

SB376 to B&T FAV Feb 2.pdf

Uploaded by: Bogdan, Henry

Position: FAV

February 2, 2021

Testimony on Senate Bill 376

**Maryland Nonprofit Development Center Program –
Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account – Funding
Senate Budget and Taxation Committee**

Position: Favorable

Senate Bill 376 clarifies and corrects a ‘wording’ issue in Senate Bill 465 of 2017, that has kept the Nonprofit, Interest-Free, Micro Bridge Loan, or **NIMBL** program from working as intended. It would allow the program to be funded at the level originally intended and indicated in the [Fiscal Note to Senate Bill 465](#).

The purpose of NIMBL is to address the continuing chronic problems, at both the state and county levels, of delays in funding and reimbursing service providers on grants and contracts.

For many nonprofits these delays stress their financial stability and ability to deliver services. Most nonprofits are not able to deal with extensive payment delays. A Maryland Nonprofits survey of over 700 organizations last year found that 45% had less than 60 days cash reserve, and a third had less than 30 days.

Not only do invoices sometimes languish unpaid for well beyond 60 days, but providers are sometimes expected to start services without being able to invoice for reimbursement for extended periods. While foundations have on occasion provided some temporary relief, that’s hardly the best use of their limited funds. Some organizations accept the cost of lines of credit as another unreimbursed cost of providing services for government, but this also consumes funds that should be devoted to direct service.

The failure of timely payment has serious impacts on programs and services. Clearly the best solution would be effective and efficient payment processes, including advances in appropriate cases to deal with start-up costs. But for the foreseeable future, the NIMBL program can help in many of these cases.

The funding provision in Senate Bill 465 in 2017 was that 5% of special funds distributed to the Small, Minority, and Women-Owned Businesses Account from proceeds of video lottery terminals (1.5% of those proceeds) would go to the new NIMBL loan program, but not more than \$1,000,000. Action at the end of the session delayed the distribution of VLT funds to the Small, Minority, and Women-Owned Businesses Account (and therefore also to NIMBL) until Fiscal Year 2021.

Because the funding provision in SB 465 - "up to 5%, not to exceed \$1,000,000" - can be read as requiring no funds at all, the budget for FY 21 and this year's budget bill contain no funds from that source. At this time the fund is still limited to the original \$187,500 provided after the 2017 session by an executive budget amendment. Senate Bill 376 in effect simply makes that language read "5%, not to exceed \$1,000,000."

We urge you to give Senate Bill 376 a favorable report.

Henry Bogdan
Director of Public Policy
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MAP - SB 376- NIMBL - Support.pdf

Uploaded by: Jefferson , Stacey

Position: FAV



Member Agencies:

Advocates for Children and Youth
Baltimore Jewish Council
Behavioral Health System Baltimore
CASH Campaign of Maryland
Catholic Charities
Episcopal Diocese of Maryland
Family League of Baltimore
Fuel Fund of Maryland
Health Care for the Homeless
Homeless Persons
Representation Project
Job Opportunities Task Force
League of Women Voters of Maryland
Loyola University Maryland
Maryland Catholic Conference
Maryland Center on Economic Policy
Maryland Community Action
Partnership
Maryland Family Network
Maryland Hunger Solutions
Paul's Place
Public Justice Center
St. Vincent de Paul of Baltimore
Welfare Advocates

Marylanders Against Poverty

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TESTIMONY IN SUPPORT OF SB 376

Maryland Nonprofit Development Center Program- Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account- Funding

Senate Budget and Taxation Committee

February 2, 2021

Submitted by Stacey Jefferson and Julia Gross, Co-Chairs

Marylanders Against Poverty (MAP) supports SB 376, which corrects a 'wording' issue in Senate Bill 465 of 2017, that has kept the Nonprofit, Interest-Free, Micro Bridge Loan, or **NIMBL** program from working as intended. It would allow the program to be funded at the level originally intended.

