

Arts and Culture Loan Fund



MacArthur
Foundation

Executive Summary

Evaluation of the Arts and Culture Loan Fund Program from 2016 - 2022

From the ACLF Team

March 2025

We are pleased to share the findings of an evaluation of the MacArthur Foundation's Arts and Culture Loan Fund (ACLF). At 17 years running, **the Fund represents one of the longest cross-program collaborations at the Foundation.** It is also an example of how the Foundation strives for continual improvement in ways to meet the needs of grantees in the arts and culture sector in order to both advance their artistic practice and mission while also investing in their own long-term stability and resiliency.

The ACLF grew out of lessons learned from a 2008 consultant report highlighting the unmet working capital needs of MacArthur's arts and culture grantees. **Organizations requested small lines of credit to enable them to meet short-term cash flow challenges that they faced as a result of common circumstances.** These included the timing mismatch between taking in revenue (such as from ticket sales and receipt of grant or contract payments) and paying expenses (such as the cost of staff, artists, and operating expenses). The urgency of the need for working capital, as described in the report, led to the creation of a first-of-its-kind collaboration between Impact Investments and the Arts and Culture grantmaking team at MacArthur. This collaboration involved grant making, Foundation-funded technical assistance, and a Program-related Investment guaranty on lines of credit issued by a local bank.

What began as a five-year pilot program with one lender and a volunteer technical assistance provider has evolved into a multi-lender effort under the management of IFF. Loans are provided by IFF and Fifth Third Bank, supported by a 95% guaranty provided by the Foundation. Technical assistance services - including cohort trainings and individual consulting projects - are provided by BDO, an accounting, consulting, and advisory firm. In its 17 years of operation, **the ACLF has provided loans to over 40 individual arts organizations along with technical assistance to many more.**

This evaluation, which builds on a prior evaluation of the five-year pilot, covers the period from 2016 through 2022, during which two major factors necessitated changes to the program design. First, the COVID-19 pandemic and its devastating impact upon arts and culture organizations led the Foundation to create a series of short-term changes to the ACLF designed to help mitigate the pandemic's effects upon organizations that are dependent upon in-person engagement. Some of these changes were later made permanent because borrowers found them to be useful beyond the original needs caused by the pandemic's disruption to their business model. Another change came

continued ...

as a result of the Foundation's shift to a new process for selecting and managing arts and culture grantees, now called Culture, Equity, and the Arts. This transition, which started during the period of time covered in this document, will likely necessitate future changes to the ACLF, some of which we are beginning to consider as we reflect upon the learnings uncovered in this evaluation.

Most of all, we hope that this evaluation can serve as a model for other efforts to support organizations in their efforts to strengthen their finances and controls and move towards a level of operational resiliency that enables them to weather fiscal challenges. **We believe that the ACLF model can and should be adopted to help meet the financial and strategic goals of nonprofit organizations of varied size and sector, and that it creates opportunity for impact investors to engage in supporting the creative sector.** Many thanks to Falona Joy, Katie Zatorski, and Kate Lorenz from SNP Strategies for their thoughtful engagement and patience as we worked our way through this evaluation. SNP Strategies conducted the original ACLF evaluation after the five-year pilot period, and it was based upon their initial report that lifted up the importance of the program that the Foundation chose to extend and deepen its commitment to the program.

Finally, we would like to dedicate this report to our late colleague Geoffrey Banks, a tireless advocate for the arts in Chicago and a source of keen insight, wit, and encouragement within the philanthropic community. He is deeply missed but his imprint upon our work to support a vibrant, creative artistic community remains indelible.

Sincerely,

Tara Magner, *Director, Chicago Commitment, MacArthur Foundation*

Allison Clark, *Associate Director, Impact Investments, MacArthur Foundation*

Arts and culture nonprofit organizations operate under tremendous financial pressures. Challenges range from navigating how to make payroll during times of low liquidity, having cash on hand to pay for an emergency repair, to bridging cashflows between grant payouts and investing in organizational growth. Regardless of the source of financial strain, leaders in these organizations face immense stress, often with few places to turn for timely support.

