

OVERVIEW OF MATCHING FUNDS

The CDFI Fund understands that Matching Funds can be a complex topic. To help Applicants considering applying for a Core Financial Assistance (FA) award under the FY 2024 Community Development Financial Institutions (CDFI) Program funding round, this document provides an overview of Matching Funds and clarifies some commonly asked questions. For detailed information and guidance on Matching Funds, please refer to the [FY 2024 CDFI Program Matching Funds Guidance](#) posted at www.cdfifund.gov/cdfi, under Step 2: Apply.

Any questions related to Matching Funds can be submitted to the CDFI Fund by **Service Request**, by emailing cdfihelp@cdfi.treas.gov, or by either attending or viewing the [Matching Funds Webinar](#).

KEY FACTS ABOUT MATCHING FUNDS

- ✓ The Riegle Act (P.L. 103-325), the statute which authorizes the CDFI Program, requires that FA awards, including Base-FA, Disability Funds-Financial Assistance (DF-FA), and Persistent Poverty Counties-Financial Assistance (PPC-FA), be matched with funds from non-federal government sources on a dollar-for-dollar basis.
- ✓ Matching Funds are required **only** for organizations applying as Category II/Core FA Applicants under the CDFI Program. Matching Funds are not required for any Native CDFI Applicants.¹ Additionally, Matching Funds are not required for Small and Emerging CDFI Assistance (SECA) FA Applicants and Healthy Food Financing Initiatives (HFFI) FA Applicants, pending final FY 2024 Appropriations language.²
- ✓ At the time of Application, an Applicant is **only** required to submit in-hand and/or committed Matching Funds in an amount that is at least **50% of its total request amount** (Base-FA + DF-FA + PPC-FA). For example, if an Applicant requested a \$2M Base-FA award and is not requesting any supplemental PPC-FA or DF-FA funding, the Applicant only needs to submit \$1M in in-hand and/or committed Matching Funds at the time of Application.
- ✓ Core FA Applicants have multiple ways to meet Matching Funds requirements. Applicants may use any combination of the Matching Fund types as outlined in Table 1.

Type (source)	Who is eligible to submit?	Form of Award
Grants	ALL Applicant types	Grant
In-Kind Contributions	ALL Applicant types	Grant
Retained Earnings	ALL Applicant types	Grant
Loans	ALL Applicant types	Loan
Deposits	Regulated Applicants Only	Deposit
Equity Investments	For-Profit Unregulated Applicants, and Banks/Bank Holding Companies	Equity Investment
Credit Union Shares	Credit Union/Cooperativa Applicants Only	Credit Union Shares
Secondary Capital	Credit Union/Cooperativa Applicants Only	Secondary Capital

¹Congress permanently waived the Matching Funds requirement for Native CDFIs in the Indian Community Economic Enhancement Act of 2020 (P.L. 116-261).

² Congress waived the Matching Funds requirement for SECA-FA and HFFI-FA Applicants under the Consolidated Appropriations Act, 2023, (P.L. 117-328). Since FY 2024 appropriations are not yet finalized, SECA-FA and HFFI-FA Applicants are not required to submit Matching Funds with their Applications, but the CDFI Fund may request evidence of Matching Funds for these Applicants if the requirement is not waived in FY 2024.

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- ✓ The form of award will be in the same type as the Matching Funds submitted by the Applicant. The CDFI Fund will always use sources that result in an award in the form of a grant before counting other sources. It is possible to get one award in two different forms, depending on the Matching Funds provided. For example, if an Applicant received a \$2M award and provided final Matching Funds of \$1.5M in Retained Earnings and \$500,000 as a loan, the FA award would be structured as a \$1.5M grant and a \$500,000 loan.
- ✓ Retained Earnings may be used by ALL Applicant types as the sole source of Matching Funds or in conjunction with any of Matching Fund sources listed in Table 1. The CDFI Fund will use either Fiscal Year End (FYE) Retained Earnings or 3-Year Average Retained Earnings as shown in the Retained Earnings Calculator, whichever is more beneficial for the Applicant. **Note: For FYE retained earnings, the FY 2024 Funding Round Matching Funds window does not overlap with any prior funding round's Matching Funds window, which means Applicants will not have to deduct any Retained Earnings they may have used for previous FA awards.** Additional flexibilities for Retained Earnings include the following:

