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NFF Community Quarterly

Fall 2010

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Dear Friends,

I am completely amazed that Labor Day has come and gone. We have been busy, in an environment that continues to be challenging for communities and organizations across the country. Access to financial capital and knowledge is more important than ever, and we're working hard to get our financial messages (and capital!) out there.



We are very pleased to announce NFF's new blog on *The Chronicle of Philanthropy*, called [Money and Mission](#). It is another way we're expanding the conversation — and pushing for change — with respect to nonprofit finance. The blog is a forum for informal discussion, lively debate, and fresh ideas. You'll see moderate diatribes about "pretty bad best practices," as well as cheerfully nerdy recommendations for financial reporting reform. And of course, we'll take up our perennial favorite, "build vs. buy": the emergence of an equity-like approach to financing nonprofit growth. I am enjoying my initial forays into the blogosphere, even though I confess to being a neophyte on many fronts (tweeting, blogging, and mash-ups among them)! You'll be hearing from many voices in the NFF family (see the complete bios on the [blog](#)), and new posts will be up about twice a week.

Another way we're extending the dialogue on nonprofits and money is through a new Web Chat series, also with *The Chronicle of Philanthropy*, starting on October 5, 2010. Please read the [full story below](#) for details. We would love to hear your voices on the blog or in the web chats, so please comment, write to us, and join in the discussion when you're inspired.

Finally, as a reminder that 'thinking and doing' go hand in hand at NFF, I'm proud to announce two exciting milestones: First, [NFF Capital Partners](#) has released a [retrospective report](#) analyzing its work in helping organizations raise and manage [philanthropic equity](#) over the last four years. The results speak for themselves: philanthropic equity has, on average, more than tripled program delivery, and doubled revenue for nonprofits that have conducted comprehensive philanthropic equity campaigns. I encourage you to read the [press release](#), visit the [website](#) or [read the report](#) to learn more about what philanthropic equity is and how NFF is pioneering a new way of managing growth capital campaigns.

Secondly, NFF recently received a \$750,000 Financial Assistance award from the U.S. Department of the Treasury's Community Development Financial Institutions (CDFI) Fund, which we're using to provide "catalyst loans" that help nonprofits in low-income communities stabilize, restructure, and potentially merge with other organizations. We're very committed to this work, which will strengthen and extend services to front line organizations serving a very deserving public at a very difficult time.

Thanks for your continued support, and please read on for more news!

Best,

A handwritten signature in black ink, appearing to read 'Clara', written in a cursive style.

Clara Miller
President & CEO, Nonprofit Finance Fund

Mark Your Calendars for Upcoming Web Chats on Growing Your Organization's Impact!

Following on the popular web chats held last year, NFF is again partnering with *The*

Chronicle of Philanthropy to offer free, live, web chats on "**Growing Impact: Trends in Nonprofit Finance**" open to all. This series will explore new strategies and methods that organizations are using to scale their programs, organizations, or online reach to achieve greater social impact. Each web chat will provide practical tips, new ideas, and financial techniques being used in the social sector.



See below for information on the first web chat in the series.

Registration links coming soon! Join us at

www.twitter.com/nff_news to get the latest updates on the web chats and more! And see our [Web Chats Page](#) for the most up-to-date information on upcoming chats, and links to previous discussions. Once the links are available, you'll be able to submit a question ahead of time, join the live post-and-read discussions, or view the transcripts after each discussion. We encourage you to join in, ask questions, and use Clara Miller and our expert partners from the field as a resource!

Web Chat 1: Live from SOCAP 2010! **Thursday, October 5, 12:00-1:00pm EST**

As nonprofit groups continue to struggle in a tough economic climate, the need of those they serve continues to grow and social service funding continues to waver. As a result, raising money to maintain existing operations and programs is no longer enough. Nonprofits must also devise ways to keep up with rising demand to land the kind of large, multi-year funding that will enable them to expand or create new programs in a sustainable way.