In the midst of the financial crisis and recession of 2008, grantees of the John D. and Catherine T. MacArthur Foundation (“MacArthur Foundation” or “Foundation”) voiced these concerns and challenges, and in response the Foundation commissioned a research study to better understand the financial pressures of small- to medium-sized arts and culture organizations in the Chicago area.¹ Research findings highlighted the ongoing financial strain of these organizations as well as the fact that smaller organizations do not typically have the infrastructure or resources to be eligible for loans, mortgages, and/or lines of credit. The study, along with grantee feedback, informed the 2009 launch of the MacArthur Foundation’s Arts & Culture Loan Fund (ACLF), a program designed to supplement traditional grantmaking tools with access to financial management training, capacity-building services, technical assistance, and guarantees for providers of lines of credit in order to enable a financial pressure release valve for these organizations.²

Over the years, the core objectives of the ACLF program have remained the same: to address the short-term cash flow needs of small- and medium-sized arts and

culture grantees by offering working capital loans not readily available elsewhere. The program also aims to enhance financial management skills among grantees by improving their understanding of budget cycles and cash management. It also helps grantees build credit history to strengthen future relationships with lending institutions.

Ongoing learning and evaluation of the program, including an initial evaluation completed in 2015 and this second evaluation, have clearly shown a positive effect of the program on participants by providing them with avenues to enhanced financial literacy, sustainability, and organizational growth.

CORE FINDINGS

The core findings from the evaluation of the Arts and Culture Loan Fund (ACLF) emphasize the following central themes:

- Small- to medium-sized arts and culture organizations are under intense **financial and operational pressure**.
- **The ACLF serves as a pressure release** for participating organizations, opening up access to flexible capital as well as training to support longer term financial planning.
- The ACLF is an innovative model **for supporting financial resiliency** in the arts and culture sector.
- The program’s history—it is now in its 17th year as of 2025—provides a powerful demonstration that these **working capital loans are not inherently at a greater risk of default** than other commercial loans.
- The ACLF team believes—and the SNP evaluation team agrees—that **the ACLF program model is replicable** across other arts and culture communities and other potential sectors.

¹ Darlow, Gillian. Cash Flow in Arts Organizations: Update to the John D. and Catherine T. MacArthur Foundation. December 2008. For access to this report, please contact Allison Clark, Associate Director of Impact Investing, MacArthur Foundation (aclark@macfound.org).

² The Foundation provides two different types of credit enhancement to guarantee repayment of loans provided through the ACLF. Both lenders have guarantees from the Foundation that protect them from 95% of any losses incurred on loans originated through the ACLF. For Fifth Third Bank, the Foundation made a \$1.5 million PRI Deposit in the bank that acts as a funded guarantee, where the bank may debit the deposit for any losses. IFF has a \$2 million PRI Guaranty that allows them to exercise a draw from the Foundation upon notification of any losses.

Evaluation Methodology

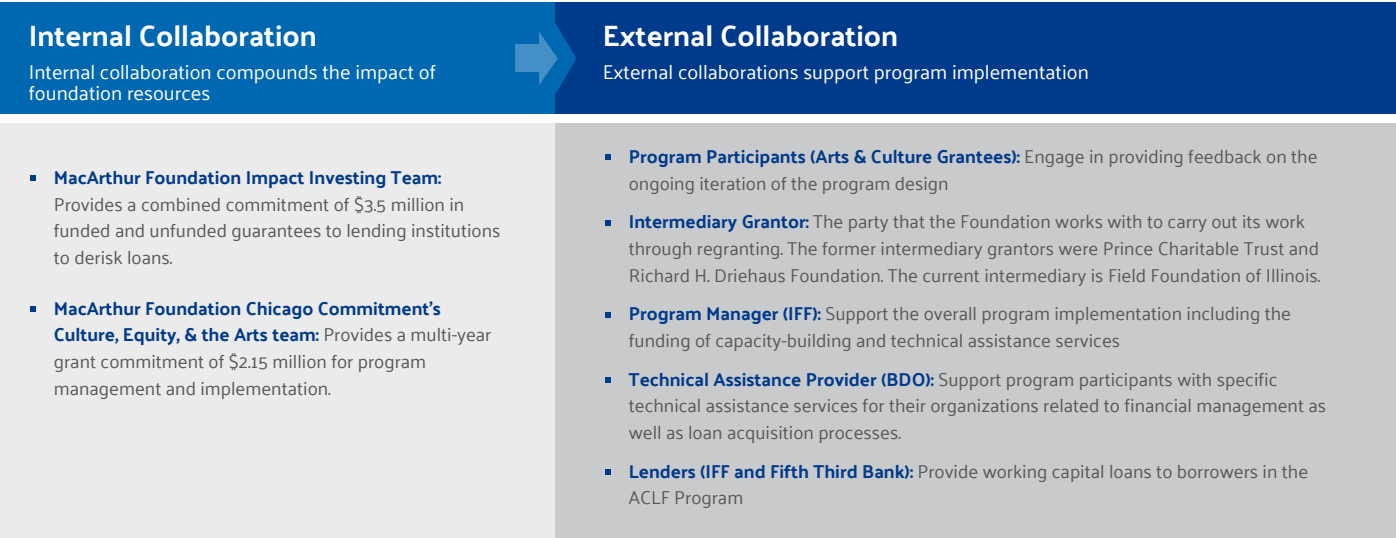
This evaluation takes a retrospective look at the impact and effectiveness of the ACLF program from 2016 through 2022. SNP Strategies partnered with the MacArthur Foundation to design a narrative-focused evaluation that explored grantees’ financial and artistic profiles, the use of services like lines of credit and technical assistance, and the impact of these services on the organizations.

