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Non-profits have a place to turn with N.Y. lender

By John Boudreau
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It's a common dilemma for non-profits.

CompuMentor, a San Francisco organization that is a one-stop portal to technology support for non-profits, needed to grow its infrastructure.

"We had been going to grant funders and they were saying, over and over, 'This is the cost of your business. We are not going to invest in this kind of work,'" says **Jody Mahoney**, CompuMentor senior development director.

So CompuMentor did what non-profits often are hesitant to do: It sought a loan.

The organization got a \$1.4 million loan -- from another non-profit, the **Nonprofit Finance Fund**, one of the nation's largest non-profit finance intermediaries making loans to non-profits. The New York organization has offices around the country, including San Francisco.

The fund is one of 700 **Community Development Financial Institutions** nationwide, organizations that serve low-to-moderate income people, distressed communities and those who historically don't have access to capital credit.

The mission of the Nonprofit Finance Fund, started in 1980, is to serve as a development finance institution for non-profit organizations, providing capital and advisory services. It has nearly \$50 million in assets.

The Bay Area office, which has operated since 1994, has provided about \$7.5 million in financing.

The organization provides loans to non-profits with budgets ranging from \$250,000 to \$10 million that are looking for assistance to become stable or expand. This includes making "bridge" loans to help tide non-profits over between grant or government contract payments.

"We are not about quick fixes or emergency loans," says **Pat Krackov**, program director for the fund's San Francisco office. "We take a long-term look at the financial wherewithal of an organization. We look at their management, their financial track record. We are not looking for struggling non-profits."

The Nonprofit Finance Fund, which receives grant funding from foundations, banks and the federal government, provides unsecured lending -- it doesn't generally require collateral -- and credit reports are not required.

And it allows for a flexible repayment schedule. Many non-profits, Krackov says, have "lumpy business cycles." They often rely on government contract funding, which notoriously is late, and are beholden to seasonal donations.

"We can adjust to their reality," she says.

Whenever possible, non-profits should seek out a bank for a loan, Krackov says. But, she adds, "We often assist small non-profits that might not fulfill the bank criteria for accessing financing."

CompuMentor, after securing the \$1.4 million loan, went to another non-profit lender to get an additional \$250,000 loan.

"The use of financing for a non-profit can be very powerful," Mahoney says. "So many non-profits are debt averse. But debt can be a tool. Debt can help you. It's just knowing when to use it and how to apply it."

Micro-financing in Vietnam: CoVN, or Creating Opportunities in Vietnam, a start-up non-profit, expects to launch a micro-financing operation for poor women in about six months. ("Co" means "miss" in Vietnamese.)

The organization aims to foster entrepreneurship by providing training, information, and funding with a goal of reducing poverty and generating self-reliance among recipients. Plans are to operate in the country's Mekong Delta along the Cambodia border, where many poor women have been lured into prostitution rings in Cambodia.

CoVN was started by a group of (mostly women) Vietnamese-American professionals.

The inaugural fundraiser is set for Aug. 7 at Stanford University and will include appearances by **Nguyen Qui Duc**, producer and host of **KQED Public Radio's "Pacific Time;"** **Thuy Vu**, co-anchor for **ABC-7 News;** an

interview with writer **Le Hang** and performances by Performing Artist **Lan Tran**; and vocalist, multi-instrumentalist **Unity Nguyen** and the **Danny Nguyen Dancers and Musicians**.

Tickets are \$35. For information, see www.covn.org or phone **Hanna Bui-Eve** at (650) 641-1503.

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