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A Practical Investigation of Non-Profit Organizations in the Construction Industry

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ABSTRACT: *Construction projects require much effort and capital funding to be successful. Financing is the most crucial piece of the construction projects. Most privately sponsored projects are funded by owner equity. However, this is not the case for non-profit organizations. Many nonprofit owners turn to organizations offering grants for their capital improvement projects as a major source of funding. Much consideration and effort are expended to obtain grants. Many grants carry specific regulations that must be obeyed to qualify and obtain funding. Therefore, finding available funding has become an increasingly difficult endeavor. Limited literature exists to guide non-profit organizations in construction projects. This research is dedicated to investigating the non-profit organizations and their fundings. The research will present a practical investigation based on literature analysis and historical cases for non-profit development projects*.

KEYWORDS: non-profit organizations, construction industry, grant applications, capital improvements

INTRODUCTION

Construction is a very technical industry with no shortage of variety. An individual wanting to step foot into this realm must be able to make well informed decisions in a timely manner. For this reason, the massive industry is often categorized into smaller divisions. According to the Construction Specifications Institute (CSI, 2018), the industry currently recognizes 50 different subsections of construction. It is also important to note the countless number of contractors and material suppliers, which make up the subsections of the industry. Project owners must make many decisions in the way of location, design, and execution that can make or break a project. Of all the options to consider, several take precedence over others. Engineering is extremely important, and the project delivery style is also heavily considered. Above all else, is financing. No project can begin without financing in place. It is safe to say that the single largest concern of any owner is finance. Several finance options exist for a new build (Project Management for Construction, 1989). They are utilizing equity and retained earnings, acquiring short term and long-term loans, leasing the building from a third party, or entering a joint venture with the government. The owner's finances will determine which option to choose. If using owner equity, owners will provide as much equity as possible to provide the finances of a project. This may include the full cost of the facility. While some owners may have the equity required to finance the full cost of the project, most others will not. Many of these organizations will look toward a financial institution to provide financing. This is the case with the short term and long-term loan options.

Traditional versus Nonprofit Construction Projects

Traditionally a financial institution will provide the owner with a short-term loan for the cost and time period of the construction of the facility. The short-term loan will then be transferred or paid off by a long-term loan such as a mortgage. With the third option, leasing the facility provides the owner with a building that they neither financed nor own. An owner leases the building from a developer. In which case, the organization and the developer may closely work together to design the facility around the needs of the organization. However, the building is owned by the developer and the organization becomes the lessee. Lastly, a joint venture between the owner's organization and a government institution is also available.

In many areas, governments will assist companies with major capital projects by assembling properties and providing low interest loans or property tax reductions. Regardless of the strategy chosen, carries with it risk. This risk is not just absorbed by the owner either. The finances of the owner also affect the contractors and suppliers involved in the project. Most facility owners consist of private or corporate entities that can share profits. However, organizations that do not have the ability to distribute equity also exist. These organizations are identified as nonprofit organizations.

Nonprofit organizations (NPOs) are defined as a group organized for purposes other than generating a profit and in which none of the organization's income is distributed to its members, directors, or officers (Cornell University Law School, 2016). The Internal Revenue Service (IRS) labels NPOs as 501(c)(3) tax exempt organizations (irs.gov, 2016). 501(c) (3) tax-exempt organizations must not exist for the benefit of private interests, and no part of section 501(c)(3) organization's net earnings may inure to the benefit of any private shareholder or individual (irs.gov, 2016). In general, NPOs are organizations that serve a charitable interest. Those interests can vary from religious, scientific, educational and literary to public service. According to the Urban Institute nearly 1.41 Million nonprofits were registered with the IRS in 2013 (McKeever, 2015). NPOs occupy many different categories.

This Exhibit lists only two categories occupying over 50% of the total quantity of all public charities in the United States in 2013 (McKeever, 2015). These two categories are education and human services, which provide substantial and essential services.

Other than the inability to distribute profits and minor tax regulation, NPOs do not operate differently than other businesses. NPOs provide services and or products to the public to promote their agenda and generate income. To properly control their product offerings, NPOs, like all other corporations, seek to own the facility they operate in. Owning and operating a facility, or facilities, allows organizations the freedom to provide services and hold fundraisers at their convenience. Facility ownership also allows the owner to build or modify the facility to suit their needs. Also, facility owners can benefit from available tax deductions. According to the IRS, commercial buildings that can prove a certain level of energy efficiency can benefit from a tax deduction of up to $1.80 per square foot of building floor area (irs.gov, 2016).

Real estate loan interest, depreciation, equipment and furniture are also considered tax deductible. In addition, a facility is considered a concrete asset. The value of that facility is included in the organization's asset portfolio. These are just a few of the advantages to owning a facility. Although facility ownership is generally considered to be the key to success, the cost is extremely expensive.

According to RS Means, North America's leading supplier of construction cost information, the average cost for a 20,000 square foot, three story wood frame and brick veneer office building is between $2,952,500 and $3,194,000 (RSMeans, 2016). The average of those two numbers equates to $3,073,000. This is for the building alone; it does not include the cost of the property. As an NPO, three Million dollars may be difficult to acquire, or even virtually unachievable.

The chart provides information on the financial health of NPOs, which exhibits significant variance between the different category values vary a great deal. For example, a human services organization is considering building a facility. A human services NPO nets $70,190.96 per year. $3,073,000 divided by $70,191 equals 43.78. A human health services NPO that dedicates every penny of profit to building a facility will take almost 44 years to be able to afford that project. Obviously, individual NPOs will have their specific requirements and the cost of a facility can vary greatly. NPO categories with higher profit margins may have increased facility costs due to size or location. Therefore, for these organizations to afford the cost of a facility they must raise the money through other means.

NPOs can generate revenue / funds for capital projects by using several different methods. As previously mentioned, they generate income through the services and products they offer. They can also receive donations from individuals and corporations. An especially useful method of raising money is through grants. A grant agreement is defined as a legal instrument of financial assistance between an awarding agency and a separate entity (Grants.gov, 2016). Many types of grants exist as do grant providers. Prospective grantees must apply to be awarded a grant. To apply, the organization must qualify for a particular grant. Furthermore, grants are bound by policies that must be executed once the grant is awarded. The existence of many grants and their specifications can be very confusing. As a potential facility owner, it can be overwhelming to say the least.

Choosing the proper grants for non-profit organization construction projects is crucial. However, the requirements and language of such grants can cause confusion for NPOs seeking grants. Commonly, organizations seeking grant funding will hire a third-party consultant or may employ an individual to perform the necessary research. This represents great expense to organizations with limited resources. Currently, no comprehensive guide to NPO construction project grant funding exists. The sole purpose of this research is to provide potential NPO facility owners with a guide to available construction grants. Furthermore, this research will explore the advantages, disadvantages, and risks associated with grant funding and individual grants. The applicable grants will be combined with other finance options to provide potential owners with a strategic finance portfolio.

Non-Profit Organizations

According to the Urban Institute, eight categories of NPOs exist (McKeever, 2015). Of the eight, four categories make up 77% of the NPOs that existed in 2013 (McKeever, 2015). They are Education, Health, Human Services, and Public and Social Benefit. Human Services alone made up nearly 50% of the number of NPOs for the year of 2013 (McKeever, 2015). Given these statistics, this research will focus on the four largest categories as well as highlight some municipal projects. The categories differ just as much as their means of operations. Each category will have specific and unique requirements regarding facility amenities.