Data collection and analysis for the evaluation, conducted between spring 2023 and fall 2024, combined quantitative and qualitative methods to

provide a comprehensive understanding of program impacts. Financial analyses of all participating grantees included metrics such as liquid unrestricted net assets (LUNA) and were sourced from participating organizations’ tax returns (Form 990). Qualitative insights were gathered through 19 interviews with grantee personnel, sampling diverse program engagement factors, and two focus groups with eight organizations newly eligible under the post-2022 Chicago Commitment Culture, Equity, and the Arts (CEA) portfolio.

ACLF Program Design and Structure

Innovative Program Model



The ACLF program is built on an innovative model that relies on both internal and external collaborations to achieve impact. Internally, the MacArthur Foundation’s Impact Investing team works with the Foundation’s Chicago Commitment team to support the ACLF program through Program-Related Investments to two lending institutions to provide crucial credit

enhancement in lieu of collateral otherwise required from borrowers for lines of credit. When combined with grant funding for technical assistance for borrowers and program implementation, lenders are able to originate loans that they otherwise could not make. Chicago-based arts and culture organizations are funded in part through intermediaries; the intermediary grantors

at the time of the evaluation period included The Prince Charitable Trust and the Richard H. Driehaus Foundation.³⁴ Externally, a network of other actors supports the program's coordinated implementation to serve the participating grantees effectively. The primary implementers of the program include a program manager, lenders, and technical assistance providers.

The MacArthur Foundation's grantmaking team collaborates closely with the program manager, IFF

(formerly known as Illinois Facilities Fund).⁵ IFF navigates and supports the implementation of participant engagement as well as coordinates the technical assistance offerings led by its service provider, BDO.⁶ The Foundation also works with two lending institutions: a community development finance institution, or CDFI (IFF, the same entity mentioned above) and a commercial bank (Fifth Third Bank).

The two core components of the ACLF program are (i) working capital loans and (ii) technical assistance and capacity-building services.

(i) Working Capital Loans:

Lines of credit, or working capital loans, allow an organization to borrow capital to address short-term cash needs. This can be of great benefit to eligible arts organizations that encounter seasonal cashflow shortages or opportunities for growth that require cash on hand. The Foundation's guarantee of lender repayment is intended to make grantee borrowers more appealing to the lenders while also offering a strategic financial planning tool to grantees that choose to borrow.

(ii) Capacity-Building and Technical Assistance Services:

Pairing the working capital loan option with a variety of financial support and technical assistance services supports grantees—whether having chosen to pursue a line of credit or not—in advancing financial know-how, developing connections with banking and lending professionals, and positioning the organization for stability and growth. Available capacity-building and technical assistance services include a financial management training series, in-depth technical assistance projects, and loan application support.

The ACLF program has a highly flexible structure, allowing organizations to participate selectively based on individual needs, rather than by following a set path or programmatic sequence. As such, each participating organization can determine its own journey through the

program. This also means that the program's design is at once simple and quite complex, requiring several coordinated organizations to implement it in a tailored way for each program participant.

