



## **Member Financial Assistance Program – Services**

### **Interest-Free Revolving Loan Program**

#### **Overview**

In an effort to continue to expand the services and supports NYSID provides to its members in order to combat the crisis in unemployment among individuals with disabilities in New York State, NYSID has established a revolving loan fund. The fund will provide assistance to members wishing to develop a new, or expand an existing approved Preferred Source service offering. The anticipated result reflects NYSID's core mission of "Turning business opportunities into JOBS for New Yorkers with disabilities."

This revolving loan fund will utilize 20% of NYSID's operating income balance in excess of \$50,000 to capitalize projects to be submitted during the first quarter of each fiscal year (October to December of each year). The NYSID Financial Assistance Program Committee will review and approve applications during the first quarter of the calendar year (January – March) with funds becoming available effective April 1 of each year for approved projects. This process will be repeated annually (assuming the availability of funds resulting from operating profits), with anticipation that this fund will become self-perpetuating.

#### **Objective**

The purpose of the Interest-Free Revolving Loan Program is to provide financial assistance to NYSID Member Agencies in good standing that wish to develop a new or expand the services from among the list of approved Preferred Source Offerings. A member may use this program for a non-NYSID Preferred Source Offering, however, interest will be charged on the outstanding balance of the loan at the prime lending rate as advertised in the Wall Street Journal plus 1% for the duration of the loan. The rate of interest will be recalculated during the term of the loan on a quarterly basis on the first day of the quarters beginning April, July, October, and January.

Approved loan applications will be funded on a first-come, first-served basis. Preference for available funds will be first given to applications for services that fall within the Preferred Source list. In addition, member applications that include partnerships or subcontracts with New York Small Businesses, Minority and Women Owned Business Enterprises, and Service Disabled Veteran Owned Businesses will also receive preference.

Loans will be made to traditional members only. This excludes Corporate Partners.

## **Funding**

Loans under this program will assist NYSID members with a portion of the costs to be incurred in the performance of a service contract. These costs may include new equipment, supplies, transportation and the initial cash flow (up to 6 months) to cover payroll costs. In all instances, the loans are to increase or facilitate the employment of persons with significant disabilities.

Loans will be made for up to 50% of the required funding of the project, not to exceed \$50,000. A business plan shall be submitted by the member and reviewed and approved by the NYSID Financial Assistance Program Committee. Loans shall be made for a maximum length of 5 years. All loans in excess of \$10,000 shall be collateralized. Repayment shall be absorbed by NYSID for the first twelve months of the loan, with payments made quarterly thereafter in equal installments. The member shall be responsible for repaying 80% of the borrowed amount in years 2 – 5. Loans provided for Non-Preferred Source Offerings shall accrue interest and be repaid over the term of the loan in 20 equal installments. Loans for Non-Preferred Source Offerings shall be repaid in total.

A member may only apply for one loan each year, but may be approved and receive multiple loans from the NYSID Revolving Loan Program over time.

## **Criteria**

The primary criteria in determining a member's eligibility to receive a loan is the effect the dollars will have on the member's employment of individuals with significant disabilities within New York State. It is expected that the loans for both Preferred Source Offerings and Non-Preferred Source Offerings will result in an increase in the number of individuals with significant disabilities employed by the applicant. Requests will be closely reviewed by the Loan Committee to assure this criteria is met.

Other criteria to be met in order to qualify for a loan are as follows:

- Members with fund balances in excess of \$1,000,000 excluding real property, donor restricted contributions, endowment funds, agency restricted funds established for pension health care or other fringe benefit funds, and 90 days of operating reserves will not be eligible for loan awards. Members are encouraged to provide a reconciliation of their fund balance along with their financial statements to substantiate their eligibility.
- Members must be in compliance with required Value Added labor QER ratios on all existing NYSID Preferred Source contracts.
- Members must not be in violation of any State or Federal laws, rules or regulations and must be in compliance with NYSID requirements regarding

submission of Quarterly Employment Reports (QERs). Additionally they must have filed their Annual Certification and Annual audited Financial Statements.

### **Application Content**

Member applications shall consist of a standard Business Plan for the project to be funded, and shall contain, at a minimum, the following:

- Executive Summary
- Description of the service or contract
- Member's mission, services, and organizational structure.
- The number of jobs for individuals with significant disabilities that are anticipated to be created along with the total number of jobs to be created.
- Marketing and sales strategy
- Three year financial projections, including a cash flow statement.
- List of suppliers, subcontractors and partners and documentation to validate those considered certified MWBEs and Service Disabled Veteran Owned Businesses.
- Copy of the Member's most recent financial statements along with a reconciliation which confirms that the unencumbered fund balance is less than \$1,000,000.

### **Timeline – Application to Disbursement**

Each October, NYSID will announce funding availability for the Revolving Loan Program. Members will have until December 31 of each year to submit their loan applications. The NYSID Financial Assistance Program Committee will review the applications on a first come first served basis. All approvals will be provided within 30 days of receipt of application and/or by March 31. Loan funds will be issued for all approved loans on April 1.

If a loan request is approved, prior to disbursement of the funds, the member will be required to submit the following:

1. A Resolution by the members' Board of Directors authorizing the member to obtain the loan;
2. An executed Agreement evidencing the loan;
3. An executed Promissory Note; and
4. Any other documents the NYSID Financial Assistance Program Committee may require (i.e. corporate guarantee or lien on equipment).

Failure to submit the required documents on a timely basis may result in a delay of a loan disbursement. In addition to repayment, members are required to report Value Added Labor information for these projects and contracts on their standard NYSID Quarterly Employment Reports (QERs).