Human Service Nonprofits

Human service nonprofits are the organizations that most people think of when they hear the word nonprofit. These NPOs feed the hungry, assist crime victims and offenders, provide job training, house the homeless, help people prepare for and recover from disasters, maintain playgrounds and athletic fields, act as advocates for children, and offer programs to help youth mature into productive members of society. Included in this category are organizations that specialize in Agriculture, Food, and Nutrition, Crime and Legal Related programs, Employment and Occupation services, General Human Services, Housing, Public Safety, Disaster Preparedness, and Relief, Recreation and Sports, and Youth Development.

Education and Research Nonprofits

Education and Research nonprofits promote learning and intellectual development from cradle to grave, from preschool through post-graduate schools and adult learning programs. The category consists of Colleges and Universities, elementary and secondary education, research institutions, as well as service and other vocational, technical and adult teaching institutions. This type of NPO can also include schools for students with special needs, organizations offering vocational and technical training, libraries, literacy programs, scholarships, student organizations, and parent-teacher groups. The research category comprises science, technology, and social science institutes. A nonprofit in this category may focus on astronomy, chemistry, or other physical science; engineering; computer science; marine biology, physiology, or other biological science; anthropology, economics, international law, political science, or other social science; or interdisciplinary fields, such as black studies, ethnic studies, labor studies, and urban studies.

Health Nonprofits

Health nonprofits cover a broad range of organizations concerned with the body or mind. Within this category exist facilities that specialize in Addiction and Substance Abuse, Diseases and Disease Research, Health Care Facilities and Programs, Medical Disciplines and Specialty Research, and Mental Health and Crisis Services. For example, hospitals, substance abuse and addiction treatment programs, disease research, medical or specialty medicine clinics, and mental health facilities all fall into this category.

Public and Societal Benefit Nonprofits

Public and societal benefit nonprofits work in the areas of civil rights and civil liberties, community improvement, philanthropy and voter education and registration. They also include life insurance providers, unemployment compensation organizations, pension and retirement funds, fraternal groups, employee associations, and cemeteries. This category includes organizations that focus on Civil Rights and Liberties, Community Improvement, Mutual/Membership Benefit Organizations, Philanthropy, Voluntarism, and Public Benefit and Voter Education and Registration.

Each category with their cause is extremely unique. Equally unique will be the funding options used to finance these projects. Many funding options exist for construction projects in general. There is not one combination, package or funding option that works best across the board. The funding options chosen for any project will depend on the project location, purpose, and owner. This research is focused on NPO facilities. All funding options explored will be restricted to commercial and multifamily construction types.

Sources of Funding

Several sources of funding exist. Just as the nonprofit categories and their causes differ, so do the funding sources. It is up to the organization or owner to determine which source will best service their project. Again, the NPO or owner can decide to incorporate multiple sources to complete their project. Most funding institutions are private and operate for profit. However, there are financial institutions that exist for other purposes. Each source operates differently from the next and may carry with it requirements and regulations to the funds it provides.

Commercial Financial Institutions

The most common source of funding is a commercial financial institution. These institutions are frequently referred to as a bank. A bank is a financial institution that provides services, such as accepting deposits, giving business loans and auto loans, mortgage lending, and basic investment products like savings accounts and certificates of deposit. Several types of institutions exist within this category as well. The most prevalent are retail or commercial banks. Traditionally, retail banks offered products to individual consumers while commercial banks worked directly with businesses. Currently, many large banks offer deposit accounts, lending and limited financial advice to both demographics. Products offered at retail and commercial banks include checking and savings accounts, certificates of deposit (CDs), personal and mortgage loans, credit cards and business banking accounts. JP Morgan Chase and Co. is a commercial bank and is considered the largest bank in America (Bankrate, 2016). A central bank is the financial institution responsible for the oversight and management of all other banks. In the United States, the central bank is the Federal Reserve Bank, which is responsible for conducting monetary policy and supervision and regulation of financial institutions. Individual consumers do not have direct contact with a central bank; instead, large financial institutions work directly with the Federal Reserve Bank to provide products and services to the public.

Credit Unions

Credit unions serve a specific demographic per their field of membership, such as teachers or members of the military. While products offered resemble retail bank offerings, credit unions are owned by their members and operate for their benefit. According to Credit Union Times, the Navy Federal Credit Union is the wealthiest credit union in the nation (Top 20 Credit Unions, 2014). Savings and loan associations are financial institutions that are mutually held and provide no more than 20% of total lending to businesses. Individual consumers use savings and loan associations for deposit accounts, personal loans and mortgage lending. An example of a savings and loans association is the First Federal Savings and Loan Association (First Federal Bank, 2017). Investment banks and company banks do not take deposits; instead, they help individuals, businesses and governments raise capital through the issuance of securities. Investment banks are more commonly known as mutual fund companies. They pool funds from individual and institutional investors to provide them access to the broader securities market. JP Morgan and Goldman Sachs are the top two investment banks in the United States (Statista, 2017).

Brokerage Firms

Brokerage firms assist individuals and institutions in buying and selling securities among available investors. Customers of brokerage firms can place trades of stocks, bonds, mutual funds, exchange traded funds (ETFs) and some alternative investments. According to Barron's 2016 broker rating, Fidelity Bank was the top-rated online broker in the country (Carey, 2016). Insurance Companies are financial institutions that help individuals transfer risk of loss. Individuals and businesses use insurance companies to protect against financial loss due to death, disability, accidents, property damage and other misfortunes. Metlife is the wealthiest insurance company in the U.S. when considering total assets (Statista, 2017). Mortgage Companies are financial institutions that originate or fund mortgage loans. While most mortgage companies serve the individual consumer market, some specialize in lending options for commercial real estate only. The top mortgage company by total volume in 2015 was Freedom Mortgage, lending $36 trillion (Scotsman Guide, 2017). Although banks and the other financial institutions take up much of the funding space, they are not the only available options.

Community Development Financial Institutions

Community Development Financial Institutions (CDFI) are financial institutions that are dedicated to delivering affordable lending to low income, low wealth and disadvantaged people or organizations (CDFI Certification, 2017). CDFIs have a primary mission of improving economic conditions for low-income individuals and communities. These entities provide a range of financial products and services that often are not available from more mainstream lenders and financiers. According to the U.S. Department of the Treasury, there are currently 1088 certified CDFIs within the United States (CDFI Certification, 2017). Certified CDFIs are eligible to apply for awards through a variety of programs offered by the CDFI Fund.

All awards enable CDFIs to finance a wide range of activities—including mortgage lending for first-time homebuyers, flexible underwriting for community facilities, and commercial loans for businesses in low-income areas. Through varying strategies, each CDFI contributes to the cultivation of a healthy and stable local economy. Other institutions also exist to promote a special cause by providing funds.

Federal Government Sponsorship

CDFIs are not the only institutions dedicated to promoting economic stability within communities. The federal government supports many programs for this same purpose. The federal and local governments offer grants, loans, and incentives to many organizations. Organizations such as the

Department of Health and Human Services, Department of the Interior, Department of Agriculture, Department of Justice, and Department of Housing and Urban Development all benefit from such offerings. A grant is a way the government funds ideas and projects to provide public services and stimulate the economy. Grants support critical recovery initiatives, innovative research, and many other programs listed in the Catalog of Federal Domestic Assistance (CFDA) (Grants.gov, 2016). According to the CFDA, there are currently 2,312 federal assistance programs (CFDA, 2017).