³ The Executive Summary uses the term "intermediary" to generally refer to a party the Foundation works with to carry out its work. The term is not used to imply a conduit or pass-through.

⁴ As of 2023, The Field Foundation of Illinois serves as the intermediary grantor for arts and culture grantmaking with their [A Road Together \(ART\) initiative supported by the MacArthur Foundation](#).

⁵ During the report period (2016 – 2022), funding from the "Chicago Commitment" to IFF to administrate the Arts and Culture Loan Fund, totaled \$2.15 million.

⁶ BDO's Nonprofit & Grantmaker (BDO) is a consulting, accounting and advisory firm. The organization was formerly known as FMA but became BDO following a merger during the evaluation period.

Additionally, program components, engaged entities, and even elements of the program's core mission have shifted over time as organizations' needs have evolved. This model brings with it both opportunities and challenges. It is helpful for organizations to be able to select only the desired services and for the program

to be nimble and responsive to change. These options also make data management more complicated. Simply ensuring that all eligible organizations are aware of the program, and even that current eligible grantees are aware of the full suite of services available to them, can be difficult to manage.

ACLF Program Participants

To participate in the ACLF program, an organization must be a grantee or a regrantee of the Culture, Equity, and the Arts program of the MacArthur Foundation's Chicago Commitment strategy (such grantees and regrantees are often referred to collectively herein as grantees), either directly or through an intermediary grantor, and be considered small- to medium-sized based on operating budget (\$250,000–\$5,000,000).

During the evaluation period of 2016 to 2022, 185 organizations were eligible to participate in ACLF, and 64 of those organizations (34%) engaged in some element of the program. Several key findings of the participants include:

- The majority of participating organizations (65%) were in the performing arts, the sector most likely to experience predictable temporary cashflow shortages due to the seasonality of the financial model.
- More than 60% of participating organizations had budgets under \$1 million and more than 50% were undercapitalized, with less than three months of LUNA on hand. These data indicate that the program is indeed reaching its intended audience in terms of artistic discipline, budget size, and capital needs.
- Findings regarding the geographical reach of the program reveal that during the evaluation period, which was prior to the Culture, Equity and the Arts program's design shift in 2019, the ACLF primarily served organizations located in Chicago's Central, North, and Northwest areas (63%), while only 29% of participants operate in the West, Southwest, Near South, and Far South areas, which have higher concentrations of people of color. Maps of grantees also reveal that the Central, North, and Northwest regions received more grant and loan funding overall, highlighting a concentration of dollars in these regions during the evaluation period.

Dashboard HIGHLIGHTS



64

Participating Grantees

Core program Participants represent

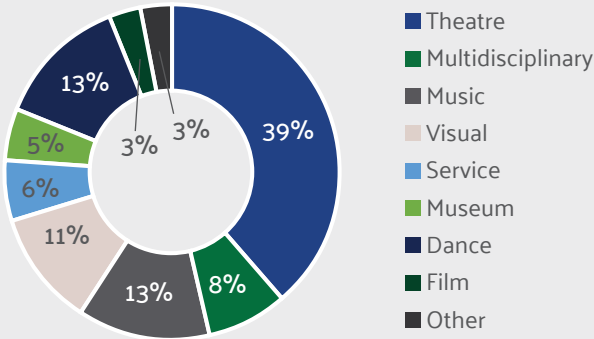
34%

of the overall eligible pool of grantees



More than 50% of participating organizations have less than 3 months LUNA

39% of core program participants are theatres



Artistic Discipline | Core Participants (2016 - 2022)



64% of core participants participated in Financial Management Training

Top 3 in-depth TA services
Financial Policies and Procedures Manuals (33%)
Fiscal Infrastructure Review (22%)
Financial Modeling (16%)



38 Individual lines of credit



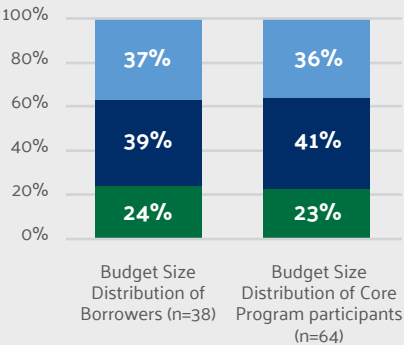
A total of 2 organizations, representing 5% of borrowers defaulted on loans between 2016 - 2022

Over 60%



of participating organizations have budget sizes <\$1M.