Nonprofits that qualify for the NIMBL program provide essential services to low-income Marylanders. The purpose of NIMBL is to address the continuing chronic problems, at both the state and county levels, of delays in funding and reimbursing service providers on grants and contracts. For many nonprofits these delays stress their financial stability and ability to deliver services. Most nonprofits are not able to deal with extensive payment delays. A Maryland Nonprofits survey of over 700 organizations last year found that 45% has less than 60 days cash reserve, and a third had less than 30 days.

Not only do invoices sometimes languish unpaid for well beyond 60 days, but providers are sometimes expected to start services without being able to invoice for reimbursement for extended periods. While foundations have on occasion provided some temporary relief, that's hardly the best use of their limited funds. Some organizations accept the cost of lines of credit as another unreimbursed cost of providing services for government, but this also consumes funds that should be devoted to direct service.

The failure of timely payment has serious impacts on programs and services. Clearly the best solution would be effective and efficient payment processes, including advances in appropriate cases to deal with start-up costs. But for the foreseeable future, the NIMBL program can help in many of these cases.

For these reasons, MAP strongly urges a FAVORABLE report on SB 376 and appreciates your consideration.

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.

Testimony for SB 376 - Kim Jones.pdf

Uploaded by: Jones , Kim

Position: FAV



February 2, 2021

Re: Testimony for Senate Bill 376, Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL)

Good afternoon Senator Guzzone and Senator Rosapepe,

I am Kim Jones, the CEO of the Nonprofit Village, an incubator and shared space for nonprofits based in Montgomery County. Since 2008, we have served nonprofit leaders throughout the state with training. We have incubated more than 100 nonprofits, provide training to more than 150 organizations a year, house 43 nonprofits on-site, provide more than 3000 hours a year in meeting room space, and save each organization up to \$12,000 a year. Collectively, the nonprofits are serving more than 80,000 people in the region and we have not had any failures, although we have helped with mergers. Our vision is to ensure nonprofits have the business knowledge and resources to grow their capacity, increase their sustainability and thrive.

Nonprofit Village is the link to resources that nonprofits need. One of those resources is the Nonprofit Interest-Free Micro-Bridge Loan (NIMBL). When Senator Cheryl Kagan first introduced this concept to me, I thought it was a simple and affordable solution to the financial anxiety experienced by some organizations while they await funding that has been awarded but not yet released. Nonprofits work on razor-thin margins, and while we continue to adjust to the crisis brought by COVID, racial reckoning, and economic fallout, it is even more important to continue the short- and long-term support of nonprofits that provide essential programs and enrichment opportunities in our community.

Our own story with NIMBL is simple. We conducted extensive marketing and outreach about the program. I personally assuaged fears about a loan sitting on financial records open to the public. I saw the help it provided to solid organizations that had hit a snag. Then it was our turn. Nonprofit Village applied because of the delay in a county contract. The process was simple, it was quick, and it provided security to us at a critical time. Our liaison at The Department of Commerce was incredibly supportive and answered every question that our very conservative, and risk-averse Board of Directors could throw out.

A resource like the NIMBL program is a game-changer for nonprofits in Maryland, and we are at a crossroads where we need to lead with intent. Ensuring the continuation and expansion of this program to \$1 million, puts a valuable resource in the hands of nonprofits. We can lead the nation in an era of racial equity, by promoting the effort to more nonprofits led by people of color whose organizations may be on the cusp of furloughs or worse. NIMBL is an economic driver in Maryland, helping nonprofits sustain funds for their operating expenses until their contracts are executed.





The worst thing we can do is promote the availability of NIMBL without adequate funding, resulting in lack of confidence in our governmental system. Nonprofit business development is vital to our recovering economy and the Nonprofit Interest- Free Micro-Bridge Loan plays an important part by targeting tax-exempt businesses that provide critically important services.

Thank you for your continued support of the sector as we work together to foster continued growth and survival.