The granting process can be daunting and complicated. However, that is a small price to pay for the level of financial assistance these programs provide. Government backed loans are loans that are subsidized by the government. These loans protect the lender from default on payments. Government backed loans make it easier for lenders to offer lower interest rates. The principal intention of government backed loans is to make home ownership affordable to first time and lower income buyers. Government agencies are not the only organizations offering grants.

Nongovernmental Organizations and Foundations

Many nongovernmental organizations and foundations exist that provide funding. These organizations are mostly nonprofit organizations that have a principal fund managed by a board of trustees. This group of NPOs includes charities. The Kresge Foundation, Waco Foundation, and other public charities are examples of nonprofit organizations that provide funding to other nonprofit organizations to promote their own interests. According to the IRS, organizations that are classified as public charities are churches, hospitals, and qualified medical research organizations affiliated with hospitals, schools, colleges and universities (IRS, 2017). Private foundations, on the other hand, typically have a single major source of funding. Also, private foundations must make grants to other charitable organizations and to individuals, rather than the direct operation of charitable programs (IRS, 2017). NPO statistics and funding can be seen above in the introduction. Along the lines of private funding is internal funding.

Owner Equity

Owner equity is also a common form of funding for development projects. Owner equity commonly represents the owner's investment in a project. These funds are usually derived from daily operations or contributions from board members. Owner equity is computed by deducting the value of liabilities from the value of assets. Also known as net assets, net worth, shareholder equity, or shareholder funds. Contributions to capital improvement projects will be considered a business decision. In which case the return on investment (ROI) becomes a big factor in the decision-making process. However, in most cases the financing of large projects will consist of a mix of owner equity and funds distributed from other sources.

There is no shortage of funding sources. Potential facility owners not educated in the finance of projects can easily be confused due to the sheer quantity of available funding sources. It is wise to understand that all funding sources have their own agenda and exist to promote certain interests. Furthermore, each example provided has their own established criteria and regulation for funding. Those criteria and regulations are generally outlined in the funding options and programs they offer.

Funding Programs

The construction industry is a self-sufficient financial sector. To fully grasp the extent of spending in this industry it is important to know the facts. The U.S. Census Bureau stated the value of overall construction spending in 2016 was $1.162 trillion. This represented a 4.5% increase from 2015. Total private construction spending was $876.3 Billion. Residential construction consisted of $456.2 Billion and nonresidential construction was worth $420.1 Billion. Public construction total value was $280.6 Billion. The largest single sector recipient of those funds was highway construction at $91.2 Billion. Education construction was next at $69.7 Billion. Construction spending consists of 6.1% of the Gross Domestic Product (GDP) (Nyitray, 2016).

A massive amount of money is spent every year in the construction industry. All those dollars being spent must be sourced from somewhere. This is where the financial institutions come into play. However, finance options differ by type of owner and type of facility. The borrower or grantee is limited to the funding they qualify for. It is determining which funding the individual or NPO qualifies for which causes the most uncertainty. The following information is provided to clarify available options.

Commercial Banks

Commercial banks provide most of the funding for capital improvement and construction projects the world over. These institutions have the most programs available to borrowers. Among those programs are permanent loans, bridge loans, commercial construction loans, takeout loans, conduit loans, Small Business Association (SBA) loans, Department of Agriculture Business and Industry (USDA B&I) loans, hypothecation, and fix and flip loans.

A permanent loan is a garden variety first mortgage on a commercial property. To qualify as a permanent loan, the loan must have some amortization and a term of at least five years. A bridge loan is a short-term, first mortgage loan on commercial property. The term could be from 6 months to three years. The interest rate on bridge loans is typically much higher than on permanent loans. A commercial construction loan is a one to two-year loan used to build a commercial property. The loan proceeds are controlled by the lender to make sure they are only used in the construction of the new building. A takeout loan is a garden variety permanent loan where the proceeds of the loan are used to pay off a construction loan. A conduit loan is a large permanent loan on a standard type of commercial property, which is underwritten to secondary market guidelines, and which has an enormous prepayment penalty. Such loans enjoy extremely low interest rates. Conduit loans are later assigned to pools and securitized to become commercial mortgage-backed securities.

Small Business Administration Loans

SBA loans for commercial real estate are written by private companies, such as banks and specialty finance companies, however they are largely guaranteed by the Small Business Administration. SBA loan guarantees were created by Congress to encourage the formation and growth of small businesses. The SBA 7(a) program is a 25-year, fully amortized, first mortgage loan program with a floating rate, tied to the Prime Rate. The SBA 504 loan program starts with a conventional, fixed-rate, first mortgage and then adds a 20-year fully amortized, SBA-guaranteed, second mortgage behind it. It is the most common way to get a fixed rate SBA loan. Many SBA lenders will write conventional construction loans that convert automatically to 25-year SBA loans upon completion. The Department of Agriculture's Business and Industry loan program is similar to the SBA loan program, where a conventional lender makes the loan, but the USDA guarantees most of it. USDA Business and Industry loans were created to help create jobs in rural areas. A hypothecation is actually a personal property loan secured by a note and mortgage owned by the borrower. The borrower's note and mortgage are often created when the borrower sells a piece of real estate and carries back the financing. Later the borrower might need cash and pledges his mortgage receivable as collateral. Fix and flip loans are renovation loans that are like construction loans. Typically, the loan is used to acquire property with enough additional proceeds to renovate the property for a quick sale. All these options carry with them specific criteria and regulation. All these funding options are widely considered Acquisition, Development, and Construction (ADC) loans.

ADC loans are defined by the Federal Deposit Insurance Corporation (FDIC) as funds borrowed to purchase property and construct infrastructure and buildings (FDIC, 2016). The FDIC Supervisory Insight report recorded that just over two trillion dollars in loan balances for commercial real estate existed in the third quarter of 2016 (FDIC, 2016). The last ten years of third quarter reports for commercial real estate loan balances. The FDIC Statistics, at a Glance report for the year end of 2016 lists the total new loans amount at $9.3 Trillion (FDIC, 2016). Still, commercial banks are not the only institutions lending.

Community Development Financial Institutions

As stated, CDFIs are also great sources for lending. They are like commercial banks in product and operation. However, CDFIs differ in one aspect, their mission. Most CDFIs exist, operate, and cater to low income and underserved communities. They promote economic growth and job creation. CDFIs provide many different lending products for multiple purposes. The Local Initiatives Support Corporation (LISC), arguably one of the largest CDFIs in the country, has loans for housing, education, health, business, NPOs, and ADC. Their loans for housing include rental and for sale housing. Rental housing loans are meant for the preservation and development of affordable multifamily housing (LISC, 2016). LISC fosters home ownership for low-income residents and families with their For-Sale Housing loan (LISC, 2016). This loan can be used for new construction, home repair, and manufactured homes (LISC, 2016). The Small Business First Mortgage Loans (SBA 504) is a product offered by CDFIs as well as Commercial banks. This loan is available to for-profit businesses to acquire or renovate buildings (LISC, 2016). LISC also offers predevelopment, acquisition, construction, mini-permanent, permanent, and bridge loans to aid in the acquisition and development projects. Like commercial bank loans the products offered by LISC have unique criteria and regulation. Other finance options exist beyond loans and commercial programs.

