

## The MCF Loan Fund: How It Works

The MCF Loan Fund was created in 1989 to increase the Marin Community Foundation's support for nonprofits in Marin. As a complement to the Foundation's grant programs, the Loan Fund is an important resource for the community's nonprofits. Its primary goal is to help borrowers that are not served by the commercial banks due to the perceived risk of the nonprofit sector. The Loan Fund's low interest rate helps bring their projects and programs to fruition – something that the market rate would not allow.

### How The MCF Loan Fund Works For Nonprofits



Your organization would like to get a loan and you're unable to go through traditional financial institutions, due to tight restrictions or perceived risk.



You can contact the MCF Loan Fund department to apply for a loan.



Your application is first presented to the MCF Loan Fund Committee, and upon its recommendation, is sent to the MCF President and Board of Trustees for consideration.



Upon final approval, you'll receive either a short or long-term loan.



You will also have the opportunity to access hands-on financial training and technical assistance, should you be interested.



Repayments made are returned to the MCF Loan Fund for future lending.

## Goals of the Fund

### 1 Expand Access to Debt Financing:

We provide loans to nonprofits in Marin County when other financial possibilities have been exhausted. Loans will be considered for nonprofits that cannot afford or qualify for commercial debt, and are made for a number of uses, including:

*Fiscal Restructuring or Relief* – A means for nonprofits to make more efficient use of present resources or offer fiscal relief during financial or organizational restructuring.

*Capacity Building* – A financial bridge to take organizations or programs to a new level of programmatic effectiveness.

*Site Acquisition* – A resource for site acquisition, construction, rehabilitation, to help stabilize nonprofits for the future, and for projects aimed at Marin County's affordable housing market.

### 2 Develop Financial Expertise:

Enhance the fiscal management skills of Marin County's nonprofit boards and staff through workshops and training.

### 3 Assure Loan Fund Integrity:

Maintain a healthy loan portfolio so that money can be lent out to other nonprofits in need on a continuous basis.

### 4 Develop New Products:

The Loan Fund plans to develop new loan products based on market feedback and the needs of Marin County nonprofits.

## Financial Education

One of the goals of the MCF Loan Fund is to provide free technical assistance on financing and act as a resource for current borrowers and the broader nonprofit community in Marin County.

### The Loan Fund offers:

*One-on-one Technical Assistance:* Our staff provides one-on-one technical assistance to Marin-based nonprofit organizations. In many cases, this is done for potential and current borrowers as they navigate the MCF Loan Fund application process and throughout the life of the loan.

*Collaborative Workshops:* The Loan Fund has joined with other nonprofit professionals and organizations to host half-day workshops on specific topics. Past workshops have covered nonprofit financial statements, insurance, and budgeting.

*Outside Speakers:* The Loan Fund facilitates the presentations of outside speakers with expertise on topics relevant to nonprofit organizations. Past presentations have included How to Make the Most of your Finance Committee and Affordable Housing in Marin County.

## How to Apply

- 1 If you are a nonprofit organization whose proposed project or program is conducted in Marin County, you will first need to discuss your needs with MCF's Loan Officer. If it is determined that debt financing would be a good fit for your organization, you will be asked to complete and submit a Letter of Intent. Contact **Marc Rand** at 415.464.2522.
- 2 After the Letter of Intent is submitted, the Loan Officer will set up a meeting to discuss the project in detail. You will be asked to provide documentation to measure the viability of the project and your organization's ability to carry debt. This may include three years worth of financial statements, operating projections, purchase agreements, etc.
- 3 If it is determined that your organization and/or project would be viable with debt financing from MCF, you will be asked to complete a full proposal and application to apply for a loan. The Loan Officer will work with your organization to evaluate your application and analyze your finances, debt capacity, and the source of repayment.
- 4 Your loan will be reviewed by the Loan Officer and the Foundation's Loan Committee. Upon their recommendation, it is then sent to MCF's President and the Foundation's Board of Trustees for consideration.
- 5 If the Board of Trustees approves the loan request, MCF Loan Fund staff will work with your organization to close and fund the loan.