Kim Jones
CEO
Nonprofit Village
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Direct: 301-798-7104



Grant reimbursement - NIMBL fund - testimony - sen

Uploaded by: Jordan, Lisae C

Position: FAV



Working to end sexual violence in Maryland

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Silver Spring, MD 20907
Phone: 301-565-2277
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For more information contact:
Lisae C. Jordan, Counsel
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Testimony Supporting Senate Bill 376
Lisae C. Jordan, Executive Director & Counsel
February 2, 2021

The Maryland Coalition Against Sexual Assault (MCASA) is a non-profit membership organization that includes the State's seventeen rape crisis centers, law enforcement, mental health and health care providers, attorneys, educators, survivors of sexual violence and other concerned individuals. MCASA includes the Sexual Assault Legal Institute (SALI), a statewide legal services provider for survivors of sexual assault. MCASA represents the unified voice and combined energy of all of its members working to eliminate sexual violence. We urge the Budget and Taxation Committee to report favorably on Senate Bill 376.

Senate Bill 376 – NIMBL Loan Fund

This bill would increase funds available for loans to nonprofits when government agencies administering grants fail to disburse grant funds in a timely manner. With some reluctance, the Maryland Coalition Against Sexual Assault urges support for this bill. It is a work-around for government's inability to manage grant funds and should not be necessary. However, it is.

Nonprofit rape crisis centers around the state report delays receiving reimbursement for services provided to survivors of sexual assault. Some grants are reimbursed on a quarterly basis, meaning that community based non-profits are fronting funds for four or more months before being reimbursed. For example, reimbursement for salary paid the first week of January could not be requested until the close of the quarter, March 30th. It is not unusual for the State to take another 30-40 days to then provide the funds. Contrast this with the federal government, which not only provides reimbursement for funds expended within a matter of a 2 or 3 days, it also permits grantees to request funds that will be expended in the following 10 days. For example, a grantee with payroll on Friday could request needed funds today because the funds would be expended within 10 days.

In any event, the state is not providing funds promptly, so additional allocations for the NIMBL fund would help programs meet payroll, pay rent, and otherwise meet financial obligations.

The Maryland Coalition Against Sexual Assault
urges the Budget and Taxation Committee to
report favorably on Senate Bill 376

2020 NIMBL Report

Uploaded by: Kagan, Senator

Position: FAV

Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account

ANNUAL REPORT

Pursuant to CH 629, Acts of 2017

Submitted by:

Maryland Department of Commerce

September 2020

History and Program Description

Chapter 629, Acts of 2017, established the Nonprofit, Interest-Free Micro Bridge Loan (NIMBL) Program to be administered by the Maryland Department of Commerce (Commerce).

NIMBL is a loan program under the Maryland Nonprofit Development Center Program. Nonprofit entities request funding support through the Maryland Nonprofit Development Center. The purpose of the program is to foster, support, and assist the economic growth and revitalization of qualifying nonprofit entities in the State by providing bridge loans to nonprofit entities.

Program funds should enable nonprofit entities to fill a funding gap between the award dates of a government grant or contract and the actual receipt date of those awarded funds that allow for the continued financial support of the nonprofit entity's program.

Program Performance for Fiscal Year 2020

Commerce received five applications from nonprofit entities and approved all of them for funding from the NIMBL program to assist with operating costs. Those entities and loan amounts were:

Maryland Business Roundtable Ready At Five (Ready At Five) \$25,000

Ready At Five is a resource for early childhood education in Maryland, providing research and data driven solutions for educators, parents and communities. The NIMBL assistance provided support for ongoing operating costs in anticipation of receiving a grant funded through the Maryland State Department of Education.

Together We Own It (TWOI) \$25,000

Together We Own It serves the needs of children across Maryland; primarily in Carroll and Wicomico County. TWOI fosters connection between youth and their community by connecting people and resources, mentoring, providing educational enrichment, and recreational empowerment. The NIMBL assistance provided support for ongoing operating costs in anticipation of receiving a grant funded through the Governor's Office of Crime Control and Prevention.