Federal Government Loans

As mentioned previously, the United States government funds grants that are used to finance a large variety of projects. Grants can be found for everything from research, special interest, housing and community development, and highway construction. This research will focus on construction specific grants available to the four categories of NPOs previously outlined. Government institutions fund grants to promote their interests. Unlike loans, grants have a unique execution process. The grant process follows a linear life cycle that includes creating the funding opportunity, applying, making award decisions, and successfully implementing the award. The specific actions along the lifecycle are grouped into three main phases (Grants.gov, 2016). The phases are the Pre-Award, Award, and Post-Award phases. Each of the three phases has its own page that provides a more detailed look at the process. The following is a synopsis of each phase and respective steps involved:

i. Pre-Award Phase - The pre-award phase represents the beginning of the grant lifecycle, which includes announcing opportunities, submitting applications, and reviewing applications. Below are explanations of what generally occurs during the pre-award phase.

    1. Planning and opportunity - In the early stages of the grant process, the grant-making agency plans and develops a funding program based on its mission, the administration, and congressional initiatives.

    2. Announcing Opportunity - Next, the grant-making agency formally announces the funding opportunity, advertising it to applicant communities and inviting proposals

tailored to address the program mission. The grant-making agency will publish details of the funding opportunity on Grants.gov.

3. Searching for opportunity - Potential applicants will use the Grants.gov search tool to find funding opportunities that they are eligible for and are a mission match for their organization.

4. Registering for grants - When potential applicants have identified an opportunity to apply for, they need to register with Grants.gov as an organization or individual. Applicants should also check the funding opportunity for additional registration requirements specified by the grant-making agency.

5. Completing application - Completing a grant application can take weeks. The application package can be downloaded from Grants.gov in the form of a PDF, and progress can be saved as form fields are filled in. These fields require everything from basic organizational information to explanations of proposed work and financial data. When an application package has been completed per the opportunity instructions and checked for errors, it can be submitted through Grants.gov.

6. Retrieving application - When an application has been submitted, the application is retrieved by the grant-making agency and screened for compliance. If it passes the initial screening, the application is routed to the appropriate agency program for consideration. Once an application has been retrieved by the agency from Grants.gov, the applicant is automatically notified via email. At this point, the grantor application processing begins.

7. Staying in the loop - Applicants can track the status of their application by communicating with the grant-making agency. The application status process is handled differently by each agency.

8. Finishing the review process - As the funding agency reviews applications, a range of program stakeholders will participate. The review process takes time and varies based on grant type. As the review process takes place, grant-making agencies may update applicants on the status of their application.

ii. Award Phase - Once the Federal agency completes the application review process, the Award Phase begins. The final award decisions rest solely in the hands of the federal agency staff with fiduciary responsibility and legal authority to enter binding agreements. Federal staff review and make award recommendations based on the program and financial reviews of the applications. These recommendations are reviewed by a series of panels in the agencies to ensure high-quality, fair, and unbiased decisions.

1. Notifying the recipient - When the review process has been completed, the funding agency notifies the applicants whether they have been awarded a grant. The agency also begins working with the award recipient to finalize the legal framework for the funding agreement. Following this, the funds are disbursed.

2. Beginning the actual work - After an applicant receives a Notice of Award and the funds have been disbursed, they will begin their project. The award recipient is responsible for meeting the administrative, financial, and programmatic reporting requirements of the award.

iii. Post Award - The post award phase comprises a significant amount of work over the duration of the award dates, which includes implementing the grant, reporting progress, and completing the closeout requirements. The federal agency that makes the award to you is also there to assist and ensure you or your organization complies with the grant terms and conditions.

1. Providing support - After an award has been disbursed, a grants management officer at the funding agency oversees an awardee's reporting compliance. This process extends across the life of the grant award and involves reviewing reports submitted by the awardees. Representatives from the grantor agency may perform on-site visits with the project director and implementation staff. Oversight may also occur in the form of auditing.

2. Reporting your progress - Award recipients conduct two primary types of reporting to the funding agency on a regular basis: financial reporting and programmatic reporting. These reports provide information about the overall financial status and program performance of the grant project. Recipients must also respond to any audit requests that pertain to the grant.

3. Award Closeout - As reports and financial data are passed along to the grantor agency, the program stakeholders ensure that all requirements are being met. Upon completing all the closeout requirements, including a review of the final financial and technical reports from the awardee, the grant life cycle comes to an end.

Availability of Grants

The following section will identify available grants. Grants will be categorized by type of NPO. Furthermore, grants will be identified by the granting organization. This research will focus on Federal grants. Municipal and local government grants will be acknowledged. Grants stemming from private organizations and other nonprofits will also be recognized. A federal grant is defined as a grant stemming from a federal agency. A federal agency is an organization of government that is responsible for oversight and administration of specific functions. Agencies must be established by legislation or executive power. These agencies form organizations that promote certain agendas. State governments have their own corresponding agencies. Furthermore, local governments are divided into two distinct categories, counties and municipalities. Counties can include boroughs and parishes. Municipalities are composed of cities and towns (Whitehouse.gov, 2016). Both state and local governments fund organizations and grants to promote their independent agenda. Lastly, private organizations and NPOs also fund grants to promote their interests. All these grants will be explored.

Different federal government institutions offer granting options to promote their agenda. Federal grants are available for a large variety of projects and operations. This research will focus on construction projects for the following four NPO categories: Human Services, Education and Research, Health, and Public and Social Benefit. The grants available for each category differ as do their requirements and benefits.

Human Services

According to the NPO breakdown and grant spending pie chart, human services is the largest category of NPO's. Human services cover a large variety of programs and services. Human service facilities are places where people obtain critical services, find recreation opportunities and meet to socialize with their peers. These facilities can include but are not limited to community centers, child-care centers, senior centers, hospitals, medical clinics, transitional centers, museums, libraries, community gardens, food pantries, food banks, fair grounds, recreation facilities, and athletic fields or facilities. As can be seen, a large variety of NPOs encapsulate this area of service. Several federal organizations promote programs for these purposes. Each organization carries its own programs and funding opportunities.

USDA: The United States Department of Agriculture and Rural Development (USDA) has many programs directed toward NPOs and communities. In fact, the USDA website lists thirty-eight programs for NPOs and communities (U. S. Department of Agriculture[3], 2017). Those programs include loans, loan guarantees, assistance programs, loan and grant combinations and pure grants. The USDA awarded 2,224 grants in the amount of $320,481,178 to NPOs in the year of 2016 (USASpending.Gov, 2017). The following grants, funded by the USDA, are available to NPOs for development purposes.

RBDG: The Rural Business Development Grant (RBDG) is a competitive grant designed to support the development or expansion of small and emerging private businesses in rural areas which will employ 50 or fewer new employees and has less than one Million dollars in gross revenue. Grants range from $10,000 to $500,000. Eligible applicants include NPOs, Indian tribes, and state and local governments. There are no maximum grant amounts. However, these grants are limited to up to 10% of the total RBDG annual funding. The funds may be used for the acquisition or development of land. This includes the construction, conversion, and or renovation of buildings (U. S. Department of Agriculture, 2017).

For example, the Mescalero Apache Tribe in New Mexico received $99,900 from the RBDG to conduct a feasibility study and forest assessment for the Mescalero Forest Products mill (Finance New Mexico, 2017). The RBDG funds helped the Tribe take essential steps to reopen the mill. The mill will provide 45 jobs. Likewise, funds provided to the Chanute Regional Development Authority were used to establish a fabrication laboratory in Chanute, Kansas, that will operate in conjunction with the organization's business incubator. The fabrication lab will be utilized to provide training for individuals, businesses, and students at Neosho County Community College (USDA Invests in Rural Kansas Business Development, 2015).

