



2021 Annual Letter

Dear Friends,

Before you read any further, would you try something with me? Close your eyes, take a deep breath, and exhale slowly.

Done? Good! Too often for the past few years it's felt like we couldn't pause—that we needed to plow ahead with our work or it would all fall apart. And it's become clear that the old ways of working aren't adequate to support communities facing the ravages of COVID-19 and ongoing racial oppression—communities that have been denied access to money and other resources by our current funding system. To meet this moment, we're doing business in a very different way.

An Unwavering Focus On Equity In How We Work

CDFIs were born out of the civil rights movement. Yet for too long our sector has failed to live up to the commitment to racial equity inherent in those roots, as our lending practices fell into the patterns of the traditional capital markets system that systematically denies money to communities of color. We recognize NFF's culpability in contributing to that system, and we've been working to address it for the past six years. We now have an unwavering focus on equity, particularly racial equity, in how we're working, both internally and externally. We don't have it all figured out; we've gotten some things wrong and some things right in our journey so

far. And we still have many, many miles ahead to become the anti-racist organization we strive to be.

In this annual report, I want to share with you some of the actions we took over the past year in support of clients both new and old and the communities they work with. It is a story of putting \$35.9 million to work for BIPOC-led organizations and creating special loan funds to support smaller, community-centered organizations that have historically been denied access to borrowing. It is also a story of the 220 organizations to whom we provided 18,000 hours of consulting work. And most importantly, it is a story of partnerships: aligning our strengths with the strengths of community partners, networks, and more.

Thank you to the partners, investors, funders, clients, and, of course, NFF staff and board members: All of you made possible the extraordinary amount we were able to accomplish in this unprecedented year.



Trelia Walker
Interim President & Chief Executive Officer
Nonprofit Finance Fund

58% of our lending dollars — **\$35.9 million** — went to BIPOC-led (Black, Indigenous, and people of color) organizations.

\$130.6 million raised from 2020 through the end of 2021 to deploy no-fee, zero-interest, no-collateral social sector loans.



LENDING

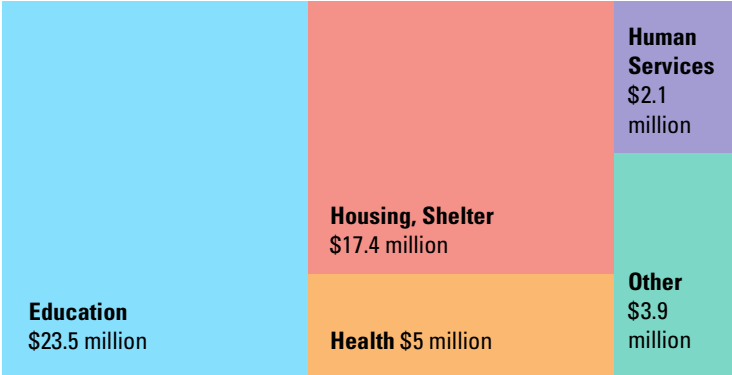
In 2021 we originated **\$67.4 million** in new loans to **97** organizations serving over **278,000** end clients. Combined with **\$12.5 million** in NMTC placements, our **\$80 million** in total new financing was leveraged to support **\$451 million** of total project funding.

In 2021 we set up special zero-interest loan funds combining lending with technical assistance to reach more nonprofits than ever, invested \$12.5 million in communities through three NMTC placements, and reached a **milestone \$1 billion in cumulative lending to nonprofits.**

CORE LOAN FUND

Our core loan fund continues to support organizations across the social sector with financing to acquire and build facilities, bridge late government payments, manage daily operations, and fund future growth.

New loans originated in 2021:



SPECIAL LOAN FUNDS

Since 2020 we have raised \$130.6 million in special loan funds—many of them zero-interest—moving money quickly so organizations have the resources they need to change, grow, and thrive.

New loans originated in 2021:

Trinity: \$5 million

Zero-interest loans for NYC nonprofits working in housing, homelessness, and racial justice.

Jewish Community Response and Impact Fund: \$4.4 million

Zero-interest loans to help sustain Jewish institutions during the pandemic.

CARE Fund: \$3.8 million

Zero-interest loans for community-centered nonprofits led by people of color.

Metro Denver Loan Fund: \$2.3 million

Financing, consulting, partnering, and learning to support the recovery and sustainability of the Metro Denver nonprofit ecosystem.

Why zero-interest?

