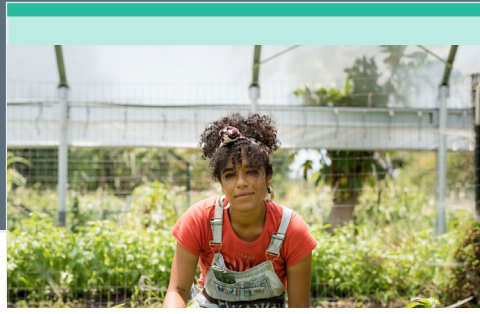


Modular homes created by LifeArk, an NFF loan client



Ali Anderson, founder of Feed Black Futures, an NFF consulting client

Where We Go
From Here

The Backbone
of Just About
Everything



NFF interview with Sheena Wright, First Deputy Mayor New York City

Nonprofit Finance Fund (NFF) is a nonprofit community development financial institution (CDFI) providing nonprofits and their leaders with **financing, consulting, and thought leadership** for over 40 years.

Nonprofits are vital to communities: they provide critical services, cultural richness, and build community wealth and well-being. They also provide jobs and contribute to the local economy. They are key drivers of equitable prosperity, especially for communities with lower incomes and communities of color that have been divested of their own resources. Our strategic plan centers our commitment to these nonprofits.

Our Strategic North Star

The following elements form the north star guiding our strategic plan.

Core Strategic Commitments:

1. Continue and deepen our commitment to racial equity;
2. remain focused on supporting nonprofits;
3. enhance NFF's long-term sustainability; and
4. contribute to community- and systems-level change toward more equitable prosperity.

Theory of Change (TOC): NFF effects change in communities by working with nonprofits, partners, and systems to **build racial equity and community wealth and well-being**. This leads to:

- Greater agency of community members to control community resources
- More jobs and services that support thriving local economies
- Healthier, more vibrant communities

Mission and Vision:




Mission: Through capital, consulting, and advocacy, NFF boosts the collective success and power of nonprofits to advance racial equity and community wealth and well-being.

Vision: We envision a world of equitable prosperity, where communities of color and other systematically excluded communities have the capital, community assets, knowledge, and agency to thrive.

Equity Commitment: We continuously refine and strengthen our commitment to racial equity. Our **Equity Commitment** asserts the centrality of racial equity in our work and articulates our beliefs and how those beliefs translate into actions.

Our Clients

Communities of color have long been excluded from building wealth due to institutional and systemic racism, and so we are especially focused on supporting and partnering with organizations led by and serving people of color:

-  50%+ of our nonprofit clients have leaders who identify as persons of color
-  75%+ of our clients are primarily serving communities of color
-  75%+ of our clients work in communities most disconnected from economic prosperity, such as low-income and rural communities

Centering Community

Community Engagement is core to how we approach our work.

Our Community Engagement (CE) team helps NFF to **listen** to needs on the ground, **learn** from community experiences, and **design** jointly with community partners to arrive at how NFF can best contribute to a community's envisioned goal. CE provides "connective tissue" to our client services and the way we nurture our relationships and hold ourselves accountable to organizations and communities.

Strategic Plan: Elements

Our work is organized into **Strategic Pillars** and **Emerging Opportunities**.

Strategic Pillar 1: Capital

GOAL: Expand portfolio from \$160M to \$250M by 2026, with over 50% of lending capital deployed to nonprofits led by people of color. Our loans will positively impact 750,000 community residents over the next three years.

As a **CDFI**, we provide capital through: Financing, which can take the form of loans, grants, equity and equity-like equivalents, including our New Markets Tax Credit Program; regranting opportunities; and a newly formalized business, NFF's Impact Investing Services.

FINANCING

NFF's loan products help nonprofits acquire or renovate real estate (facilities, land), support affordable housing, strengthen their operations with working capital, and meet cash flow needs while waiting for payment from committed grants and government contracts. Our team understands nonprofit business models and listens deeply to clients' needs to customize individual loan structures.

Our **New Markets Tax Credit Program** provides tax credits, often paired with leverage and/or bridge loans in support of large community facility projects in qualified census tracts.