CFTATG: The Community Facilities Technical Assistance and Training Grant (CFTATG) is available to provide associations with technical assistance and training with respect to crucial community facilities programs. The maximum grant award is $150,000. The funds can be used to plan for community facility needs, identify financing for facilities, prepare reports and surveys necessary for financial assistance, and improve management of finance and operation of community facilities (U.S. Department of Agriculture, 2017).

The Community Facilities Direct Loans and Grants program provides funding to develop community facilities in rural areas. The program is available to NPOs as well as federally recognized tribes and public bodies. The funds can be used to purchase, construct, or improve community facilities. The funding can only be executed in rural areas which includes cities, townships, towns and tribal lands with no more than 20,000 residents. This program has no maximum amount of funding available. It operates a matching formula based on a graduated scale of community size; 75% for communities with 5,000 residents or less, 55% for communities with 12,000 residents or less, and 5% for communities with 20,000 residents or less (U.S. Department of Agriculture, 2017).

EIIG: The Economic Impact Initiative Grants (EIIG) provides funding to assist in the development of essential community facilities located in pastoral areas with extreme unemployment and severe economic despair (U. S. Department of Agriculture, 2017). Nonprofits as well as public bodies and federally recognized tribes are eligible to apply. The funds may be used to construct, enlarge, or improve community facilities. Grants up to 75% of eligible project costs are available. This grant has five major requirements. The applicant must be unable to finance the project from their own resources or through commercial institutions at a reasonable rate. The facility must serve and be in rural areas. The project must demonstrate substantial community support. An environmental report must be performed and determined acceptable. Priorities are given to facilities focused on public health and safety, energy efficiency, and education. This grant was awarded in 2017 to the city of Rushville in Nebraska in the amount of $43,600 to replace the roof on an assisted living facility (USDA, 2017).

USDA: Beyond grant programs, the USDA also has loan programs. One such program listed above works in conjunction with a grant. The Community Facilities Direct Loans and Grants program includes a direct loan. The terms for this loan carry a repayment term of the useful life of the facility or a maximum of 40 years. The interest rate is fixed for the life of the loan and is determined by the median household income of the service area and population. This loan carries no payment penalties. The USDA also has one program that is strictly loan based, the Community Facilities Guaranteed Loan Program. This program provides loan guarantees to eligible private lenders to help build essential community facilities in rural areas. Private lenders may apply for a loan guarantee on loans made to an eligible borrower that is unable to obtain the needed commercial credit on reasonable terms without the guarantee. Funds can be used to purchase, construct, or improve essential community facilities, purchase equipment and pay related project expenses. The loan guarantee terms have a maximum guarantee of 90% of the eligible loan. The repayment term is the useful life of the facility, or 40 years; and the interest rate is fixed for the life of the loan. The loan guarantee is issued only upon completion of the project. This program allows for a combination of guaranteed loans, direct loans, grants and commercial lending to be used to finance one project.

Education and Research

Education nonprofits promote learning and intellectual development, from preschools through post-graduate schools and adult learning programs. They also include schools for students with special needs, organizations offering vocational and technical training, libraries, literacy programs, scholarships, student organizations, and parent-teacher groups. The research category comprises science, technology, and social science institutes. A nonprofit in this category may focus on astronomy, chemistry, or other physical science; engineering; computer science; marine biology, physiology, or other biological science; anthropology, economics, international law, political science, or other social science; or interdisciplinary fields, such as ethnic studies, gerontology, labor studies, and urban studies. The education sector is the second largest group of NPOs in the United States. Per the Nonprofit Sector Brief of 2015, 17.1% of all NPOs are education based. Several federal agencies fund grants for educational nonprofit organizations.

Department of Education: The United States Department of Education (USDE) is a federal agency that promotes student achievement and preparation for global competition. The USDE was created in 1980 by joining several agencies. The USDE employs over four thousand people and carries a $68 Million budget. This agency's goals are to establish policies on financial aid for education, collect data on American schools, focus national attention on educational issues, prohibit discrimination and ensure equal access to education. The USDE offers a program specifically for nonprofit education organizations.

Credit Enhancement for Charter School Facilities: The Credit Enhancement for Charter School Facilities Program is one of many programs offered to nonprofits for educational purposes. This program is unique because it is specifically for construction and real estate related activity necessary to commence or continue operation of charter school. These grants allow education based NPO and charter schools to access the private sector and other non-federal financing. The capital must be used to acquire, construct and renovate facilities. However, the funding cannot be used to direct pay for construction, repair or acquisition. Grants awarded by this program must be used to facilitate financing from potential lending sources, encourage private lending, issuance of bonds, notes and loans. The grants progress over a 10 to 0-year life span. The USDE expects to award a total of $16 Million in the fiscal year of 2017. The USDE has awarded 4 credit enhancements for charter schools totaling an approximate $243 Million since 2002. The estimated range of awards is $4 to $8 Million; the average award is $5.33 Million. Eligibility for this grant is highly scrutinized. Entities applying for the grant must be a charter school, a public entity, a private nonprofit or a consortium of entities (U. S. Department of Education, 2017).

ESEA: The Elementary and Secondary Education Act (ESEA) authorizes the Impact Aid Discretionary Construction Grant. This grant funds emergency repairs and modernization of school facilities to eligible local educational agencies that receive Impact Aid. Emergency repair grants must be used to repair, renovate, or alter a public elementary or secondary school facility to ensure the health, safety, and wellbeing of students and school personnel. Modernization grants may be used to extend a public elementary or secondary school facility to ease overcrowding and provide facilities that support a contemporary educational program. The law specifies that applications for Emergency grants receive first and second priority in the competition. Applications for Modernization grants are treated as third and fourth priorities (U. S. Department of Education, 2017).

ESEA, Title VII-C: The Alaska Native Educational Equity, Support, and Assistance Act (ESEA, Title VII-C) provides competitive grants to Alaska native and other organizations to meet the unique educational needs of Alaska natives and to support supplemental education programs to benefit Alaska natives. The appropriations act of 2010, 2011, 2012, and 2013 authorized construction, including construction in rural schools, as an allowable use of funds. The FY2012 and FY2013 appropriations are $33.2 Million and $31.5 Million, respectively (Congressional Research Service, 2019).

ESEA, Title VII-B: The Native Hawaiian Education Act (ESEA, Title VII-B) provides competitive grants to native Hawaiian and other organizations to develop, supplement, and expand innovative education programs to assist native Hawaiians. The act also authorizes the Native Hawaiian Education Council and seven island councils. The appropriations acts of 2012 and 2013 contained provisions allowing a portion of the appropriation to be used for elementary and secondary school construction, renovation, and modernization of a facility run by the Department of Education of the State of Hawaii that served a predominantly native Hawaiian student body. The FY2012 appropriation was $34 Million, and the FY2013 appropriation was $32 Million (Congressional Research Service, 2019).

Department of Agriculture: The Hispanic-Serving Institutions Education Grants Program (7 U.S.C. §3241) supports the ability of Hispanic-serving institutes of higher education (IHEs) to attract, retain, and graduate students pursuing careers in the food and agricultural sciences and natural resources. Although funds may not be used to acquire or construct facilities; minor alterations, renovations, or repairs necessary and incidental to the major purpose for which a grant is issued may be allowed with prior approval. The appropriations were $9.2 Million in FY2012 and $9.2 Million, excluding rescission and sequestration, in FY2013 (U.S. Department of Agriculture, 2019).