- Regulated Applicants have the option of using 'Retained Earnings Since Inception' for their Matching Funds, which only requires that they increase the sum of either a) shares and deposits; and/or b) total loans and leases by the portion of the award amount that needs to be matched using Retained Earnings Since Inception. 'Retained Earnings Since Inception' essentially allows the use of all Retained Earnings over the life of the organization, which goes well beyond the three-year Matching Funds window. This option can be used in multiple funding rounds and does not expire if it has been used in a prior funding round.

'Retained Earnings Since Inception' is calculated by the CDFI Fund automatically after any available FYE or 3-Year Average Retained Earnings have been exhausted, if available. The Retained Earnings Calculator contains several fields that the Applicant must fill out to determine their eligibility to use Retained Earnings Since Inception.

- Unregulated Applicants have Retained Earnings calculated as total income/revenue (less any federal grants and previously used Retained Earnings within the window) minus expenses. When conducting this calculation, the CDFI Fund allows unregulated Applicants to deduct several categories of expenses, which means the amount of revenue eligible to be included as Retained Earnings for Matching Funds purposes will likely exceed any net profit or increase in net assets that appear on the organizations' financial statements. Deductible expenses include: Salary/Fringe Benefits, Bad Debt/loan loss provision, program services funded through grants, and grant expense.

For detailed instructions on how to use retained earnings as match and more information on different options for how retained earnings can be measured based on organization type, please see the [FY 2024 CDFI Program Matching Funds Guidance](#).

- ✓ The amount of Matching Funds provided at the time of Application does not affect the final FA award size, as long as the Applicant provides the required minimum 50% Matching Funds. The Matching Funds window extends beyond the Application deadline and the award announcement to allow Applicants the opportunity to secure extra sources of Matching Funds once they know the

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final amount of their award. The Matching Funds window for the FY 2024 funding round is January 1, 2022 through January 15, 2025.

- ✓ In the event a Recipient is not able to provide sufficient Matching Funds for its final award amount, only the portion of the award that has not been matched with eligible sources of in-hand Matching Funds by the end of the Matching Funds window will be forfeited, not the entire award. For example, XYZ CDFI requested a \$2M Base-FA award with \$1M of eligible in-hand Matching Funds submitted at the time of Application. They were awarded a \$1.5M Base-FA award, which means they would have to provide \$500K of additional in-hand Matching Funds received within the Matching Funds window. If XYZ CDFI is only able to provide an additional \$250K in eligible Matching Funds, their final award amount will be \$1.25M and \$250K would be de-obligated.

ADDITIONAL TIPS

- ✓ When planning for the amount of Matching Funds your organization will need prior to the end of the Matching Funds window, note the estimated average award sizes for Core-FA Applicants listed in Table 2 of the FY 2024 CDFI Program NOFA. However, organizations should feel free to request more than the anticipated average award sizes, based on their available Matching Funds, need for funding, and proposed business plan.
- ✓ Ensure you are considering all the different sources of Matching Funds your organization may be eligible for. Remember that the CDFI Fund will always use the source of Matching Funds (Grants, In-Kind Contributions, Retained Earnings) that will result in the form of the award being a grant first.
- ✓ Small and Emerging CDFIs may consider applying for a SECA FA award where the match requirements are traditionally waived. To be an eligible SECA Applicant, an Applicant must be eligible to apply for FA and meet the following criteria:
 1. Request \$1,400,000 or less in Base-FA award funds;
AND EITHER
 2. Have total assets as of the end of the Applicant's most recent historic fiscal year in accordance with the FA Application Guidance (as stated in the Applicant's AMIS account and verified by internally prepared financial statements and/or audits) in the following amounts:
 - Insured Depository Institutions and Depository Institution Holding Companies: up to \$250 million;
 - Insured Credit Unions and State-Insured Credit Unions: up to \$100 million
 - Venture Capital Funds: up to \$5 million
 - Other CDFIs: up to \$5 million**OR**
 3. Have begun operations (as indicated by the financing activity start date field in the Applicant's AMIS account) on or after January 1, 2020.
- ✓ Matching Funds requirements are waived for **all** Native CDFI Applicants regardless of whether they apply under the CDFI Program or the Native American CDFI Assistance (NACA) Program.

