is a nonprofit that provides microfinancing services to the lower-income and microbusiness owners who may not qualify for traditional funding methods. The organization also provides financial training and helps communities create services that bolster healthy small business practices.

Making these connections goes beyond funding, Cisneros said.

Many times organizations receive help through in-kind donations and services. For example, one investor provided training to an organization’s employees. There also are knowledge-based services, such as a funder becoming part of the organization’s board of directors or providing expert consulting services.

“Besides bringing a new funder to your pool of funders, you may make a connection that could benefit you in multiple ways,” Cisneros said.

And in many instances, once a funder has given once to an organization, the funder will give again.

“It’s not always the case, but we’ve seen this happen many times,” Cisneros said.

KEVIN WRIGHT, EDITOR

FURTHER RESOURCES

For more information about Investment Connection, or to use Investment Connection Online, visit www.KansasCityFed.org/community/investmentconnection.

COMMENTS/QUESTIONS are welcome and should be sent to teneditors@kc.frb.org.