Historic Sotterley, Inc. \$25,000

Historic Sotterley, Inc. a designated National Historic Landmark is dedicated to reserve, research, and interpret Sotterley Plantation's diverse cultures and environments, and to serve as a public educational resource. The NIMBL assistance supported ongoing operating costs in anticipation of receiving a grant from the Maryland Historical Trust African American Heritage Preservation Program.

Arts on the Block \$25,000

Arts on the Block is an arts organization and is the only hands-on studio art apprenticeship program in the region offering youth and young adults the opportunity to learn about art, design, and business by engaging in real-world public art commissions. The NIMBL assistance provided support for ongoing operating costs in anticipation of receiving a reimbursable Maryland State bond.

Adventist Community Services of Greater Washington Inc.**\$25,000**

Adventist Community Services of Greater Washington serves to help the disadvantaged and disenfranchised in the community by empowering individuals through compassionate emergency care, life education and community development to attain self-sufficiency and independence. The NIMBL assistance provided support for ongoing operating costs in anticipation of receiving funds from several County recreation grants.

Commerce's process from received application to approval of funds took an average 1.5 days, far exceeding Commerce's goal of 30 calendar days.

Client Name	Board Approval Date	Loan #	Approved Loan Amount	Date Current Commitment Sent	Date Current Commitment Received	# of Days	Disbursed
Adventist Community Services of Greater Washington, Inc.	7/2/2019	2018-01-01	\$ 25,000.00	4/25/2019	6/28/2019	4	8/13/2019
Together We Own It	7/15/2019	2024-01-01	\$ 25,000.00	7/11/2019	7/12/2019	3	8/28/2019
Historic Sotterley, Inc.	11/22/2019	1922-02-01	\$ 25,000.00	9/24/2019	11/22/2019	0	1/28/2019
Arts on the Block	3/19/2020	2053-01-01	\$ 25,000.00	3/17/2020	3/17/2020	2	4/2/2020
Maryland Business Roundtable							
Readity At Five	4/20/2020	1096-01-01	\$ 25,000.00	04/02/200	4/20/2020	0	9/9/2020
						9	
Total			\$ 125,000.00		AVG Days	1.5	

If fiscal year 2020, three loans were repaid for \$75,000. Those are:

Mental Health Associates

Repaid 09/30/2019

Generations Family

Repaid 07/31/2019

Adventist Community Services of Greater Washington

Repaid 06/26/2020

Repayments of the remaining NIMBL transactions are due no later than the date of the final grant or contract payments owed to the nonprofit entity.

Since inception of the program, fifteen (15) loans have been approved and funded for a total of \$339,760. Ten of the loans repaid for a total of \$215,260.

Survey Results

As part of Commerce's commitment to customer service each NIMBL recipient was asked to complete a survey on the NIMBL process. Commerce will use these survey results to make any necessary improvements to the program. Results from four respondents are as follows:

- Q1: Did you use the Maryland NonProfit Center?
 - 50% responded "Yes"
- Q2: How helpful was the Nonprofit Center?
 - 100% responded "Very Helpful"
- Q3: How easy was the application process?
 - 33% responded "Somewhat Easy" and 33% "Very Easy"

- Q4: How easy was the loan settlement process?
 - 100% responded “Very Easy”
- Q5: Overall, how satisfied were you with the service you received from the Department of Commerce?
 - 66.6% responded “Very Satisfied”; 33.33% “Somewhat Satisfied”
- Q6: Would you use this program again?
 - 100% responded “Yes”
- Q7: Would you recommend this program to other nonprofit organizations?
 - 100% responded “Yes”
- Q8: Are there any other issues related to your experience that you would like to tell the Department of Commerce? Please use the space below to explain.

“I was made aware of the program through a colleague and I'm so glad for that. I would guess that many of my peer professionals are not aware. I would be happy to share our story if that would help. It was exactly what we needed at precisely the right moment. Thank you!”