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EXAMPLES

Example 1: Pennsylvania CDFI – Loan Fund		
Award Request	<ul style="list-style-type: none"> \$2 million in Base-FA \$600,000 in DF-FA \$600,000 in PPC-FA 	Total Requested: \$3.2 million
Matching Funds at the Time of Application	<ul style="list-style-type: none"> \$1 million in in-hand grants \$200,000 in FYE Retained Earnings from FY 2022 \$300,000 in FYE Retained Earnings from FY 2023 \$200,000 in in-hand loans \$1.7 million total (or 53% of the Award Request) 	
CDFI Fund Evaluation	The final award amount is \$1.2M, including Base-FA, DF-FA, and PPC-FA. The CDFI Fund will use the following to satisfy the Matching Funds requirement: \$1M in grants; \$200K in FY 2022 Retained Earnings. The entire award will be provided in the form of a grant.	
Example 2: Idaho CDFI – Loan Fund		
Award Request	<ul style="list-style-type: none"> \$1 million in Base-FA \$1 million in DF-FA 	Total Requested: \$2 million
Matching Funds at the Time of Application	<ul style="list-style-type: none"> \$500,000 in committed grants \$500,000 in in-hand loans \$1 million total (or 50% of the Award Request) 	
CDFI Fund Evaluation	The final award amount is \$2M, including Base-FA and DF-FA. The CDFI Fund will reach out to the Applicant following the Award Announcement to notify them that \$500K of their award will be in the form of a loan and to request additional information on other Matching Funds sources. The Applicant will have until January 15, 2025 to secure additional sources of Matching Funds, if necessary, and will have until January 31, 2025 to provide evidence that all required Matching Funds are in-hand. Idaho CDFI confirms that the originally submitted \$500K grant is now in-hand and provides an additional source of \$800K in in-kind contributions they received in the form of pro-bono legal services, but notes they have no additional sources of Matching Funds to provide. The CDFI Fund verifies this information, issues Idaho CDFI a \$1.8M award as a \$1.3M grant and a \$500K loan, and de-obligates \$200K.	
Example 3: Kansas CDFI – Bank Holding Company		
Award Request	<ul style="list-style-type: none"> \$2 million in Base-FA \$600,000 in PPC-FA 	Total Requested: \$2.6 million
Matching Funds at the Time of Application	<ul style="list-style-type: none"> The Applicant has no positive FYE Retained Earnings Applicant intends to use 'Retained Earnings Since Inception' and enters \$2.6 million into Matching Funds section as well as submits Retained Earnings Calculator demonstrating eligibility 	
CDFI Fund Evaluation	The final award amount is \$2M, including Base-FA and PPC-FA. Since this group is Regulated and intends to use Retained Earnings Since Inception for all of their Matching Funds, the CDFI Fund calculates the required increases in Shares/Deposits and/or Loans/Leases based on the dates specified in the NOFA. Kansas CDFI demonstrates \$3M in increases, qualifying them for \$3M in Retained Earnings Since Inception. As a result, the Matching Funds used will be \$2M in Retained Earnings Since Inception and the Applicant will receive the full award in the form of a grant.	