We provided \$130.6 million in social sector loans at no cost to borrowers and requiring no collateral. Why zero-interest?

- **Money is expensive.** Fees and interest add up, and interest is not reimbursed under most government contracts. **Our zero-interest lending represents a combined savings of about \$7 million in interest payments for nonprofits in 2021 alone.**
- **Bridging gaps.** Delays in reimbursement for government contracts have tied up many nonprofits’ finances through no fault of their own. Nonprofits should not have to pay interest to take out loans on overdue money they are owed.
- **Our money makes more money possible.** Every dollar invested in community-centered organizations yields returns in new facilities and programs, expanding the opportunities for organizations to better serve their communities and attract more grants and funding.



Photo provided by South Asian Council for Social Services.

“The interest-free loan that came from NFF was extremely useful” in adapting services to the realities of COVID-19. “During that time it gave us a sense of stability. It was there when other funds were late in coming.”



Sudha Acharya
EXECUTIVE DIRECTOR, SOUTH ASIAN COUNCIL FOR SOCIAL SERVICES



Gibney Company Artistic Associate Alexander Anderson. Photo by Nir Arieli.

With earned revenue streams decimated by COVID-19, a working capital loan for Gibney Dance “served as a guiding light at the end of a dark tunnel. The combination of support for general operations, combined with a rapid application and disbursement process was truly game-changing for the organization.”



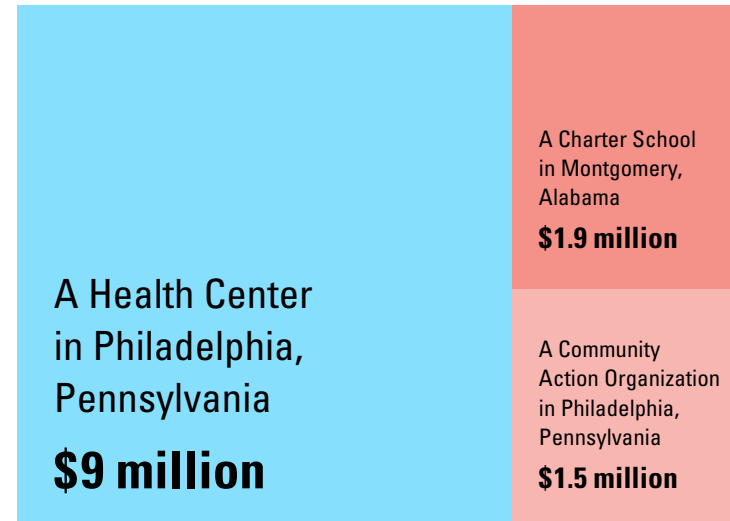
Gina Gibney
CEO, GIBNEY DANCE



NEW MARKETS TAX CREDITS (NMTC)

This US Treasury program provides federal tax credits to attract private investment in low-income communities. Two of our three tax credit placements in 2021 were made through our NMTC Small Loan Fund, which offers low interest rates to borrowers with financing needs too small to qualify for traditional NMTC leverage structures.

NMTC: 3 placements in 2021 totaling \$12.5 million



■ ■ PART OF THE NMTC SMALL LOAN FUND

A MILESTONE \$1 BILLION IN CUMULATIVE LOANS

With a \$500,000 loan to Westside Infant-Family Network in Los Angeles, we reached [\\$1 billion in cumulative lending](#) to nonprofits since we were founded in 1980, money that has supported over \$3.5 billion in projects for thousands of organizations nationwide.

CLIENT FOCUS

Why Not Prosper



Photo provided by Why Not Prosper.

The story of Philadelphia-based [Why Not Prosper](#) shows how these special loan funds can [lead to real change](#). The nonprofit helps women from the prison system discover their own strength by providing them with support and resources. “I know firsthand what it’s like to go through the wringer and get home from prison and not know where you’re going to go, not know where you’re going to sleep, not know where you’re going to eat,” said Rev. Dr. Michelle Simmons, founder and CEO. “The cornerstone of this house was born from my experiences.”

NFF offered Why Not Prosper a \$250,000, zero-interest loan through our CARE Fund. Rev. Michelle applied for financing with a broad vision for how a loan could help her organization grow. Over the course of the application process, we helped her complete a budget and refine a cash flow projection—focusing her ideas into a plan that would maximize the impact of this investment. With this financing, Rev. Michelle plans to replace an existing loan with our zero-interest one, hire development staff, and launch a capital campaign that will support the organization’s future expansion.