Projected Program Performance for Fiscal Year 2021

The Fund was appropriated \$187,500 in FY 2021. Commerce expects to appropriate the entire amount. Currently there is one approval in Fiscal Year 2021 and two more in the pipeline. Commerce has been working with its partners at the Maryland Nonprofit Center to communicate the funding availability and flexibility of the NIMBL program to stakeholders. Commerce has updated its website to include information about NIMBL and created an online Portal for the application submission process. Additionally, Commerce has created marketing materials for its business development representatives and other partners to distribute during events. Commerce will continue its outreach efforts in order to raise awareness about the NIMBL program.

SB376 NIMBL Testimony

Uploaded by: Kagan, Senator

Position: FAV

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Vice Chair
Education, Health, and
Environmental Affairs Committee

Joint Audit Committee
Joint Committee on Federal Relations

THE SENATE OF MARYLAND ANNAPOLIS, MARYLAND 21401

SB376: Maryland Nonprofit Development Center Program – Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account – Funding Senate Budget & Taxation Committee Tuesday, February 2, 2021, 1:00 PM

The nonprofit sector relies heavily on federal, state, and local government grants and contracts. Unfortunately, these funds may be delayed or distributed only after a program has been completed. This causes enormous cash flow challenges for payroll, programming, and other expenses. My 2017 legislation ([SB465/HB1517](#)) created the [Nonprofit, Interest-Free, Micro Bridge Loan](#) (NIMBL) program under the Maryland Department of Commerce (within the Maryland Nonprofit Development Center) to provide eligible nonprofits with the money needed to tide them over until promised government revenue is received.

In 2017, SB465 passed the Senate unanimously -- in part because every district has a significant nonprofit presence. The legislation anticipated a revolving loan pool of \$1,000,000 from the Maryland Small Business Development Financing Authority (MSBDFA). Since full funding wasn't available, the FY21 budget ([see Fiscal Note](#)) was supposed to bring the balance up to the \$1,000,000 level originally intended for this revolving, non-lapsing fund. In 2020, an issue was discovered with the language. The phrase "**up to 5%, not to exceed \$1,000,000,**" for the NIMBL account in FY21 was conveniently misconstrued to mean any amount (including \$0).

Despite the fiscal constraints, the NIMBL program has distributed 15 loans around the State for a total of \$339,760. Ten have already been repaid for a total of \$215,260 (2020 NIMBL report attached). While the program has been successful, the marketing campaign has been on hold out of fear that demand will exceed the supply of available funds. This sector is an integral part of our community. Nonprofit organizations comprise 10% of Maryland's workforce and 12% of our economy (second only to the retail sector).

According to one grant recipient:

*"I was made aware of the program through a colleague and I'm so glad for that. I would guess that many of my peer professionals are not aware. I would be happy to share our story if that would help. **It was exactly what we needed at precisely the right moment.** Thank you!"*

SB376 makes a simple change to ensure that in FY22 and beyond, the NIMBL account will reliably retain a balance of \$1,000,000 as it supports nonprofits across the state. Especially during the Coronavirus pandemic, we must provide these organizations with the financial resources they need to survive. A fully funded NIMBL can be a valuable tool.

I urge a favorable report for SB376.

Testimony of Elise Saltzberg in favor of SB 376.pd

Uploaded by: Saltzberg, Elise

Position: FAV



To: Senate Budget and Tax Committee

For: SB 376 – Maryland Nonprofit Development Center Program – Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account – Funding

Date: January 29, 2021

Testimony of: Elise Saltzberg, Saltzberg Consulting

Contact information: 410-486-3603 (office) 410-236-0758 (cell)

elise@saltzbergconsulting.com

Thank you for the opportunity to present this testimony in favor of increasing the amount of money available in the NIMBL Fund from its current maximum of \$187,000 up to \$1 million.

I have worked as a fundraising consultant to dozens of nonprofit organizations in Maryland since 2000, and I am testifying today on their behalf, as well as on behalf of the thousands of other small to mid-size nonprofits in Maryland – those with annual budgets in the range of \$300,000 to \$5 million per year. With my assistance, over the years my clients have applied for and received hundreds of grants and contracts from various state and local government agencies and departments. These have ranged from a \$2,000 grant from a county council special appropriation to a \$1.2 million contract with MSDE.