How can nonprofit leaders fund growth? What is the difference between revenue and capital, and why is that important? And when should nonprofits consider fostering replication instead of growth?

Join us on Tuesday Oct. 5, at noon U.S. Eastern time for a live online chat with participants in [SOCAP 2010](#), the third annual meeting of socially conscious investors, philanthropists, and others, as we look toward the future of funding and discuss the perspectives raised in SOCAP around funding nonprofit enterprises. is the third annual convening of socially conscious investors, philanthropists, intermediaries, and interested observers looking toward the future of Social Capital Markets. In this web chat, we will discuss the perspectives raised in SOCAP around funding nonprofit enterprises.

Look for a note from us soon with dates and details on the rest of our web chat series!

NFF Leads \$6 Million Working Capital Fund for California Charter Schools

Charter schools depend upon working capital financing because state funding of public education is increasingly uneven and paid to schools late in the school year, the result of ongoing state budget impasses and cash flow issues. With current deadlock over the California state budget reaching towards a record-breaking delay and pushing back payments for services across the state, this year is likely to be the worst in recent memory.



Seven years ago, the **California Charter School Association ("CCSA")** — the leading membership and professional organization for charter schools in the state — launched the Growth Loan Program to provide working capital to member schools. After participating in the program for three years, NFF will lead the 2010-2011 Program. We have committed \$2 million to the pool; Low Income Investment Fund (LIIF) and Enterprise Community Loan Fund are each contributing \$2MM as well.

The Growth Loan Program provides liquidity in the first half of the school year to schools with large year-to-year increases in enrollment, since enrollment growth is not funded by the State until the second half of the school year.

"Growing charter schools do not receive adequate funding for the first few months of the school year. The Growth Loan Program helps to bridge the gap so that schools do not have to turn down new enrollments due to a lack of funding. We are excited to be partnering with NFF on the Growth Loan, and look forward to working together on new ways to help address the larger cash-flow challenge faced by charter schools due to California's financial situation," said Joe Harrington, Director of Financial Services for CCSA.

The first disbursements for the 2010–2011 school year went out on September 3rd; we expect to have a second round of disbursements in the late fall. CCSA members should [check their web site for more information](#).

Supporting Effective Services During Difficult Times

According to the New York City Department of Homeless Services' 2010 Annual Homeless Outreach Population Estimate survey, over 39,000 people reside in shelters nightly and another 3,000 live on New York City's streets and subways. These numbers, which are on the rise, reflect both the continued impact of our national economic crisis, and a City that feels compelled to respond.

Operating for 40 years, the **BRC (Bowery Residents' Committee)** is one of the most effective housing and social service providers in New York City. Described by *The New York Times* as one of the city's "most respected charity groups," BRC offers 27 programs that in the past year served over 8,000 of NYC's neediest individuals. More than 60% of those who leave BRC do so having successfully achieved their goals for housing, employment, stability in health and sobriety, and more.



Photo by Robert Essel Photography

In response to the growing need for homeless services, BRC is creating a new multi-service center in the heart of Manhattan, at 127 West 25th Street. This 12-story, 104,000 square foot facility will let BRC consolidate and expand existing programs, and add new 200-bed residence for homeless individuals, making it possible for the organization to significantly expand its ability to break the cycle of homelessness in NYC.

NFF is one of many lenders and funders supporting this \$15 million renovation project, with a \$2 million loan that will cover the soft costs of construction. The improvements include: complete renovation of the floors, build-out of social service and administrative offices, a commercial kitchen, dining rooms, group rooms and other spaces to accommodate the shelter and other support services. Construction will include new HVAC systems, upgrades to the plumbing and electrical systems, and other building infrastructure as needed.

"This new multi-service center and agency headquarters, with its complementary offerings of transitional housing, case management and treatment services, will enable BRC to help hundreds more needy New Yorkers to break the cycle of homelessness and reclaim lives lost," said BRC Executive Director, Muzzy Rosenblatt. "It will also create over 250 new jobs, and help to restore the city's economy. Thanks to NFF and their investment in BRC and the people we serve, we were able to seize this opportunity and turn a dream into a reality."