Department of Commerce: The federal government appropriates funds for the construction and improvement of buildings and facilities occupied or used by the National Institute of Standards and Technology (NIST) and for other congressionally directed projects (U. S. Department of Commerce, 2019). Most of these congressionally directed projects are university research facilities. The Consolidated Appropriations Act of 2008 created a new competitive construction grant program for the construction of new research science buildings or their expansion. A research science building is a building or facility whose purpose is to conduct scientific research, including laboratories, test facilities, measurement facilities, research computing facilities, and observatories. IHEs and nonprofit organizations are eligible for the competitive grants. The FY2012 appropriation was $55 Million. The FY2013 appropriation was $60 Million, excluding rescission and sequestration (United States Congress, 2016).

Department of Health and Human Services: Head Start is a federal program that has provided comprehensive early childhood development services to low-income children since 1965. Head Start is administered by the Administration for Children and Families (ACF). Federal Head Start funds are provided directly to local grantees rather than through states. Programs are locally designed and are administered by a network of roughly 1,600 public and private nonprofit and for-profit agencies. In certain circumstances, grantees may apply to use funds to purchase, construct, or make major renovations to a Head Start facility. The FY2012 and FY2013 appropriations were $8 Billion and $7.7 Billion, respectively (U.S. Department of Health and Human Services, 2018).

Institute of American Indian and Alaska Native Culture and Arts Development: The Institute of American Indian and Alaska Native Culture and Arts Development is a federally chartered independent nonprofit educational institution that serves as a multi-tribal center of higher education for Native Americans. This institute is dedicated to the study, creative application, preservation, and care of Indian arts and culture. Appropriations may be used for the institution's operation. In addition, a portion of funds may be deposited in a trust account for capital improvements, including the expenses associated with site selection and preparation, site planning and architectural design and planning, new construction, materials and equipment procurement, renovation, alteration, repair, and other building and expansion costs of the institute. The institute received approximately $9 Million in FY2012 appropriations and $9 Million in FY2013 appropriations (AIHEC, 2019).

Office of Challenge Grants: The Office of Challenge Grants strengthens humanities education by supporting long-term institutional development. Funds may be used to purchase equipment, upgrade technology, renovate or construct facilities, add library or museum collections, provide staffing, provide educational programming, and increase or establish endowments. Nonprofit organizations such as museums, tribal centers, libraries, colleges and universities, scholarly research organizations, state humanities councils, public radio and television stations, and historical societies and historic sites are eligible to receive grants. The program received $8.4 Million in FY2012 appropriations, and $8.3 Million in grants in FY2013 (National Endowment for the Humanities, 2019).

The noted programs are a select few of the many grants available to NPOs searching for construction related grant funding for the education and research sector. It can easily be seen that the options available are plentiful and diverse. The good news is that even on a federally funded level, a majority of existing and new programs can find funding for facility projects.

Health

Health is among the four largest categories of nonprofits as outlined earlier. Nonprofit health care organizations provide medical services as well as educational and preventative care services. Services can include general health and clinical practices as well as dental, psychiatric or other specialized health services. Health care organizations that qualify as nonprofit organizations are mission-driven, rather than profit-driven. One of the most well-known health NPOs is the American Heart Association. Ascension Health is the largest NPO hospital and health care system in the country (Becker's Hospital Review, 2017). According to the Nonprofit Sector Brief of 2015, healthcare consists of 12.9% of all nonprofit organizations: a grand total of 37,732 nonprofit organizations. These NPOs encompass 7,062 hospitals and primary care organizations throughout the United States. In 2017, 89% of total health and hospital spending, in the amount of $263 Billion, was funded by state and local governments. The remaining 11%, totaling $31 Billion, was funded by federal grants to state and local governments (Urban Institute, 2019). According to the National Census Bureau information, the healthcare industry had $41.361 Billion of construction put in place for the year of 2016 (United States Census Bureau, 2016). $32.782 Billion was spent by private health care organizations. Although these are significant numbers, they do not rival several other sectors.

Considering the size of this sector, one would imagine a decent amount of federal funding would be available. Unfortunately, the direct opposite is the reality. Since this sector is so massive and the services are necessary, it can stand on its own. As previously mentioned, NPOs generate revenue by collecting fees for services. Healthcare services are a necessity. Several services are routine. Most of the federal funding is provided to the patient to pay for health care services. Federally funded health care is provided through three main programs. They are Medicare, Medicaid, and Military health care.

According to the Census Bureau, in 2015, one third of health insurance coverage was provided by government plans (J. Barnett, M. Vornovitsky, 2016). According to the Center for Medicare and Medicaid Services (CMS), these programs spent $1.237 trillion for the year of 2016 (Centers for Medicare and Medicaid Services, 2016). National health expenditure was $3.3 trillion in 2016 (Centers for Medicare and Medicaid Services, 2016). Although many capital improvement projects are self-funded in this sector, several federal programs do exist.

Should a health care NPO search for federal assistance with a capital improvement, it is highly suggested they investigate the following programs**.** The Economic Impact Initiative Grants program provides funding to assist in the development of essential community facilities in rural communities with extreme unemployment and severe economic depression. An essential community facility is one that provides an essential service to the local community. Such facilities can include hospitals, medical clinics, dental clinics, nursing homes and assisted-living facilities. Nonprofits are eligible but must be in rural areas where the median household income of a community being served must be below 90% of the state non-metropolitan median household income. The funds may be used to construct, enlarge or improve an existing facility. This grant may be used in combination with other financial assistance. This grant will fund up to 75% of eligible project cost, based on availability of funds. Applicants must be unable to secure financing for the project based on their own resources and an environmental review must be completed and submitted (Rural Health Information Hub, 2018).

Community Facilities Direct Loan & Grant Program

The Community Facilities Direct Loan & Grant Program provides affordable funding to develop community facilities in rural areas. Health care facilities such as hospitals, medical clinics, dental clinics, nursing homes or assisted living facilities are categorized as essential community facilities. Community based NPOs are eligible. This program provides low interest direct loans, grants, or a combination of the two. The direct loan is based on a fixed rate with repayment terms spread over the useful life of the facility or a maximum of 40 years. The grant funds are constructed on a graduated scale based on population and median household income of the area. Smaller communities with the lowest household income receive the most grant funding (U.S. Department of Agriculture, 2017). The graduated scale is as follows

- Maximum grant assistance of 75% of proposed project costs.
    - Located in rural community with a population of 5,000 or fewer
    - Median household income is below the poverty line or 70% less than the state metropolitan median household income.
- Maximum grant assistance of 55% of proposed project costs.
    - Located in rural community with a population of 12,000 or fewer
    - Median household income is below the poverty line or 70% less than the state metropolitan median household income.
- Maximum grant assistance of 35% of proposed project costs.
    - Located in rural community with a population of 20,000 or fewer
    - Median household income is below the poverty line or 80% less than the state metropolitan median household income.
- Maximum grant assistance of 15% of proposed project costs.
    - Located in rural community with a population of 5,000 or fewer
    - Median household income is below the poverty line or 90% less than the state metropolitan median household income.

Also, to apply, the applicant must adhere to the following requirements. Applicants must be unable to finance the project from their own means. Applicants must have legal authority to borrow money, obtain security, repay loans, construct, operate, and maintain proposed facilities. An environmental review must be completed and submitted.

These programs are a select few construction-related federally funded grant programs for the health sector. As can be seen, this sector does not have many options. However, the services are so heavily funded that healthcare NPOs should be able to internally fund capital improvement projects. At which point, capital funding becomes a business decision.

