

## Grantmakers in the Arts 2009: The Structure of Money

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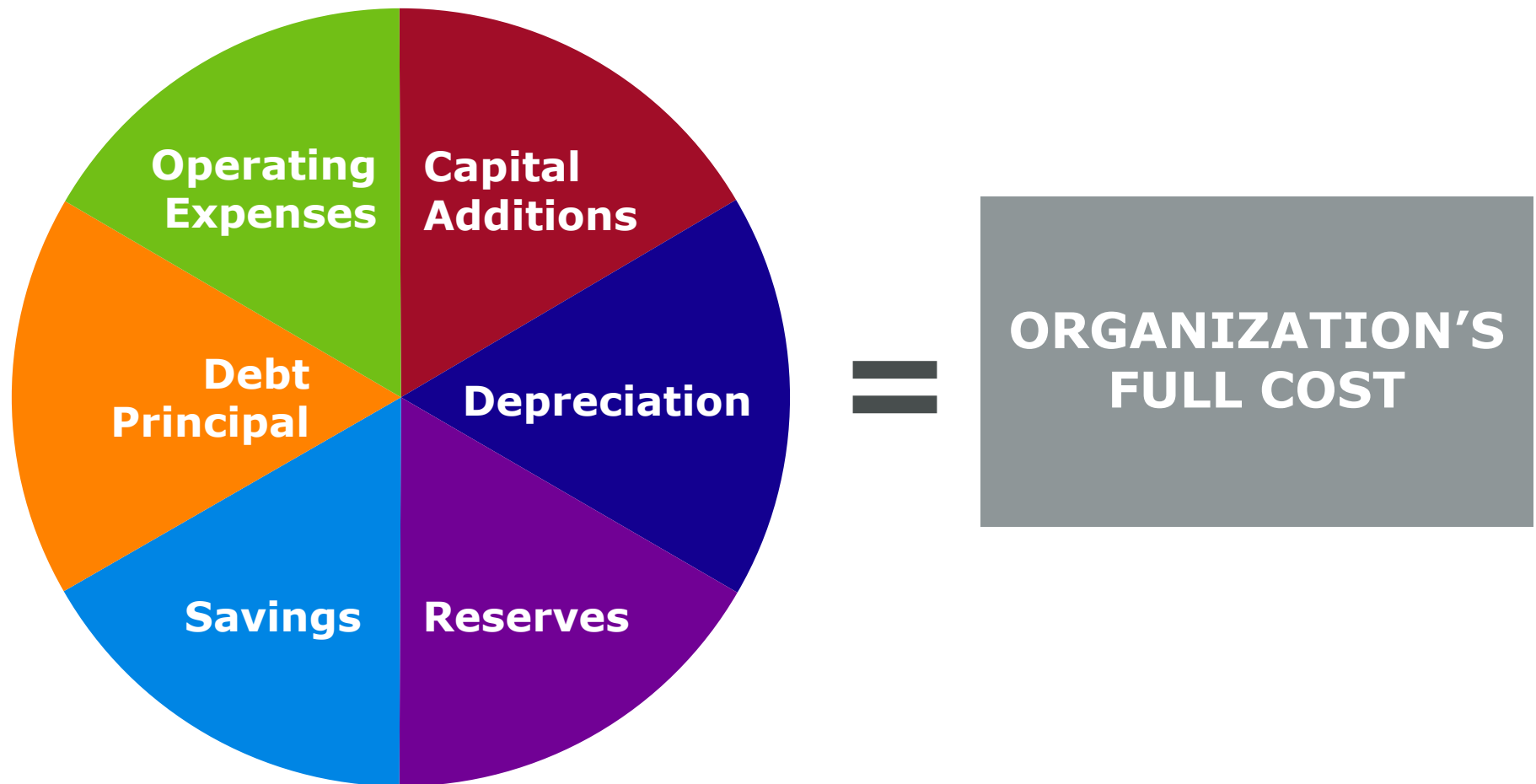
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# An Organization's Total Funding and Financing Needs



**Whole enterprise finance and an organization's sustainability**



# Funder Participation in the Capital Structure



**Full Capitalization** requires different kinds of money at different times from different actors

**Philanthropic Equity**

**"Retained Earnings"**

**Unrestricted Operating Revenue**

**Restricted Operating Revenue**

**Flexible Debt**

**Commercial Debt**

## Questions to Consider:

What are an organization's full capitalization needs?

How do grants and loans work together?

How and when to invest?

Who plays what role?

# Whole Enterprise Funding – Promoting Financial Health



## **Acknowledge that nonprofits need funding to cover the full costs of their programs**

- Organizations need flexible funding, including support for general operations, overhead, and infrastructure

## **Allow nonprofits flexibility in handling common financial challenges**

- Be accommodating in providing grantee support to acquire new equipment, make needed capital repairs, pay off debt or handle slow receivables

## **Provide funds to help high-performing organizations build their balance sheets**

- Your grantees need funding to grow their cash reserves, infrastructure reserves (for building and equipment) and long-term operating reserves

## **Recognize the funding role you're playing in an organization's overall financial structure**

- Understand the type and purpose of funding/financing being provided and match the structure and assessment of your investment accordingly

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## NFF connects nonprofit finance to nonprofit success

### Serving thousands of nonprofit and funder clients nationwide since 1980

- \$175 million in loans in support of over \$1 billion in projects
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- Hundreds of strategic partnerships to advance the nonprofit sector
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- Nearly 30 years of experience as a 501(c)(3) Community Development Financial Institution (CDFI)

### Serving nonprofits nationwide from seven local offices

- Northeast: Boston, New York
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- Midwest: Detroit
- West Coast: San Francisco

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**-The NonProfit Times**

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