

MELARBIT PARTNERS

UNLEASH THE POSSIBILITIES. FUNDRAISING AND BEYOND.

With seed funding from a national intermediary, Melarbit Partners, along with colleagues from Milano New School Community Finance Lab in NYC, developed an innovative new approach to resource development, a blended capital social investment fund. In this approach, different sources of money are mixed together or 'blended' to form a pool of funds that is typically larger than any one source could/would provide. Beyond the specifics, this approach demonstrates how a nonprofit/social enterprise can start where they are by (creatively) leveraging all of their current assets, in order to build a fundraising and broader revenue generating program. It also is a unique way to help donors/investors leverage their resources by collaborating to attract new investors.

The Neighborhood Anchors Fund (NAF) is a multi-million dollar source of low-cost blended financing for several anchor properties in Orange, NJ. Structured as a 'blended capital social investment fund' it can attract a variety (or blend) of funders/investors motivated by social and financial returns.

Its four layers of capital each have a different purpose and profile: senior debt from a corporate social investor; subordinated debt from a government agency; equity from individual social investor(s); and charitable contributions.

Once the initial fund structure was established through a business planning process, it quickly turned into a fundraising exercise to identify and engage prospective funder/investor(s). This involved creation of fundraising specific marketing materials to position the enterprise and investment opportunity favorably with the prospective investors. It also required revising the initial offer, based on several individual and group cultivation meetings with stakeholders. Following this exchange, we hosted an investor breakfast, which helped set the fund in motion.

At the same time, the NAF provided the client with a valuable opportunity to build other parts of the organization's fundraising program. In fact, we integrated several of these newer social investing efforts into the organization's established events, grant proposals and direct mail/online giving opportunities to further engage select current supporters and to expand its base of fundraising support.

Earlier this year, we closed the first phase of NAF with over \$2.8 million raised from three main providers including a philanthropic foundation. We also attracted new funders, including a prominent national philanthropic funder that ended up making a six-figure first time grant to the organization, separate from the NAF. Plans are underway to launch NAF II, which will broaden the fundraising and expand giving/investing opportunities.