In the past, our lending guidelines would have excluded organizations like Why Not Prosper from our services. But thanks to new initiatives like the CARE Fund, we are partnering with organizations in new ways, combining lending and supportive coaching for community-centered organizations to meet the needs they see.

“I enjoyed the process and enjoyed my coaching,” said Rev. Michelle. “That money will allow me to be able to get more money. That’s the main thing. And then it helps me build out some strong pillars for the organization and the next leaders that are coming in.”

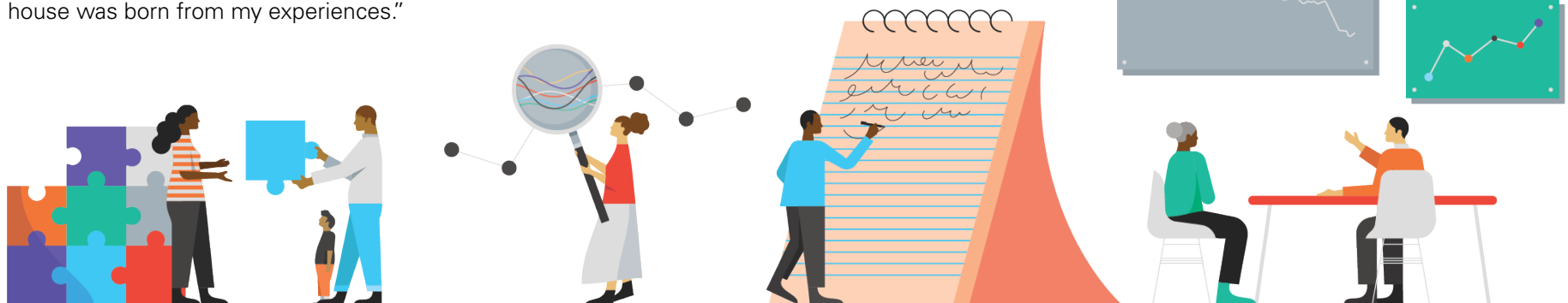
“The cornerstone of this house was born from my experiences.”



Rev. Dr. Michelle Simmons
FOUNDER AND CEO, WHY NOT PROSPER

CARE FUND OVERVIEW

Zero-interest flexible loans, technical assistance, and financial counseling for organizations led by and serving people of color and others severely impacted by COVID-19 in New York, the Bay Area, Philadelphia, and Los Angeles



CONSULTING

The CARE Fund is just one example of the ways we’re helping nonprofit leaders tackle complex financial challenges. In 2021 the impact of our consulting reverberated across the social sector:

- Human services organizations that serve women involved in the justice system shared and deepened their strategic financial management knowledge to support mission delivery and [advocate as experts for what they need to do the work](#).
- Organizations [harnessing technology](#) to preserve the stories of the past and present for future generations explored shared challenges and opportunities for a secure financial—and digital—future.
- An organization breaking the [generational cycle of poverty](#) through employment, supportive services, and education discovered how their money could best support their mission.

By combining philanthropic funding with financial expertise, we’re helping ensure dollars do their best work with organizations on the ground driving change in their communities, respecting that those closest to the issues are closest to the solutions. We do this through financial management and planning workshops, convening cohorts to explore shared challenges and opportunities, and one-on-one support to help leaders navigate moments of transition, growth, and crisis. And in 2021 we went beyond coaching, webinars, peer support, and pass-through dollars to

provide media support and a storytelling platform for organizations to reach broader audiences and attract more funding.

In 2021 our combined **18,065 hours** of consulting outreach benefited **2,875 nonprofit leaders**. We provided direct, tailored financial management and financial consulting to **220 organizations**.

2021 CONSULTING CLIENTS	
	Organizations
Health	39
Arts	29
Human Services	14
Housing	12
Youth Development	8
Education	7
Advocacy	6
Philanthropy / Grantmaking	1
Other	96



PUTTING MONEY AND EXPERTISE TO WORK

In 2020, MacKenzie Scott and the Ford Foundation provided substantial unrestricted grants to NFF—grants that seeded our Strategic Innovation Fund, a special pool of money we’re using to support strategically aligned projects. Here are a couple ways we’re [putting that money to work](#):

- The **Black Equity Collective** is a group of nonprofits leading social justice and racial equity efforts in Southern California. We supported the collective with financial coaching and consulting, plus funding alongside the Tarsadia Foundation, to enhance the core infrastructure of Black-led and Black-empowering member organizations.
- The **Asian Pacific Islander American Financial Leadership Initiative** is a community-led program that includes financial consulting and participation stipends to honor the work of Asian American and Pacific Islander nonprofit leaders. Alongside a host of other funders, NFF is supporting the initiative with funding—as well as consulting services—to strengthen nonprofits’ financial health and meet the diverse needs of Asian Americans and Pacific Islanders.

