

At first glance, it may appear that Nonprofits Assistance Fund's loan programs are just like getting a loan from a bank. While a number of the processes may be similar, Nonprofits Assistance Fund has additional skills and experiences that offer direct benefits to nonprofits. In some instances, we will even work with your regular financial institution to get you the financing you need. Your banker knows just as well as we do that healthy nonprofits benefit the entire community, whether the funds come from us or from your bank. We have gathered the following list of common questions asked by both nonprofits and bankers.

How does Nonprofits Assistance Fund work with banks?

We make loans to nonprofit organizations that banks cannot make because of credit concerns, collateral weakness, and management issues. We are able to do this because NAF is a nonprofit community development organization with a mission to build financially healthy nonprofits. We do not make bad loans (our loss rate is historically less than 1%) but we can take a longer, more patient and flexible approach than a regulated financial institution.

How is Nonprofits Assistance Fund different from a bank?

Because NAF is completely focused on working with nonprofit organizations in all fields of service, we have great expertise in nonprofit finance, funding, management and governance. We are able to devote much more time as advisors than bankers are able to do, helping our nonprofit clients build their financial skills and practices. We also offer financial management training workshops for nonprofits (bankers are welcome to register for these as well).

What are the amounts and terms of loans that NAF makes?

NAF can lend to nonprofits in Minnesota and adjacent communities with an IRS 501(c)3 designation. Loans are available from \$5,000 to \$450,000 for any purpose with repayment structured to fit the cash flow, need and use of funds, including single payment, term loans, lines of credit and structures that are more creative. We are very flexible in determining available collateral, including government contracts, receivables, and junior mortgages. The only fees are a \$250 loan-closing fee and out of pocket costs, if needed.

Does NAF provide guarantees for loans to nonprofits?

No, we do not guarantee loans for nonprofits. We have learned that we provide the most value to a nonprofit by having a direct lending relationship in order to provide ongoing management assistance.

Does NAF participate in loans with banks?

Yes, NAF sometimes will participate in a loan made by a bank. As described previously, we believe it is important that we have a direct relationship with the nonprofit as well.

Does NAF refer nonprofits that are looking for loan or deposit services to banks?

Yes, when NAF staff talk with a nonprofit with a loan need and financial condition that meet the requirements for bank approval we recommend that they approach a bank first. If they do not have a good relationship with a banker, we discuss how to select the right bank to fit their organizations' needs and situation. We usually offer several suggestions based on our understanding of the bank marketplace.

If you would like to speak to us about more ways that your nonprofit or financial organization can work with Nonprofits Assistance Fund, please contact us at 612.278.7180 or info@nonprofitsassistancefund.org.

Nonprofits Assistance Fund is a nonprofit community development organization that fosters vitality by building financially healthy nonprofits. Nonprofits Assistance Fund provides financing for working capital, cash flow, equipment and facilities projects with a focus on strengthening the operation and mission of nonprofits. They also offer financial management workshops and advice that improve nonprofits' capacity to carry out their mission.