>\$1M \$500K->\$1M <\$500



\$3.4 million



loaned through the program

Average loan size \$88,500

Program Engagement 2016 - 2022

The ACLF program has maintained steady engagement levels since its inception, with organizations participating selectively based on individual needs. **Of the 64 organizations participating during the evaluation period:**⁷



64%

engaged in financial capacity-building and technical assistance offerings, with the financial management training being the most popular



58%

opened and managed a line of credit



31%

engaged in both the line of credit and capacity-building/technical assistance services

Engagement in Line of Credit

ACLF program participants have the option of exploring a line of credit from one of two lending institutions: IFF, a nonprofit community development finance institution (or CDFI), and Fifth Third Bank, a commercial bank. Loan acquisition support from BDO includes loan-readiness assessment and coaching, early underwriting, loan application support, assistance in lender selection, and due diligence.

During the evaluation period, a total of \$3.4 million was loaned through the program, with an average loan size of \$88,500. The median loan timeframe for borrowers was 48 months/4 years, and 26 out of 38 borrowing organizations (68%) have had the line of credit renewed at least once. Borrowers largely expressed that lenders were easy to work with, had a clear understanding of the financial needs of arts and culture organizations, and worked with borrowing organizations to build trusting relationships and

explore financial options and opportunities.

Many participants used the lines of credit to cover payroll, pay contractors, and/or cover general operating expenses during seasonal cashflow shortages. Others drew on the lines of credit only to cover the costs of special projects or initiatives. Based on interview findings, some organizations relied on the lines of credit to stay afloat during the COVID-19 pandemic especially when income sources dried up and relief funding was delayed.

During the evaluation period, two borrowing organizations ceased operations, and two others defaulted on the lines of credit, resulting in a default rate of five percent. There is no significant difference between the financial profile of program participants that choose to borrow versus the entire portfolio of program participants (e.g., including those who only engaged in technical assistance).

⁷ Totals for the outlined percentages: 64% represents 41 grantees; 58% represents 38 grantees; 31% represents 20 grantees.

Engagement in Capacity-Building and Technical Assistance

Financial Management Training

The financial management training was the most utilized of the technical assistance services, with a 64% participation rate. Two organizations even participated in the training twice.

In-depth Technical Assistance Projects

Of the 64 participating organizations, 28% participated in an in-depth technical assistance project. The majority of those projects involved supporting organizations with financial policy and procedure manual development, fiscal infrastructure review, and/or the development of financial modeling tools.

The Diversity, Equity, and Inclusion Collective

The Diversity, Equity, and Inclusion Collective training was held once in 2022. Five organizations enrolled in this training. For three of those five organizations, participating in the Diversity, Equity, and Inclusion Collective was the only engagement in the ACLF program.

ACLF Program Impact

Impact of Line of Credit

Of the 19 interviewed organizations, which represented a cross section of ACLF participants, 14 had lines of credit through the program. **ACLF lines of credit act largely as a strategic financial planning tool** that enables organizations to manage cashflow, cover payroll, and bridge gaps between grant and contract cycles.

The line of credit also **contributed to the development of financial skills and confidence among grantees**, facilitating the kinds of longer-term financial planning and informed risk-taking in which small- and medium-sized organizations do not often have the luxury of partaking. Moreover, the presence of a line of credit on participants' financial statements has offered these organizations practice in managing debt and, whether drawing on the line of credit or not, lent them credibility with other funding sources.

Interviews with participating organizations made clear that the ACLF program's line of credit has been an invaluable resource. The program enabled the following benefits:

- **Organizational peace of mind;**
- **Operational stabilization, enabling informed risk-taking, and growth;**
- **Development of more sophisticated financial policies and practices; and**
- **Increased credibility with funders, banks, and government institutions.**

Challenges that interviewees cited include loan-related administrative fees (including application and renewal fees), which some grantees found high; the perceived administrative burden of the renewal process; and inconsistent levels of familiarity with the program's offerings.⁸ **A primary barrier to entry was a lack of knowledge about the program among eligible grantees.**

During the evaluation period, defaults were rare with only two participants within the program defaulting on

the line of credit. This represented a five percent default rate across borrowing organizations. The defaults were also not connected with the two other grantees with lines of credit that closed operations during the same period. Through interviews, organizations that defaulted cited the immense difficulty of the decision to do so but also acknowledged that default allowed them to avoid closure.