The facility, designed by TEK Architects and being built by the construction firm of J.T. Megan, is scheduled to open in early 2011. Once up and running, more than 270 BRC staff will work at the building, every year offering opportunities for over 2,000 homeless and needy New Yorkers to reclaim lives lost.

De-Mystifying Mergers and Exploring Alliances

In the last few years, and particularly since the beginning of the recession, the subject of nonprofit mergers has filtered into mainstream media. From *The Boston Globe* and *The New York Times* to the *Wall Street Journal*, the last decade has seen a growing tide of awareness about their role in the nonprofit community. But what does a merger actually mean? And are there other alternatives for nonprofits looking to work together? Tom McLaughlin, NFF's merger & alliance expert, dives into these topics and more in his recent articles in *massnonprofit.org*, *Nonprofit Business Advisor*, and *The NonProfit Times*, which followed the release of the 2nd edition of his book *Nonprofit Mergers & Alliances* in June, 2010.



Alliances, which include a variety of collaboration options that don't rise to the same level of organizational integration as mergers, are an increasingly popular management tool. Alliances come in many forms; a fully developed alliance may even look like a network of nonprofits, each with its own corporate structure but participating collectively in one or more common tasks. The form an alliance takes should be driven by the outcome the organizations hope to achieve. See a few examples below!

- **Looking for financial savings?** It's better to seek simple, economics-oriented alliances, such as purchasing cooperatives. This type of alliance aims to gain lower prices for members by building large-scale buying power that will be attractive to vendors and motivate them to offer lower per-unit costs.
- **Trying to improve the quality of your backroom services?** Administrative alliances are often a strong fit. These will typically offer services like IT, accounting and financial management, and human resource management. Since most nonprofits typically don't overspend on administrative services, joining an administrative alliance may not save money, but it may improve quality, and give you more bang for the same buck.
- **Seeking to deliver programs and services jointly?** Programmatic alliances can have great social impact. However, they're often more difficult to create in our sector's fragmented service delivery system. Moreover, the services offered by programmatic alliances are likely to be complementary rather than duplicative. Nonprofits interested in program collaborations will likely find themselves designing their own effort with one or two partners.

For more tips and information about nonprofit mergers & alliances:

[Learn about our services](#)

[Read more articles by Tom](#)

NFF in the News

["Determine Your Goal Before Seeking Partners for an Alliance"](#) *massnonprofit.org*, September 9, 2010

["A Radical Spin on Capital Campaigns: An Interview with George Overholser"](#) *Social Velocity*, September 3 & 7, 2010

["Communicating your financial story"](#) *Philanthropy Journal*, August 27, 2010

["Nonprofit Finance Fund's 'tool kit' provides certainty in uncertain times"](#) *Nonprofit Business Advisor*, July, 2010

NFF at Large: Find an NFF Event in Your Area

NFF is regularly involved in conferences, convenings, workshops, and other gatherings where nonprofit finance is being discussed. As thought leaders in the field, NFF President & CEO, Clara Miller, and other staff members regularly present on topics related to nonprofit finance and social enterprise, locally, nationally, and internationally. **When and where possible, we encourage you to join us.**

[See our upcoming engagements.](#)

About Nonprofit Finance Fund

As one of the nation's leading community development financial institutions, (CDFI), Nonprofit Finance Fund (NFF) makes millions of dollars in loans to nonprofits and pushes for fundamental improvement in how money is given and used in the sector. We provide a continuum of financing, consulting, and advocacy services to nonprofits and funders nationwide. Our services are designed to help great organizations stay in balance - in both good and bad economic times - and grow and innovate when they're ready.

Learn more about NFF's:
[Tools for Nonprofit Success](#)
[Loans and Financing Opportunities](#)
[NFF Funder Services](#)

NFF serves nonprofits nationwide from eight local offices.

**NEED
A LOAN?**
Our doors are open.



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