That's the good news. The bad news is that from the time that the nonprofit organization receives the email saying, "Congratulations, your grant application has been approved" to the time that the organization actually receives a check can be many, many months. Often, the organization is expected to start delivering the services immediately – even though they don't have a signed contract and they don't have the funds in hand.

The procedure that we usually have to follow has a series of steps, each of which can take several weeks to several months. First, we have to finalize the details of the contract and get it signed by numerous people at the nonprofit and in the state or county agency. Then, the

organization is allowed to submit a request for the first payment under the contract, usually up to 15 percent of the total grant award for the first year. Then we usually have to wait several weeks to several months for this first payment to appear.

After that, the organization is expected to expend the funds to operate the program, purchase program supplies, pay their staff, and then – either monthly or quarterly – submit copies of invoices and canceled checks for reimbursement. These reimbursement requests can also take several months to be fulfilled.

Meanwhile, the organization is expected to continue operating the program and expending funds, with the mindset that, “well, we’re going to get reimbursed eventually...”

That works OK for organizations that have solid financial reserves and ample cash flow. But that doesn’t describe most of my nonprofit clients, or many other nonprofit organizations that I know about, either. Most are operating with extremely tight budgets with very limited cushions to cover their expenses; the coronavirus pandemic has only served to exacerbate this situation. When it takes many weeks or months to receive money that has been committed to them by a state or local government entity, it can put an organization over the edge. They simply do not have the capacity to absorb the delays in reimbursements that can last for many months. They have trouble making payroll or paying their vendors and sub-contractors, thereby diminishing the effectiveness of their services to needy Marylanders.

A short-term, interest-free loan from the NIMBL Fund would be a godsend to these organizations, but this fund can only fulfill its purpose if the nonprofit organizations that need it have ready access to it. Increasing the amount available in the NIMBL revolving loan fund to \$1 million will ensure that this happens. A quick-turnaround loan of up to \$25,000 will go a long way towards seamlessly continuing and solidifying the important services that my clients and other Maryland nonprofit organizations provide while they are waiting for payments that have been committed to them from various state and local government agencies.

Thank you again for the opportunity to present this testimony.

ATMTC-Testimony-NIMBL-Final.pdf

Uploaded by: Seemann, Leon

Position: FAV

Executive Team

Leon Seemann, CFRE
Managing Director

Chil Kong
Artistic Director

Margo Brenner Collins
Education Director

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Leslie Miles, Chair
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Richard Gervase, Vice Chair
Attorney/Non-Profit Consultant

Trish Glowacki, Treasurer
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Nisreen Farhen-Schneider
International Monetary Fund

Mayra Bayonet
Communities Connect Consulting

Andrew Bittan
Adult Learner Training Specialist

Pablo Blank
CASA

Jennifer Dickens
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Jeanne H. Ellinport

Kymberly Escobar
Pew Charitable Truths

Gaynelle Evans
MCM

Dr. Teresa Giral
Bethesda/Chevy Chase Counseling

Mitchell Herman
Dana Creative Concepts Corp.

Ebonie Johnson-Cooper
Young, Black, and Giving Back Institute

Carmen Larsen
Aguas, Inc.

Scott Loughlin
Hogan Lovells, US LLC

Lynn Parseghian
Tregaron Conservancy

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American Alliance of Museums

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February 2, 2021

TESTIMONY IN SUPPORT OF SB376 Maryland Nonprofit Development Center Program – Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account – Funding

Sometimes we all need a helping hand. You're doing good work. You're changing lives for the better. And yet, you can not seem to get over the hump that is holding you back.

Good morning. My name is Leon Seemann. I am the Executive Director of Adventure Theatre MTC in Montgomery County. I am speaking to you today about a situation we faced and one that is faced by so many small to mid-size nonprofits.

Like most arts organizations, Adventure's revenue comes in cycles. Ticket revenue rises when shows are running and trickles almost to a stop between productions. Likewise, income from tuition will be plentiful leading up to the start of classes or camp and stop for the eight weeks while the program runs. And as I'm sure you know, there is often a lag between being awarded a government grant or contract and receiving the cash.