Future Opportunities: We will maintain our position as a lender of choice for human service organizations, proactively delivering tailored facility and working capital loans. We will continue to

grow two areas of our portfolio where we are seeing high demand:

- Charter schools: We have been actively lending in this sector for the past 20 years, with an added focus since 2021 on single-site and start-up schools led by and serving people of color. Our second multi-million dollar credit enhancement from the US Department of Education supports our loans for predevelopment costs, leasehold improvements, construction, renovation, and acquisition.
- Affordable housing: Building on our history of lending for supportive housing and developing specialized products for affordable housing developers, we are increasingly making loans for affordable housing, with a particular focus on filling the market gaps in predevelopment loans and multi-family unit financing.

We will keep lending to healthcare, workforce development, and healthy food organizations. Finally, we will pursue focused market and sector development where our capital fills market gaps; and design products and policies that allow us to meet a variety of needs.

NFF IMPACT INVESTING SERVICES

Our NFF Impact Investing Services business supports investors who want to make equitable funding and financing available to meet community needs, including for smaller nonprofits. This business line is fueled by our experience during the pandemic working with philanthropy investors who wanted 1) advice on how to meet the myriad of needs they were seeing across communities and 2) ways to provide additional capital products to those communities. Services include advising and training philanthropic staff looking to expand their community investments beyond grantmaking, and support designing and managing customized loan funds for those seeking new mechanisms for achieving social impact.

Strategic Pillar 2: Consulting

GOAL: Provide 1:1 customized financial consulting or coaching to over 500 nonprofits and foundations, of which over half will be led by people of color. Increase the financial management “know-how” of over 4,500 nonprofit leaders through events, workshops and webinars focused on financial management.

NFF’s Consulting practice works in partnership with nonprofits, funders, government entities, and network leaders who are committed to achieving their communities’ aspirations with community-informed solutions. We listen deeply, lead with inquiry, and then zoom in on the key financial, strategic, and operational issues. We partner with leaders to craft practical, customized solutions to making financial decisions that bolster mission work.

We offer one-on-one engagements, workshops, convenings, cohort facilitation, and partnership. We help nonprofits, funders, financial institutions, and government entities equitably connect money to mission and community impact; provide education on nonprofit financial management; and equip leaders to make financial decisions that best serve their missions as they navigate complex financial situations and innovate for positive community results.

Future Opportunities: We will engage with more grassroots leaders and expand the ways we partner with clients to address issues of strategic financial management. We will deepen our work to strengthen organizations through:

- Bold, cross-sector collaborations to develop and operationalize breakthrough ideas that support leaders and their solutions for community-level investments

- Cohorts of nonprofits facing common challenges and opportunities learning with and from each other about leading with financial confidence
- Convenings and workshops, informed by local dynamics, to boost nonprofit financial management acumen
- Deep-dive consulting for organizations in moments of transition, growth, or challenge, such as when a new CEO enters an organization or there is an opportunity for program expansion
- One-on-one coaching that advises nonprofit leaders whose organizations are at critical decision points, such as whether to acquire a facility and the potential impact on programs and business model

Strategic Pillar 3: Advocacy

GOAL: We will work to correct an inequitable nonprofit financial system.

The third core pillar of work under this strategy is advocacy, which includes our thought leadership. We have long engaged in episodic government advocacy. Over the next three years, we will formalize and expand our advocacy activity.

Our advocacy audiences include our partners in philanthropy, banks, and fellow CDFIs, and our growing local government connections. We focus our advocacy efforts on: ensuring funding continues to flow to the CDFI sector; ensuring government funding is appropriately inclusive of nonprofits; and influencing policies and practice to advance more equitable nonprofit funding flows.

Aligning Our Work with Emerging Opportunities

NFF identified three emerging areas for our community-responsive work.

Challenging Inequitable Government Funding Practices

US nonprofits are often asked to take government contracts that don't pay full cost, and that pay on a reimbursement basis. Additionally, government payment delays mean that nonprofits often receive payment well after work has been delivered and costs incurred. While a challenge for most nonprofits, this is particularly problematic for organizations led by people of color, which are often compelled to operate on thinner margins than white-led peer organizations. This makes it much harder to take on a government contract that doesn't pay full cost.