PARTNERING

In 2021 we launched new partnerships and ways of working as a lender and consultant, strengthening relationships in our efforts to make sure community-centered nonprofits—especially those led by and serving people of color—have the resources they need to make big, lasting change.

CO-DESIGNED INITIATIVES

Building on our one-on-one support, we're tailoring our services for communities by working with networks of nonprofits to understand their work, identify needs, and co-design and invest in solutions. Through the [Rising Together Program](#), we partnered with three nonprofit networks to engage community-centered organizations led by and serving people of color to sustain and adapt their impact locally. Combining grants with financial management training, the partnerships were co-designed to help boost nonprofits' financial capacity and health in order to thrive in a new economic reality.

The Networks:



hispanicfederation



CLIENT FOCUS

CitizensNYC

"We're calling in these different leaders... so that they can thrive in places that weren't necessarily made for them, but that they can transform by their mere presence," said Dr. Rahsaan Harris, CEO, CitizensNYC. Partnering with NFF, CitizensNYC was able to expand its catalyst grants program that grows side hustles into fully resourced nonprofits—providing 50% more funding and wrapping it in a financial management curriculum.

"Thinking intentionally about what that can look like on a systems level and how could we increase the pipeline was really appreciated," said Dr. Harris. "[We are] definitely thinking about it in a much more intentional way because of this partnership."



Dr. Rahsaan Harris and volunteers on CitizensNYC's "Day of Action." Photo provided by CitizensNYC.

HOLDING OURSELVES ACCOUNTABLE

EXCEEDING PLAN 50%+ GOALS

In 2021 we launched Plan 50%+, a set of targets committing us to making at least half our loans, consulting, and influence work in support of BIPOC-led organizations. With great effort and commitment, we exceeded these goals by the end of the year. We will continue to hold ourselves accountable to these metrics as we refine our methods for making and measuring impact.

Plan 50%+ Progress

NFF's commitment that 50%+ of its 2021 services go to BIPOC-led organizations.

- 58% lending | \$35.9 million
- 52% deep consulting | 121 engagements
- 66% published content*

*advocating for racial equity in funding and spotlighting organizations led by and serving people of color

THE VALUE OF LIVED EXPERIENCE

Many of the folks hired at NFF over the past few years have valuable shared and lived experience in the communities and types of nonprofits we serve, broadening our perspective as we become a more informed, effective, and relational organization. To date, we have focused on racial diversity to expand the range of voices that inform our work.

Leadership & Staff

NFF's commitment that 50%+ of its leadership and staff are people of color.

- 52% leadership | up from 43% in 2020
- 65% staff | up from 58% in 2020

2022 AND BEYOND

Our journey continues. In 2022 we're continuing to combine lending and consulting in new ways to bring tailored, holistic solutions to nonprofit organizations to meet their communities' needs. We're bringing on more staff to boost our capacity and are partnering in new and exciting ways to benefit communities. As we double down on our commitments to support organizations led by and serving people of color, we're using our 2022 State of the Nonprofit Sector Survey to dig into how factors like race, organizational size, and the pandemic affect funding flows in the sector.

We don't take our stable balance sheet and meaningful board-designated reserve fund for granted. They provide us with the base that allows us to improve the ways we work internally and externally, invest in clients, and pursue new ways of serving them. We wish for all nonprofits to have such financial flexibility, and aim to help make this a reality for more and more of them through our partnerships, services, and advocacy.

We're working in new ways to achieve real results and reach more nonprofits—and their communities—than ever. We look forward to partnering with you through the many miles ahead.

Learn more about NFF's [lending](#) and [consulting](#), and how you can [partner](#) with us and [invest in communities](#), at nff.org.

Review our [current and previous financial statements](#) on nff.org.



A pioneer US Community Development Financial Institution, NFF manages a portfolio of over \$435 million. Since 1980, we have provided over \$1.1 billion in financing and access to additional capital in support of over \$3.5 billion in projects for thousands of organizations nationwide. We have the highest possible impact performance rating of four stars from Aeris®, a Policy Plus distinction, and an AA- financial strength and performance rating. To learn more, visit us online at nff.org.