



CASE STUDY

Fortune Society Revolving Fund

Fund Type:

Philanthropic Debt and Equity

Source of Capital:

Individual Donors and Organization Match

ABOUT

Fortune Society

The Fortune Society supports people coming out of incarceration, offering substance abuse and mental health treatment, career development and job retention, education, family services, drop-in services, and lifetime access to aftercare.

Developing, owning and operating supportive housing (i.e. housing with services) is core to Fortune Society's work.

The Problem

Funding the Early Stages of Capital-Intensive Housing Projects

The Fortune Society has a successful track record of building supportive housing. Securing financing and public approvals for these complex projects can take years. Without a dedicated source of capital to fund these predevelopment costs, which can run hundreds of thousands of dollars, Fortune Society must pull cash from its mission-critical operations to move this projects forward.

Overview of the Transaction

The Opportunity

Fortune Society has a robust pipeline of development projects for the coming years, including:

Just Home: permanent, supportive housing with services for medically complex homeless New Yorkers returning after incarceration, in partnership with NYC Health + Hospitals Corporation.

Castle III: the redevelopment of an illegal hotel to supportive and affordable Single Room Occupancy (SRO) on the Upper West Side.

The FJC Approach

A handful of donors at FJC agreed to “lock up” funds in their DAF as low interest loan capital, available for Fortune Society to use as predevelopment financing for five years. The organization matched these funds 1:1 with philanthropic “equity,” which Fortune Society placed in a fiduciary account at FJC. When projects secured construction financing, funds will be replenished and can be recycled for other projects.

Result

The \$600,000 Revolving Fund combines debt (at 1% interest) with Fortune Society’s own “equity” (matching funds). The organization has used the fund to advance Castle III into construction and funded critical staff costs as Fortune Society pursues various public approvals for Just Home. Total development costs for the two projects are expected to be over \$150 million in aggregate.





TESTIMONIAL

"I would encourage donors who are thinking about impacting nonprofit organizations to look at this model. It's an innovative model that allows the recycling of an investment to bring about transformative opportunities for people."

Stanley Richards
CEO, The Fortune Society



One component of FJC's mission is to inspire more donors to use their philanthropic funds in ways that meet the critical business needs of nonprofits. We welcome the opportunity to work with your donor to arrange a customized solution that works for both the donor and your organization.

For more information, please contact:

Sam Marks

Chief Executive Officer

Marks@fjc.org

(212) 714-0001

