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**New Credit Union Would Cater to Nonprofits and Their Employees**

*By Heather Joslyn*

San Francisco

A new organization focused on nonprofit finance issues has set an ambitious agenda, including plans to start a national federal credit union to benefit nonprofit organizations and their employees.

While several professional associations cater to nonprofit specialties such as fundraising, “there’s a huge gap in the area of finance,” says Jan Masaoka, head of the California Association of Nonprofits.

“There isn’t a place to get nonprofit people together to talk about talk about finance and strategy.”

The newly formed group, American Nonprofits, is intended to fill that gap, says Ms. Masaoka, treasurer of the organization’s board.

The organization’s main mission is to share expertise about how to handle pensions, bond financing, and other complex issues.

American Nonprofits expects to make its debut with a Web site August 14; an online magazine Ms. Masaoka edits, Blue Avocado, will become the group’s official house organ.

And plans are already under way to create the American Nonprofit Federal Credit Union. If all goes well, the saving and lending institution might start operations as early as the end of next year, says Pamela Davis, American Nonprofits’ founder and board president.

The idea for the financial institution came from a survey Ms. Davis did about four years ago through an organization she leads, the Nonprofits Insurance Alliance Group, an umbrella group for organizations that insure more than 11,000 groups around the country. A respondent asked, “Wouldn’t it be great if there were a nonprofit credit union?”

**‘The Banks Don’t Get Us’**

Many nonprofits need greater access to financial services, says Ms. Masaoka. “Nonprofits are redlined out of credit,” she says. “The banks don’t get us. They don’t understand the nonprofit business model.”

Studies show that most charities do business with more than one financial institution, she notes.

“We’re not expecting to become their primary bank,” says Ms. Masaoka.

But, she says, the proposed credit union would give nonprofits and their workers an additional federally insured option for lines of credit, credit cards, and working capital.

In addition, she says, members of federal credit unions can deposit money in any other such financial institution. With about 4,300 federal credit unions nationwide, she says, “we’ll have bricks-and-mortar depositories in 4,300 locations.”

The project has cleared its first hurdle with the National Credit Union Administration, the federal regulatory agency, says Ms. Davis, receiving preliminary approval to allow organizations and individuals that join American Nonprofits to be eligible to join its credit union.

A \$100,000 grant from Nonprofits Insurance Alliance Group in March enabled the fledgling group to hire a staff member to move the project forward, says Ms. Davis. And the Wallace Alexander Gerbode Foundation contributed a \$25,000 planning grant.

The next step, she says, will commence right after Labor Day: American Nonprofits will conduct a survey of Blue Avocado’s 65,000 subscribers and the more than 11,000 organizations served by the Nonprofits’ Insurance Alliance of California and the Alliance of Nonprofits for Insurance, both members of Ms. Davis’s umbrella group. The survey will help determine what services nonprofits most need from a credit union designed to serve their industry. The fledgling group will then develop a business plan based on the responses.

The survey and guidance from the National Credit Union Administration will determine in which cities the proposed credit union will first focus its efforts, says Ms. Davis.

Over the next year, American Nonprofits is shifting into fundraising mode. It seeks \$10.5-million in commitments, at least \$500,000 of that for initial operating capital, says Ms. Davis.

The fundraising effort, she says, will focus largely on seeking donations from individuals who want to bolster the operations of nonprofits.

Ms. Davis is determined to give the proposed credit union a solid financial start. “If we can’t do it well,” she says, “we shouldn’t do it at all.”

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