



NEW HAMPSHIRE CHARITABLE FOUNDATION

NONPROFIT LOAN PROGRAM

Background – New Hampshire Charitable Foundation has been making loans to nonprofit organizations since the early 1970s. Loans provide a different form of capital for nonprofit capacity.

Program Goal – The Nonprofit Loan Program is focused on strengthening our nonprofit partners and helping them have greater impact in the community through sound financial management and greater access to working capital. The program makes low-interest loans available to qualifying nonprofit organizations located in our service area. Organizations may apply for a loan from the Charitable Foundation when debt financing is not available from traditional sources (such as a bank or credit union, NH Community Loan Fund, NH Community Development Finance Authority, or other institutions); or, in partnership with a traditional lending institutions where the nonprofit may not otherwise qualify for debt capital.

Program Description – We are most interested in engaging with nonprofits that are unable to access traditional sources of financing, or partnering with traditional lenders to meet nonprofit financing needs. Sample projects that might qualify for a loan include:

- Bridge financing for land acquisition, property renovation, equipment purchase or other capital improvements for which funds are pledged but not yet available;
- Starting or expanding a program that will generate some form of secure future revenue (such as a government contract or donor pledge); or
- Working capital or to help with cash flow.

Loans are available between \$10,000 and \$100,000. (Larger amounts may be considered in special circumstances.) The interest rate is generally 4%. This rate and other loan terms may vary depending on the strength of the organization, proposed loan size, repayment schedule, default risk, and other factors. The loan term generally should range between one and five years. There is no penalty for prepayment.

The Nonprofit Loan Program is not available to fill budget gaps, provide deficit funding, or otherwise substitute for 'regular' revenue sources (such as contributions, foundation grants or earned income).

Program Criteria – Loan proposals submitted to the Foundation are evaluated based on many of the same criteria used for unrestricted operating grants, including community need and benefit, strategic direction, management capacity, financial history and projections, and board support. In addition, we consider financial criteria, such as current and projected revenue, debt or financing history, strength of financial position, repayment plan, etc. The Foundation will use this information to decide whether the strengths of an organization's proposal mitigate any inherent weaknesses that prevent traditional financing options.

Application Process – If your organization would like to explore a loan from NHCF, please follow these steps:

1. Explore other financing options first, such as a local bank or credit union, NH Community Loan Fund, NH Community Development Finance Authority, or other lending institution.
2. If you have exhausted other financing options, or if you need to partner with other potential financiers, contact Foundation staff to discuss your proposal.
3. Following discussion with Foundation staff, fill out a loan application form that describes your proposal and addresses the following questions:
 - Project purpose – What is the purpose of the loan
 - Loan amount – How much financing is needed to complete the project
 - Time frame – What is the proposed term of the loan and when it would be repaid
 - Management capacity – Organization’s overall management capacity, with a particular focus on budgets, capital planning, investments and other financial matters, as well as the impact of a loan on the operating budget.
 - Repayment plan – How the organization plans to repay the loan and interest, and any alternative if the primary payment source fails (pledge or guarantee from a board member or donor, collateral, etc.)
 - Fiscal responsibility/credit history – Any previous experience borrowing money from NHCF or another financial institution
 - Board support – Clear statement from the board in support of debt financing
 - Community impact – Positive community benefit that will occur as a result of the loan
 - Collateral – Available assets (if any) to be pledged against the loan.

As part of the loan application, you will need to provide the following documents:

- Financial statements – Organization’s most recent audited or accountant-prepared financial statement
- Operating budgets – Organization’s operating budget for the current fiscal year and upcoming fiscal year (if available), as well as budget-to-actuals for previous two fiscal years
- Cash-flow – Monthly cash-flow projection for current and upcoming fiscal years

Optional documents:

- Other relevant documents that could help us understand your organization, such as a Business plan, Strategic Plan, Capital Campaign feasibility study, etc.

Additional financial and other information may be requested at the discretion of Foundation staff.

Each application for financing will be carefully reviewed and we will conduct a thorough, objective analysis of the applicant’s financial condition and ability to perform under the proposed financing arrangement. We will inform applicants of the results of the analysis within one month of submission of written materials and provide a specific loan proposal and terms for consideration by the applicant. There is no application fee. A \$250 origination fee is charged for all approved loans.

NHCF Staff: Ben Amsden, ba@nhcf.org, 603-225-6641, ext 225