



PAY IT FORWARD

Sustainability Finance Fund

Program Fact Sheet

What is it?

Pay It Forward is an innovative new financing program designed by The Frederick P. Lenz Foundation For American Buddhism for the purpose of assisting its grantees to develop, launch, and sustain major donor campaigns and other high-impact fundraising initiatives that lead to financial sustainability. It combines several distinct program elements to ensure both that grantees will be successful in achieving their fundraising objectives and that their individual success will serve to benefit all the members of the Lenz Foundation community:

- Zero interest loans, plus repayment terms customized to individual borrower's needs
- Expert advice from Foundation-approved fundraising consultants
- Voluntary contributions by successful borrowers to the Foundation's new Technical Assistance Fund that the Foundation intends to match on a 1:1 basis
- Commitment by borrowers and participating consultants to provide peer support and assistance to the entire Lenz grantee community via the Foundation website and limited one-on-one counseling

Does my organization qualify?

Pay It Forward is a loan (or recoverable grant) program, not an outright grant. Although the Foundation is making funds available to qualified borrowers without interest and other costs associated with commercial loans, borrowers are expected to repay the loans in full out of the funds raised. To qualify, borrowers must meet certain minimum criteria:

- Must be a 501(c)(3) public charity; priority given to current or past Foundation grantees, and in particular to organizations that participated in the Foundation's 2010-2011 Soul of Money Institute program
- Three-year financial history of operating at or near break-even
- Three-year track record of stable or increasing donated income
- Minimal retained deficit or outstanding debt
- Minimum development infrastructure, including an up-to-date donor database and in-place donor stewardship policy
- Board engagement and participation in fundraising, donor cultivation, and stewardship

How does it work?

Organizations interested in participating in the initial pilot phase of this program should submit a 2-3pp letter of inquiry describing the following, and including financial attachments:

- Proposed fundraising initiative to be supported by the loan, including a clear description of why the proposed initiative will lead to financial sustainability
- Proposed amount to be raised and projected return on investment
- Proposed use of funds

- Prior fundraising campaign experience (including three-year fundraising history)
- Current financial position (including three-year financial history)
- Organizational assets that will be used to ensure a successful campaign, including fundraising/development infrastructure, staff, and board participation

Applicants will be screened by the Foundation, and selected finalists will be invited to prepare and submit a full proposal with the assistance of one of the Foundation's preapproved fundraising consultants, or with a fundraising consultant proposed by the applicant and approved by the Foundation. Foundation-approved consultants include: Kristi Nelson (Massachusetts), Kristi Scarpone (Maine), and Kimberly Sherwood (Colorado).

In this initial pilot phase, a limited number of full proposals will be funded by the Foundation with zero interest loans between \$10,000-\$100,000, depending on the financing requirements and projected return on investment described in the proposal. Loan principal will be repaid over a two-year period from loan initiation, with repayment terms customized to the specific program. Loan funds can be used for one-time campaign expenses, related infrastructure improvements, and consultant fees, but not for staff salaries or other general operating expenses. The Foundation requires borrowers to engage a Foundation-approved consultant to provide advisory services in support of the funded proposal in order to maximize the likelihood of success.

The Foundation has set aside a loan pool of \$150,000 to fund this initial pilot phase of the program, and is actively seeking funding partners to expand the program over time.

How does my organization "Pay It Forward"?

Pay It Forward continues the Foundation's commitment to building a strong, vibrant American Buddhist community that honors Dr. Frederick Lenz's legacy of selfless giving. While the Foundation is donating its time, energy, and financial resources to assist its grantees to achieve financial sustainability, grantees and consultants participating in this program are also expected to contribute their time, energy, and resources to ensure that other Foundation grantees will be afforded similar opportunities to achieve their financial and strategic goals:

- On successful conclusion of their fundraising campaigns and repayment of their loans to the Foundation, borrowers will be encouraged to make a voluntary contribution of at least 5 percent of the net amount raised (after loan repayment) to a new **Technical Assistance Fund** that the Foundation is establishing to assist grantees to develop the skills and infrastructure needed to launch successful fundraising campaigns, as well as to expand available loan funds. The Foundation intends to match all contributions to the Fund on a 1:1 basis. The Fund will be administered by the Foundation with the support of a committee of grantees, borrowers, and consultants from the Lenz Foundation community, who will also be responsible for providing limited one-on-one technical assistance to grantees.
- During the two-year loan period, borrowers and their consultants will be expected to participate actively in peer-to-peer support programs that will be available to all grantees via the Foundation's website, starting in Fall 2012. Borrowers and consultants will be expected to regularly document their fundraising experiences on the Lenz Foundation blog and to actively participate in an online community discussion group on fundraising strategies and tips. Approved proposals must include specific time commitments by both borrowers and consultants to this initiative.

What next?

Submit letters of inquiry and attachments via e-mail Julie Steinberg, Director of Administration, at jsteinberg@fredericklenzfoundation.org.