⁸ Charging administrative fees is a norm in the banking industry.

Impact of Financial Capacity-Building and Technical Assistance

Eleven of the organizations interviewed in the evaluation process participated in the capacity building and technical assistance elements of the ACLF program. Through the cohort-based financial management training, one-on-one coaching, and in-depth technical assistance project offerings, the **ACLF program has helped participants develop stronger financial infrastructures, clearer fiscal policies, and greater overall financial literacy.**

Organizations involved in one-on-one coaching and in-depth technical assistance projects benefited significantly from having access to customized, organization-specific financial guidance. Coaching and technical assistance **supported a deeper understanding of an organization's financial position as well as undertaking high-impact projects** such as creating organizational policy and procedure manuals, building charts of accounts, and producing true cost budgeting templates.⁹

Enrollees in the financial management training expressed gratitude for the multitude of strategies developed for **building financial confidence and competence,**

managing cashflow and budget cycles, and communicating an effective financial story in order to access additional funding. One participant referred to the training as “life changing.”

Interviewees most frequently mentioned these benefits of the program:

- **Stabilizing and preparing for growth;**
- **Building financial literacy and planning capacity; and**
- **Fostering community and easing staff transitions.**

Cited challenges largely focused on difficulties related to scheduling training sessions and the limited availability of financial management training and in-depth technical assistance projects, which left some interested grantees unserved.

⁹ True cost budgets support the allocation of direct and indirect costs (e.g., staff time, overhead expenses, etc.) to more accurately account for the costs of implementing programs and offerings.

Future Considerations: What's Ahead?

The funding landscape for arts and culture organizations has always been dynamic, and the MacArthur Foundation has made grantmaking changes of its own, including some that will impact how the program operates in its next phase. One of the most significant of these shifts was the transition in 2019 from the Foundation's prior Arts and Culture in Chicago program to the [Culture, Equity, and the Arts program](#), which has set diversity, equity, and inclusion as aspirational goals.

As noted above, in 2023 the Foundation also changed its grantor intermediary to the Field Foundation of Illinois, supporting arts and culture organizations with budgets below \$1 million with its [A Road Together \(ART\) Program](#). The transition to the Field Foundation as the intermediary grantor resulted in a reduction of the number of grantees eligible for the program by 55%.¹⁰ With initial anxiety expressed by current program participants with active lines of credit and potential loss of access, the Foundation responded by adjusting eligibility criteria to protect these organizations' access to those loan dollars, regardless of grantee status.

To inform the evaluation, two focus groups were held with organizations that were newly eligible to the ACLF program under the grantmaking transitions and new intermediary grantor. The expressed needs of organizations within the new portfolio will also have an impact on the program's operation and offerings. For example, some newly eligible organizations with small budgets have an interest in learning how to better cultivate donors and explore earned-income options. Some would like to explore the challenges of

managing a major project like a capital campaign to support the acquisition of a new facility. Others, recognizing that financial literacy empowers informed financial decisions, are interested in training leadership, boards, and staff in core financial management practices tailored to the nonprofit sector.

As it has in the past, the ACLF program will have both the challenge of evolving as its grantees' needs do and the opportunity to determine how to offer support.

Suggested Training and Capacity Building Topics from Grantees

Through focus groups, grantees expressed desire for additional training and capacity building on topics such as:

- Training staff in general financial management practices for nonprofits
- Navigating government contracts and impacts on cashflows
- Exploring diversified revenue opportunities, both earned and contributed revenue
- Mapping out financial scenarios and multi-year financial planning
- Managing capital campaigns
- Understanding investment making opportunities and leveraging assets
- Communicating with and coordinating financial decision making with boards

¹⁰ Factors driving this decrease included Field Foundation's approach to provide larger grants to fewer organizations, many with smaller budgets, resulting in a portfolio where many of the organizations no longer meet the ACLF minimum budget threshold of \$250,000.

