

# Loans for Nonprofits and Charities

## Community Forward Fund information sheet

Our vision: a well-financed and sustainable charitable and nonprofit sector

Our mission: To advance a sustainable charitable and nonprofit sector by providing access to loans and financial coaching tools that organizations need to help them assess their current financial picture and implement plans for their future

## What is the Community Forward Fund?

The Community Forward Fund (CFF) makes loans and arranges financing for Canadian nonprofits and charities. Its structure has been designed to address a gap in access to patient, working capital and bridge loans for sector organizations. An important part of the role of the Community Forward Fund Assistance Corporation (CFF's Manager) is to provide financial coaching and review services, assessment tools and to help build financial skill capacity for sector organizations.

## What could a loan from the Community Forward Fund be used for?

Charities and nonprofits are the cornerstones of our communities, providing vital services that address our most pressing social and environmental problems, engage and enlighten through arts and education, and strengthen our neighborhoods.

Over the past two years Community Forward Fund Assistance Corp. (CFFAC) has met with hundreds of charities and nonprofits and found that they are looking for new ways to finance and provide services.

With their varied business models and unique operating environments, and due to changes in the current funding environment, charities and nonprofits need a financing partner that can appreciate their particular financial situation and provide solutions to meet their needs.

This has led to a growing interest and demand for different kinds of financing, including loans.

The Community Forward Fund Assistance Corp, on behalf of the Fund, considers loans to individual clients based on their unique financial story, plans, and capacity.

Here are a few examples when a charity or nonprofit might need a loan:

- To grow a mission-related revenue stream
- To expand to new communities where services are needed
- To invest in diversifying a funding base with new partners and/or corporate sponsors
- To build new lines of business when an organization has the expertise to fill a gap that fits its mission and could provide a potential revenue stream
- For capital to buy materials and equipment
- For bridge financing for cash flow when government grants or capital campaign funds are pending
- To temporarily smooth cash flow in order to meet day-to-day operating cash needs
- To purchase, build or renovate a facility, including leasehold improvements
- To upgrade or purchase materials and equipment necessary to your organization's operation

## Why a loan fund?

While grants will always be important for charities and nonprofits, there are gaps that traditional sources of financing can't fulfill, particularly for growth and working capital. Longer lead times for grants, the requirement to pay for a project prior to receiving government funding, and the lack of funding for core operations, growth and diversification, have led organizations to seek new forms of financing.

In Canada, few traditional lenders feel comfortable evaluating the ability of nonprofits and charities to accept loans. Some lenders are willing to make loans to larger charities; however even larger organizations are experiencing difficulty finding the financing they need.

While there is some notable activity in nonprofit lending in a small number of regions, CFFAC is pleased to work with our colleagues to increase loan and financing options for charities and nonprofits across Canada.

Has your organization been presented with opportunities like those listed above but can't access financing? Are you interested in considering if your organization is loan-ready?

If you are interested in sharing your financing story, please contact us at [info@communityforwardfund.ca](mailto:info@communityforwardfund.ca) and visit [www.communityforwardfund.ca](http://www.communityforwardfund.ca) for valuable tools and resources.



The Community Forward Fund Assistance Corp also provides Financial Coaching Services. Please see our website for more information about this service and our Loan-Readiness Checklist.

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Financing for charities and nonprofits

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