Philanthropy can’t go back to business as usual.

The needs of this moment call for enterprise capital.

Financial capital provides the lifeblood of all enterprises, regardless of structure or tax status. Yet, social enterprises are funded differently than for-profit enterprises, in ways that undercut their financial strength and resilience. What if there were a better way to build nonprofits’ financial strength...and enhance the impact of an entire sector? In fact, there is a way: enterprise capital.

What is enterprise capital?
A new paradigm for philanthropic funding, enterprise capital (EC) treats long-term, flexible capital as high-value fuel that helps nonprofits fulfill their social and economic missions. Also called “philanthropic equity” or “net asset grants,” it’s any form of long-term, unrestricted funding that targets a group’s balance sheet rather than its income statement.

How does it differ from general operating support?
Many funders have come to see unrestricted general operating support as more effective than traditional restricted grants. Unrestricted support and enterprise capital share many goals, but they differ in the same way that revenue and equity capital differ: revenue, whether earned or raised, supports ongoing operations; equity builds infrastructure and capacity, allowing investment where it’s needed most.

How does it help build organizational capacity?
An EC investment becomes even more effective when combined with an assessment of how business and financial models drive the organization’s impact. An assessment can also identify technical resources or capacity-building services that will help the group implement its business model and guide the evolution of the financial model.