Public and Social Benefit

Beyond the long arm of the federal government, local governments also provide programs that fund nonprofit projects. As each division may have different agenda and circumstances, so do their grant programs. The following is a sample of several programs offered by local governments in different areas of the country.

Tax Increment Financing

Tax Increment Financing (TIF) is a public financing method used to subsidize developments, infrastructure, and other community improvement projects. A TIF is a tax capture program that locks the taxable value of the property at the base value. The base value is determined prior to the project improvements. The increase in tax value caused by the project improvements are then reimbursed back to the developer for a certain period as the incremental taxes are realized. Projects can seek TIF reimbursement for eligible activities. TIF is available on a state and municipal level. TIF is a method of public financing that encourages developers to complete projects on properties or in districts that are thought to be in despair. Local governments create TIF districts to encourage investment and development within that district. Other, project based TIFs, encourage investment in properties that are considered contaminated, blighted, functionally obsolete, or are historic properties.

Creating TIF districts is a tool that many local governments use to increase funds available for other infrastructure and community projects. Within a TIF district, the municipality captures the base value of taxable income for the property. The incremental tax increase caused by the improvements is then diverted to other funds or refunded to the developer to assist in financing other projects. As of December 2015, 48 states allow TIF district formation (Ballotpedia, 2018). The only two states that do not allow TIF districts are Arizona and Wyoming (Ballotpedia, 2018). TIF districts have come up against some heated debate. The supporters claim that TIFs provide an additional form of state and federal revenue, locally controlled development projects, encourage investment in local properties, and increase property value (Ballotpedia, 2018). The critics claim TIFs support expansion of existing businesses that would have expanded anyway, provide public money to private investors rather than supply public benefit, shift investment from areas with greater financial need, and they lack transparency.

The largest commitment of public money ever granted through TIF in the United States was to the University of Louisville Research Park (Good Jobs First, 2018). According to Good Jobs First, an organization that tracks government subsidies, the Kentucky Economic Development Finance Authority approved a $709 Million TIF for the research facility project (Good Jobs First, 2018). The research park was estimated to cost in excess of $1.1 Billion and covers 1.3 square miles. The

TIF will activate after the university spends $200 Million on the project (Good Jobs First, 2018). This project broke ground in 2014 with a 225,000 square foot building that anchored the park (Finley, 2014). Much of the roadways were completed in 2015 and several other buildings were completed by the end of 2016 (Finley, 2014). The full 980-acre district may take up to 20 years to totally build out (Finley, 2014).

Projects located outside the TIF community boundaries are also available for tax increment financing. Programs such as the Brownfield Tax Incentive is one such example. The Brownfield Tax Incentive was created by the United States Environmental Protection Agency (EPA) and signed into law in 1997 (United States Environmental Protection Agency, 2018). The Brownfield Tax Incentive encourages the cleanup and reuse of brownfields. Under this incentive the environmental cleanup costs are fully deductible in the year incurred. This program was successful through its 14-year life span. It ended December 31, 2011 (United States Environmental Protection Agency, 2018). Many states and local governments have used this program as a precursor to modern day Brownfield Tax Increment Financing. Each state may differ slightly in their regulation and success. However, Michigan's Brownfield TIF is regarded as the best program of its kind in the entire country (The Land Bank, 2018). The Brownfield TIF programs have a wide range of uses and have been used on countless construction and development projects.

Non-Profit and Private Organizations

State and local municipal programs are not the last option for NPOs searching for funds. Non-Profit and private organizations also fund other NPO construction projects. The funding organizations are either a charitable arm of a corporation, private organization or a traditional NPO that focuses on fund raising for other NPOs. These organizations promote their agenda by financially supporting the projects of other NPOs. Organizations that fund projects come from a variety of sectors. Each sector has multiple benefactors, and each with their own programs. The following section will provide examples of corporations and programs. Privately and corporate funded programs carry their own requirements and regulations. Albeit not nearly as strict or regulated as government funded programs. Less restrictions allow for less formal operations, as many of the following corporate foundations will allow open applications if the end user or project is aligned with the corporate foundation's agenda.

As previously stated, the health care sector is extremely sizable. This can be said about the sector's economic resources as well as its reach and influence. Many of the entities within this industry promote charitable programs. The following are examples of a select few. The health sector has at least one large industry leading company in its profile. Aetna, a health care insurance provider is one such company. Aetna is a Fortune 500 company, it is publicly traded, and claimed a full year net income of $1.9 Billion for the year of 2017 (CVS Health, 2018). Aetna's charitable division is named Aetna Foundation. This foundation provides grants to support and improve issues within the healthcare system. Although Aetna does not have programs specific to construction projects, it has partnered with other organizations to offer funding for construction related projects. An example of this is the Parks for People program with The Trust for Public Land organization. This partnership funded the design of public parks in New Haven, Connecticut (Aetna Foundation, 2018). Aetna is not the only health care insurance provider that contributes to nonprofit organizations.

Blue Cross Blue Shield: Blue Cross Blue Shield offers their own grants to NPOs as well. The Blue Cross Blue Shield Foundation offers six different grants to be exact. However, only one of them can be used for construction purposes. The Advancing Medication Adherence in Michigan grant program has been used to fund construction activities for clinics. The grant offers up to $75,000 and can be used to fund everything from physical clinical needs to research (BCBSM Foundation, 2018).

Humana: Humana, also a giant in the health care provider industry, promotes several granting programs for NPOs through their charitable arm The Humana Foundation. Unlike Aetna and Blue Cross Blue Shield, Humana's programs are more focused. The Humana Foundation's focus for the year of 2018 was the Southern U.S. (Humana Foundation, 2018). Their Asset Security program servicing NPOs in the Louisville area provided funding to establish stable housing options. Humana claims to have funded more than $191 Million since 1981 (Humana Foundation, 2018). An average of roughly $5.1 Million per year in charitable funding is a healthy portfolio.

Potential Funding Through Financial Institutions: The institutions and programs mentioned above are only a select few of what is available from health providers and other health sector organizations dedicating grant money for public and social benefit. The health and wellness industry is not alone in providing grants to NPOs for construction projects. The financial institutions also promote grants that are available to nonprofit organizations.

JP Morgan Chase and Co: JP Morgan Chase and Co. operates a foundation that promotes global philanthropy (Bankrate, 2016). JP Morgan Foundation gave nearly $250 Million to nonprofit organizations in the United States and 40 countries around the world (JP Morgan Chase, 2018). The Foundation made a $100 Million, five-year investment in its economic recovery in the city of Detroit alone (JP Morgan Chase, 2018). The foundation plans to continue to invest in Detroit and other major cities across the country. The JP Morgan Foundation's Pro Neighborhoods program is a $125 Million, five-year initiative to provide communities with funding and resources needed to support locally driven solutions and success (JP Morgan Chase, 2018). Portions of this initiative can be used as seed money for mixed-use property development as well as affordable rental housing development.

Bank of America: Bank of America, also one of the largest banks in the United States, serves as trustee or co-trustee of many charitable foundations (Bankrate, 2016). As an agent of those funds, Bank of America works to award grants that align with the missions of the individual charities. Bank of America operates an entire department dedicated to working with NPOs. This department is appropriately named the Philanthropic Solutions Group. The bank's Philanthropic Solutions Group has offices in 11 states and manages over 150 different foundations (Bank of America, 2018). Of these foundations, multiple grants are available to provide funding for capital improvements and construction projects.