It can create a situation where you have good programs that are fully funded, and you still have trouble making payroll. That's why access to interest-free, micro bridge loans are so critical to the survival of small to mid-size non-profits.

To give you some context, in a normal year, Adventure Theatre MTC centers a community of over 200 full time, part-time and seasonal employees who welcome nearly 45,000 patrons and students to our building each year.

When I arrived in my post in the winter of 2017, Adventure was critically low on cash and despite impactful programming valued by the community, we were at risk of ceasing operation. We were clawing out one day at a time, but we were playing shell games and forced into bad decisions in order to get by. By the time the NIMBL program came out in fall 2017, we immediately identified it's value and were the very first to receive a \$25,000 loan while waiting for money from a government grant. It allowed us to start shedding some predatory contracts and put us on stable footing through the gap between our MSAC grant payments. That helping hand was the turning point into reaching financial stability.

While we would have benefited greatly by being able to go back again after our March 2018 fire, the funds were being fully utilized by other non-profits. That's why this legislation is so critical. There will never be a shortage of nonprofits that could grow from this program. Its only limitation is the funding and capacity it has.

For these reasons, I ask for a FAVORABLE REPORT on SB376.



Leon Seemann, Executive Director
Adventure Theatre MTC

**ADVENTURE
THEATRE**
& ATMTC ACADEMY
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SB 376_NIMBL_LOI.pdf

Uploaded by: Schulz, Kelly

Position: INFO



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce

DATE: February 2, 2021
BILL NO: Senate Bill 376
BILL TITLE: Maryland Nonprofit Development Center Program-Nonprofit, Interest-Free, Micro Bridge Loan (NIMBL) Account- Funding
COMMITTEE: Senate Budget and Taxation

Statement of Information

Senate Bill 376 alters the percentage of funds to be paid out of the Small, Minority, and Women-Owned Businesses Account (SMWOBA) to the Nonprofit Interest-Free, Micro Bridge Loan (NIMBL) Account. Specifically, beginning in fiscal year 2022, the legislation seeks to transfer 5% of the SMWOBA fund not to exceed \$1.0 million to the NIMBL program. The budget allowance in fiscal 2022 for SMWOBA is \$17 million. If that budget amount is approved, that would be \$850,000 for the NIMBL program. This would equate to thirty-four loans at \$25,000 each.

NIMBL provides short-term financing support to qualifying nonprofit entities between the award date of a government contract and the actual receipt date of those awarded funds. Since inception of the program in 2017, 15 loans have been approved and funded for a total of \$339,760. Ten of the loans have been repaid for a total of \$215,260. The Fund was appropriated \$187,500 in FY 2021, and is the same for fiscal 2022. Commerce expected to utilize the entire FY 2021 appropriation, but due to COVID-19, most nonprofits have sought grant funding through other State and Federal programs. Currently there is one approval in Fiscal Year 2021 and no pending applications at this time. Demand for the program in a normal year is between \$100,000 and \$300,000. The current fund balance has generally been sufficient to cover this demand as these are short term bridge loans which are paid back into the fund.

To increase demand for the program, Commerce has been working with its partners at the Maryland Nonprofit Center to communicate the funding availability and flexibility of the NIMBL program to stakeholders. Additionally, Commerce updated its website to include information about NIMBL and created an online Portal for the application submission process. Commerce also created marketing materials for its business development representatives and other partners to distribute during events.

There are over 32,000 nonprofit organizations in the State, ranging from large institutions such as Johns Hopkins University to small daycare centers. As business entities, nonprofits are subject to the requirements of for-profit businesses and are eligible for Commerce assistance subject to eligibility criteria. The primary difference from for-profit businesses is their tax-exempt status. To the extent there is demand from the nonprofit community for these types of loans, having more funds to access would be positive for small nonprofits, but at this time, Commerce has not seen the demand for the program that would justify the significant increase in funding presented in the bill.