



# Ann Arbor Area Community Foundation

## NONPROFIT LOAN FUND PROGRAM

### Program Purpose

After more than 50 years, the Ann Arbor Area Community Foundation (AAACF) has added a new form of charitable support to our portfolio through the launch of a \$500,000 Nonprofit Loan Fund (“Fund”). The first of its kind in our region, the Fund offers nonprofits access to low cost, flexible capital in the form of repayable loans.

Funds support a nonprofit’s mission to sustainably pursue and achieve outcomes that benefit all residents of Washtenaw County. Loan-making is a strategy to enhance the value and impact of charitable grant dollars invested in our community by the Community Foundation, and also offers new opportunities to partner with local and regional financial institutions. The seed capital for the Nonprofit Loan Fund has been generously provided by a donor-advised fund at AAACF. Together, we will blaze new trails and lead the local philanthropic sector in doing more to enhance the lives of residents of Washtenaw County.

### Scope & Parameters

The Nonprofit Loan Fund makes loans to charitable organizations serving Washtenaw County. Loans considered and issued by the Fund may bear more risk than a traditional lender would consider. Loans also bear a lower interest rate than the current market rates. The Fund will consider loans within the following parameters:

- Actively operates programs and services in Washtenaw County
- 501c3 IRS designation
- Solid financial position as measured by liquidity (months in cash, months of working capital, net asset ratio, and debt coverage)
- Demonstrates future revenue and adequate cash flow to service loan repayment
- Loan could be used to acquire a real asset, which would be named as collateral for the value of the loan
- Loan will be catalytic and transformative for the mission and operations of the organization
- Loan will be considered if the project is valued at \$100,000 or more

Priority will be given to organizations who have nonprofit endowments held at AAACF. Interest earned by the Community Foundation on the loan will be allocated three ways: (1) sustainably cover program operating costs; (2) allocate to the originating donor-advised fund(s); (3) contribute to a loan loss reserve.

### Oversight

The Fund is overseen by AAACF staff including the CEO, Vice President for Community Investment, and Chief Financial Officer. The AAACF Board approves all loans. A Loan Review Committee, chaired by an AAACF Trustee, advises staff on assessing and managing risk, structuring the loan agreement, and needed interventions during the life of a loan.

**Interested in talking about how this can advance your mission?  
Contact Jillian Rosen, VP for Community Investment at [jrosen@aaacf.org](mailto:jrosen@aaacf.org)**