Minnesota Council on Foundations (MCF)

Integrated Capital Recovery Program with Minnesota CDFIs

MN CDFI Request for Information – Opportunity to Act Now

The magnitude of the pandemic and economic crisis requires philanthropy to be bold, creative, and fast. In March, MCF and Saint Paul and Minnesota Foundation created the Minnesota Disaster Recovery Fund (MDRF) as a first-response to the crisis. To date, donors have contributed $11 million for this fund.

As the crisis response transitions to longer-term recovery, MCF is launching an Integrated Capital Recovery Program to enable foundations to increase their impact quickly yet thoughtfully. This is a perfect time for foundations to make loans or “Program Related Investments” (PRIs) in addition to expanded grant making.

Integrated Capital, a term coined by RSF Social Finance, means using all the tools philanthropy possesses to solve a problem: *Integrated capital is the coordinated use of different forms of financial capital and non-financial resources to support an enterprise that's working to solve complex social and environmental problems.*

MCF’s Integrated Capital Recovery Program encourages foundations to provide loans, PRIs and other types of patient capital to CDFIs to get resources flowing to small businesses and nonprofits. The program will give a priority to CDFIs supporting businesses owned by and nonprofits led by and serving women, BIPOC (Black Indigenous People of Color), disability, LGBT as well as rural communities.

**Invitation**

MCF is reaching out to all 35 CDFIs in Minnesota to explore their interest in this program. If you’re interested in participating, we welcome your response to a short list of questions, below.

**Program structure**

Rather than creating a new fund, MCF will work with interested MN CDFIs to coordinate direct investment opportunities with foundations. MCF will curate a list of CDFIs, based on CDFI needs, capacity, geography, and target population for interested foundations. MCF will support a streamlined, collaborative process by sharing research reports, terms and investment agreements among foundation participants. MCF will guide the collaboration and track total investments made.

This is a new effort to collectively work across foundations on potential PRI type investments. Impact investing is new to many foundations; however, we hope this is an opportune moment to push forward with collective work. Individual foundations will vary on their ability to respond.

While there are no guarantees of funding, this is a chance to share your ideas with funders, recognizing the diversity of capital needs among Minnesota CDFIs. Our intention is for a quick and efficient process for you to speak to more than one foundation at a time. That said, we encourage CDFIs to continue their efforts to work directly with foundations and other funders in addition to exploring this program.
Guiding Principles

• We will keep Diversity, Equity and Inclusion at the forefront of our program.
• By working with CDFIs, our additional capital is intended to fill the gaps or pressing needs left by government and other programs.
• We will encourage foundations to support this recovery effort by funding the CDFIs with both loans and other forms of patient capital.
• While there are many other community loan funds, Community Development Corporations, and other types of intermediaries lending to women, BIPOC and rural small businesses and nonprofits, this strategy focuses on the 35 certified CDFIs in Minnesota.

Eligibility

1. Certified CDFI based in Minnesota
2. Provide support for small businesses owned by and nonprofits led by and serving women, BIPOC (Black Indigenous People of Color), disability, LGBT as well as rural communities.

Information Requested

Name of Organization:
Address:
Phone:
Name and title of contact person regarding this application:
Phone:
Email address:

1) Are you interested in participating in the MCF Integrated Capital Recovery Program? If not, would you be interested in the future?

2) Describe your role as a CDFI. How does your organization support small businesses owned by and/or nonprofit organizations led by and serving women, BIPOC (Black Indigenous People of Color), disability, LGBT as well as rural communities? Feel free to add detail about industry, sector, size, impact area, and your target customers and communities.

3) Provide a brief summary of your capital needs request (type of capital, timing, amount and terms, if known)?
   a. Loans (amount, purpose and proposed terms)
   b. Grants that support loan making capability (amount, purpose)
   c. Both
   d. Other

4) What is your anticipated use of funds and timing?
   a. Emergency response
   b. Recovery efforts
   c. Longer term resilience

5) What geography and populations will you be serving with this capital?
6) Have you received a Program-Related Investment or other type of financial investment from a MCF member foundation? If so, which foundation and what year? If yes, and you’re willing, please describe.

**Next Steps**

**Questions**

Please join our informational CDFI Q&A webinar on Wednesday May 20 from 9-10 AM to hear further details and to ask questions. Please let Paul Masiarchin, MCF Director of Member services, know you’d like to attend and he will share the Zoom information, pmasiarchin@mcf.org. The webinar will be posted on the MCF website afterward (here), for viewing by anyone who cannot attend.

**Submission**

You can send your information to Susan Hammel, MCF Impact Investing Executive in Residence, shammel@mcf.org as soon as possible and no later than Friday May 29th by 6 PM. Please submit your information in an MS Word Document or within the text of your email. We will invite accepted CDFIs to present your requests to interested MCF foundation members in June.