The financial institutions in the United States are very generous in their charitable donations. Beyond working with CDFIs to fund undercapitalized customers, these institutions provide a vast amount of charitable funding to foundations and charities nationwide and worldwide. The examples provided above are a small sample of financial institutions and their offerings to NPOs. All industry's corporate leaders provide charitable funding of some sort. Many corporations operate foundations of their own, foundations that promote several agendas. The following are examples of corporate funded foundations from different industries that provide funding for construction related expenses.

Caterpillar: Caterpillar is an American company which designs, engineers, manufactures, and sells construction equipment worldwide. Caterpillar operates the Caterpillar Foundation. The Caterpillar Foundation promotes their agenda by working with a dozen different NPO partners. The Caterpillar Foundation promotes an agenda that focuses on three key areas; they are education, environment, and basic needs (Caterpillar Foundation, 2018). The area of basic needs includes providing stable and long-term housing options for low-income families. Caterpillar works closely with LISC. LISC is an NPO that bridges the gap between government and private funding organizations and those seeking funds. LISC was created by the Ford Foundation.

The Ford Foundation: The Ford Foundation was created by Edsel Ford, Henry Ford's son, in 1936. The Ford Foundation's charter stated their resources should be used for "scientific, educational, and charitable purposes, all for public welfare" (Ford Foundation, 2018). The foundation makes grants to a variety of organizations. One of the key missions of this foundation is to establish low-income rental housing for families. The Ford Foundation teamed with The Platform LLC to make a $27.5 Million investment to build affordable housing in Detroit neighborhoods (Pinho, 2017). This is just one example of the Ford Foundation's involvement in NPO development and construction projects. The Ford Foundation aligns itself with many nonprofit organizations throughout the country to pursue their agenda.

The afromentioned organizations are a select few of corporate funded NPOs that provide charitable funding. Nearly all fund smaller NPOs to promote their agendas. They will partner with NPOs all over the country to spread their wealth as best possible. Although these organizations may not be visible to the end user of the funding, they are very much an important link in the chain. Many of the fortune 500 companies combined have been known to donate well into the Billions. In fact, of the 150 companies on the Fortune 500 list, the twenty most generous companies donated approximately $3.5 Billion in cash in 2015 (Preston, 2016). As can be seen, the sum of charitable donations from all 150 companies on the Fortune 500 list along with the companies that do not make this list is massive. However, not all those funds are used toward capital improvement projects. Even a small portion of that funding can be used to make a big difference in many communities and for the operations of service providing NPOs.

Private, Non-Profit Organizations Offering Funding

The private nonprofit organizations are not self-funded and do not have direct corporate ties. However, they rely on the charitable donations of the large corporations to promote their agenda. These organizations work hand and hand.

Kresge Foundation: The Kresge Foundation is a private, national foundation that promotes grants for activities in the arts and culture, education, environment, health, human services, and community development. This foundation was founded by Sebestian Kresge, the founder of K-Mart. The Kresge Foundation now operates as a separate entity. The Kresge Foundation collaborates with many nonprofit, private, and philanthropic partners to promote their programs. The foundation charter was established in 1924 by Sebastian Kresge, with a goal of "Promoting human progress" (The Kresge Foundation, 2018). As a native of the metropolitan Detroit area, the foundation focuses on community standards within this region. Their mission is to revitalize inner city and urban neighborhoods and to improve conditions and prospects of residents. The Kresge Foundation provides grants to CDFIs to accomplish their mission and has funded multiple NPOs to improve community conditions in the Detroit area. Arise Detroit is one such NPO that received funding from the Kresge Foundation to improve community conditions and standards (The Kresge Foundation, 2018). Arise Detroit received $140,000 in 2017 to fund housing rehabilitation, development of green spaces, and the transformation of vacant or underutilized land (The Kresge Foundation, 2018). The Kresge Foundation has awarded $144.2 Million worth of grants this year alone. The Kresge Foundation has made an enormous impact as an NPO funding partner.

Richard King Mellon Foundation: The Richard King Mellon Foundation (RKMF) is an NPO that has ties to a large corporation as well. The RMKF was founded by Richard King Mellon, the president and chairman of Mellon Bank (Richard King Mellon Foundation, 2018). Mellon created the Richard King Mellon Foundation in 1947. The RKMF was and is dedicated to promoting education, conservation, human services, and regional economic development in southwestern Pennsylvania. The RKMF's grants can be used to fund projects that aim to improve housing, support development, improve educational infrastructure and improve regional infrastructure. The RKMF has provided many NPOs with capital support for projects in the past and continue to do so now. A few examples of this are as follows. A $350,000 grant to Family Pathways was funded to support the construction of a state-of-the-art training facility in 2018. A $2 Million grant to Duquesne University of the Holy Ghost was awarded for renovations to Rockwell Hall. A $400,000 grant in 2018 to the Delmont Public Library was funded toward the construction of a new library and community center facility. A $5 Million grant was awarded in 2017 to Saint Vincent College to support construction of Benetech Hub. These are just a few examples of the grants awarded. The online database stretches all the way back to 1984 (Richard King Mellon Foundation, 2018).

Private NPOs: Private NPOs that fund other NPOs have a significant impact on NPO development. The several listed above are not the only organizations that provide funding. The following organizations have provided plenty of funding to NPOs searching for construction related expenses. The Andrew Mellon Foundation is a New York based organization that contributes to defend and improve the humanities and arts. The Andrew Mellon Foundation services their mission by supporting institutions of higher education and culture (Andrew W. Mellon Foundation, 2018). The Rockefeller Foundation, established in 1913, focuses on projects that deal with urbanization, survival protection, health, environment, and social economic security (The Rockefeller Foundation, 2018). The Rockefeller Foundation's "100 Resilient Cities" initiative helps cities around the world build better and build back (100 Resilient Cities, 2018). The list of private foundations providing funds for capital improvements is extensive.

CONCLUSIONS

In conclusion, countless funding options exist for capital improvement and construction projects for NPOs. The federal grant offerings for NPO construction projects may seem a bit limited. However, the amount of funding distributed is massive. According to usaspending.gov, the United States government awarded $662,706,241,255 in grants for the fiscal year of 2017 (USA Spending Data Lab, 2017). The following is a small sample of the agencies and programs identified above and their performance. The Department of Agriculture awarded $38.8 Million in grants to NPOs for 2017. According to the Department of Agriculture progress report, a total of $27.9 Million in Rural Business Development Grants were awarded for the year of 2016. That same year the USDA awarded $45.6 Million in Community Facility grants (USDA, 2016). The Department of Education awarded $42.5 Billion in grants for 2017 (USA Spending Lab, 2017). The Department of Education's Credit Enhancement for Charter School Facilities Program awarded eight grantees a total of $56.25 Million in 2017 (U.S. Department of Education, 2018).

As every organization is different, so too are the funding options. The same can be said of the funding organizations. It is up to the NPO receiving the funds to determine the best portfolio of funding to meet their needs. This research does not intend to lead NPOs toward a certain mix of funding options or a dedicated funding portfolio. This research simply provides the reader with viable options to consider when searching for funding. How the NPO chooses to use this information is up to them. Not all funding options will be available to every NPO. Individually, they may not be applicable. Furthermore, certain NPOs will not qualify for certain grants or funding options. Regardless, it is obvious that a funding solution or portfolio can be achieved with a mix of options like those provided above. This research has highlighted NPO projects that have benefitted from a portfolio of funding options.

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