While we have long advocated for more equitable government funding for nonprofits, we are deepening how we address this in our direct work. In addition to advocating for government contracts for nonprofits that pay on time and cover costs fully, NFF will build on our work providing flexible capital to meet cash flow needs, exploring low-cost, innovative funding vehicles such as interest rate buy-downs. We will provide data to the field to advocate for changes in policies and practices to support living wages for the nonprofit workforce and equitable flow of funds to nonprofits, and will build nonprofits' capacity to understand their full cost needs and advocate for themselves.

Community Ownership of Assets: Building Equitable Assets for Communities and Nonprofits (BEACoN)

The role that nonprofits can and do play in building community wealth, sustaining local workforces, and preserving community services is often overlooked. Facility ownership helps to stabilize property

values, attract residents to business corridors, and create physical assets for community belonging. Additionally, nonprofits that own their facilities have net assets to increase financial security.

NFF will help community-centered nonprofits to participate in real estate investments that build organizational and community-level wealth and well-being. We will use our capital to support real estate ownership by nonprofits led by people of color, anchored in the needs and desires of communities. Consulting will provide tailored support to organizations planning for the opportunities and risks of facility ownership.

A few examples of the types of projects we will support:

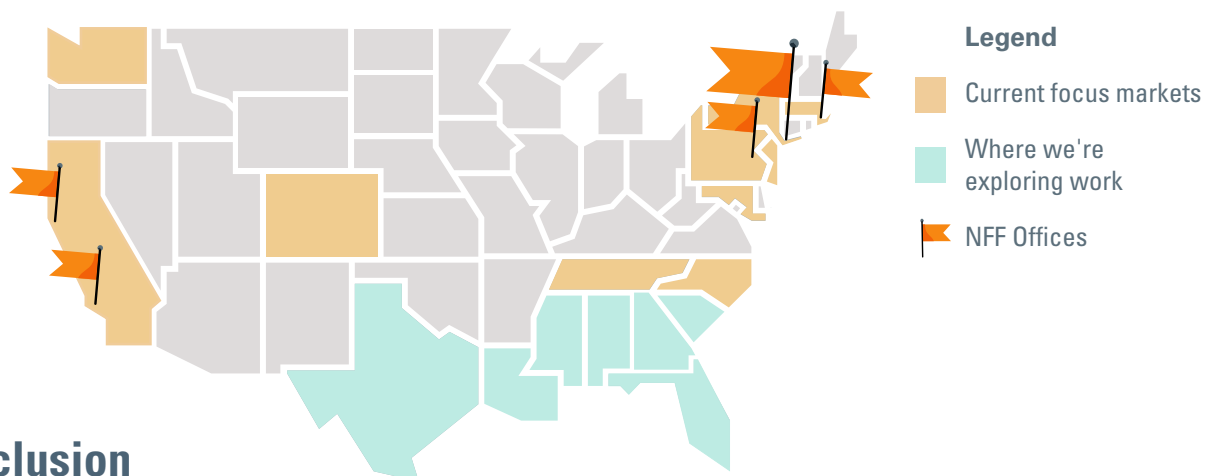
- A facility acquisition loan for a nonprofit whose physical presence in a community is critical to the community's success;
- Financial and consulting support for a cooperatively owned grocery store that supports local food businesses and promotes food security;
- Financing and related services to help a community land trust develop permanently affordable housing for long-term residents at risk of displacement.

Environmental Justice: Combatting the Effects of Environmental Racism

Nonprofits are at the front lines of immediate and ongoing relief efforts when devastating natural disasters hit communities. Oftentimes, communities of color are most impacted. NFF will connect them to the growing funding opportunities aimed at addressing environmental, health, and climate challenges. We are exploring how to best channel the flow of federal capital to local nonprofits. We hear that capital absorption of these government dollars may be a challenge, particularly for grassroots organizations that are most needed to move the money into priority communities. We are partnering with networks to co-design working capital solutions to help local nonprofits absorb and put this capital to use.

Connecting Our Strategy to Where We Work

NFF is a national CDFI that worked with clients in 26 states in 2023 alone. But we believe that to truly be supportive of communities, we increasingly need a place-based approach. We have offices in five locations across the country, and an established or expanding presence in a multitude of locations.



Conclusion

NFF is committed to investing in nonprofits that play a critical and often undervalued role in building community wealth and well-being. Our work will continue to focus on nonprofits anchored in and serving communities divested of their own wealth, where our capital and resources can contribute to building equitable prosperity.