Conclusions

The results of this evaluation support the conclusion that the ACLF program has had a demonstrably positive impact on participating organizations for the last 15 years. The resources provided to grantees, over and above grant funds, have offered them the kind of financial stability and knowledge the program was intended to provide, enabling small- and medium-sized arts and culture organizations to reach previously inaccessible levels of sustainability, planning, and artistic growth.

Significantly, although the ACLF program was originally envisioned as one from which grantees would “graduate,” evaluation findings reveal that most organizations do not ultimately move on to being able to secure a line of credit outside the program; rather, the loans available through the program are meeting an indelible gap in the financial markets that can only be met through the use of impact capital in close collaboration with lenders. Furthermore, because the needs for working capital are part of an organizations’ overall operations as a means to address a fundamental and ongoing need, this type of program should be considered not as a one-time fix but as a way that philanthropy and impact investors can jointly address a structural need that is not – and often, due to financial regulations cannot be – met by the traditional capital markets.

The line of credit has also proven to be, at key times, a lifeline for many organizations, whether because they

are facing a seasonal cashflow gap, a delayed grant payment, or the fallout from a global pandemic that has threatened their survival. Lines of credit have offered borrowers not only increased stability and peace of mind, but also financial savvy and confidence to, when the time is right, invest in the organization’s next steps.

The capacity-building and technical assistance components of the ACLF program have also been transformative, equipping organizations with the financial skills and resources needed for long-term sustainability. Through financial management training, one-on-one coaching, and in-depth projects, participating organizations have developed robust financial infrastructures and greater fiscal literacy. The impact extends beyond individual organizations, fostering a collaborative learning community that enhances the financial expertise and health of the entire sector.

The need for a program like the ACLF has endured and continues to grow. Indeed, the ACLF program is a model for other communities and sectors, providing evidence that small- and medium-sized organizations are not, in fact, risky investments, and that targeted financial support and technical assistance can drive organizational resilience and sector growth.

Program Replication:

The evaluation found the design of the ACLF program to be effective at supporting and strengthening arts and culture organizations in Chicago. The Foundation believes that important elements of this initiative could be borrowed and adapted within the arts and culture sector in other communities around the country, as well as in other sectors.

For more information about the ACLF program, please contact Allison Clark, Associate Director of Impact Investing, MacArthur Foundation (aclark@macfound.org).

Following are definitions of financial terms used throughout this report.

Clean-up provision:

A clause in a line of credit agreement requiring the borrower to pay off the balance in full and maintain a zero balance for a specific period (e.g., 30 days for the ACLF borrowers), demonstrating that the credit line is not being used as permanent financing and encourage a disciplined use of a revolving credit facility.

Community Development Financial Institution (CDFI):

A financial institution that provides financial services to underserved communities. CDFIs are mission-driven and work to promote economic development and financial inclusion.

Form 990:

Form 990 is a federal tax document that nonprofit organizations in the U.S. are required to file annually with the IRS. It provides detailed information about the organization's finances, governance, and activities, offering transparency to regulators, donors, and the public.

Line of credit:

A flexible borrowing arrangement from a financial institution, allowing an organization to access funds on a revolving basis up to a set limit as needed. It is typically used to cover short-term cash flow needs.

Liquid Unrestricted Net Assets (LUNA):

The portion of an organization's net assets that are readily available for operational use, including cash, easily accessed investments like certificates of deposit and, in certain circumstances, receivables. These are unrestricted funds that are not tied to specific purposes or other time periods and that can be converted to cash quickly to meet operational expenses.

Net assets:

The difference between an organization's total assets and total liabilities. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted, reflecting how they can be used.

Program Related Investment (PRI):

An impact investment made by a foundation primarily to advance a charitable purpose. Production of income may not be a significant purpose and no funds can be used to support lobbying or participate in political campaigns on behalf or in opposition to a political candidate. PRIs are intended to achieve a philanthropic purpose while allowing the foundation to potentially recoup its investment, often with minimal or below-market financial return. They can take the form of loans, equity investments, loan guarantees, or other financial instruments.

Working capital:

The financial resources available to an organization to meet short-term obligations and operational needs. It is calculated as current assets minus current liabilities.