DRIVING IMPACT THROUGH DONOR ADVISED FUNDS:

Community Foundations as Catalysts for Impact Investing

An ImpactAssets issue brief exploring critical concepts in impact investing

Bert Feuss,
Silicon Valley Community Foundation, Vice President of Investments,
Author

Maggie Cutts, Presidio Graduate School, MBA candidate,
Contributing author

Jed Emerson,
Chief Impact Strategist, ImpactAssets
Senior Editor

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PRÉCIS

Impact investing includes a broad spectrum of tools and emerging strategies. The oldest, most established tool is the program-related investment ("PRI"). For over 30 years, PRIs have been used by private foundations to increase programmatic impact and to leverage more of their asset base. Federal tax code provides clear guidance for private foundations on definition and qualification of program-related investments. Namely, the primary purpose must be charitable and not for investment gain. There is much written on the art and craft of PRIs[1]. Less clear, however, in both the tax code and literature is the practice of making program-related investments from donor advised funds ("DAFs"). Past precedents and legal guidance are sparse. Despite this, donor interest in all forms of impact investing is growing and, in response, interest is also growing among community foundations and other types of DAF providers[2] in helping donors achieve their philanthropic goals. These organizations are increasingly viewing impact investing through donor advised funds as a strategy for deeper donor engagement and greater programmatic impact.

This issue brief looks at the practice of making impact investments from DAFs, which are uniquely positioned to help donors amplify the impact of their giving, while also helping to build the field of impact investing. A case study is included through an interview with Jessamyn Lau, past Program Leader for the Peery Foundation. Ms. Lau reflects on the foundation's experience as impact investors through a DAF at Silicon Valley Community Foundation. This brief also explores the important role of intermediaries, including trusted financial advisors and community foundations, in helping their clients to achieve their highest goals.

[1] See list of resources at the end of this issue brief.

[2] An overview of the donor-advised fund market is available at http://www.nptrust.org/daf-report/

SETTING THE CONTEXT

The term "impact investing" resonates with a growing number of new philanthropists who seek to integrate their investment and philanthropy. For community foundations and other DAF providers, impact investing represents a new tool in the tool box for not only increasing impact, but also remaining relevant with donors who no longer view financial return and social return as separate activities.

When linked with an impact investing strategy, the DAF may serve as a unique, focused asset management vehicle for creating a unified portfolio generating financial performance with social and environmental impacts. This is a powerful concept that is explored in-depth in Issue Brief #5: ***Ultimate Impact: Unifying An Investment Portfolio Within A Donor Advised Fund.***

Following on that earlier topic, this issue brief goes into additional detail on the investment options available to advance the impact goals of a fund advisor, specifically mission-related investments and programmatic investments. The Internal Revenue Service ("IRS") has recognized that certain investments in private entities by charitable organizations may legitimately serve charitable purposes. However, the term "program-related investment" (PRI) is applicable technically only to charities that are categorized as private foundations.

There is no parallel IRS definition of a program-related investment for a public charity, which includes community foundations and other providers of donor advised funds, that explicitly classifies these investments as charitable.

To avoid confusion, this issue brief will refer to program-related investments made through donor advised funds by community foundations and other DAF providers, as "programmatic investments". However, starting with a closer look at the legal definition of PRIs for private foundations is helpful to understand the ways that programmatic investments can be made from a donor advised fund and how they are different from mission-related investments.

Program-Related Investments (PRIs)

PRIs are mission-driven investments that are closely akin to charitable grants. The primary purpose of a program-related investment must be charitable. A PRI investor seeks social impact first, and a positive, typically below-market rate, financial result as a secondary priority.

Private foundations rely on a definition in Section 4945 of the Internal Revenue Code[3] that carves PRIs out of the jeopardizing invest-

[3] Section 4945 of the IRC can be found here: http://www.irs.gov/pub/irs-tege/eotopicn80.pdf

ment rules prohibiting certain types of risky investments. In order to qualify as a PRI for a private foundation, an investment must meet a three-part test:

1. The primary purpose of the investment must be to further one or more exempt purpose of the foundation.
2. The production of income or the appreciation of property may not be a significant purpose of the investment.
3. No electioneering and only very limited lobbying purposes may be served by the investment.

Examples of Program-Related Investments

For many years, PRIs tended to be unsecured, low-interest loans to nonprofit organizations. They now include increasingly diverse investment instruments. The IRS recently published examples that illustrate what types of investments qualify as PRIs. These examples are based on published guidance and on financial structures that had previously been approved in private letter rulings, and may be relied on[4].

The examples illustrate a broad range of situations that might be encountered in practice:

- PRIs can be achieved through a variety of investments, such as loans to individuals, tax-exempt organizations, and for-profit organizations, as well as equity investments in for-profit organizations.
- Acceptance of an equity position in conjunction with making a loan does not necessarily prevent such investment from qualifying as a PRI.
- A credit enhancement arrangement, such as a deposit agreement or a guarantee agreement, may qualify as a PRI.
- A potentially high rate of return does not automatically prevent an investment from qualifying as a PRI.
- The charitable purposes that a PRI may serve are broad, and include advancing science, combating environmental deterioration, and promoting the arts.
- Activities conducted in foreign countries are considered to further a charitable purpose so long as the same activities would further a charitable purpose in the U.S.
- The recipients of PRIs do not need to be within a charitable class if they are the instruments for furthering a charitable purpose. For example, an investment in a for-profit that develops new drugs may qualify as a PRI if the for-profit business agrees to use the investment to develop a vaccine that will be distributed to poor individuals at an affordable cost.

Programmatic Investments

As previously mentioned, the IRS definition and guidance above applies only to private foundations.

4 IRS Code Section 53.4944-3, Exception for program-related investments, lists nine new PRI examples. http://www.irs.gov/irb/2012-21_IRB/ar11.html

Nevertheless, public charities can and do pursue investments that align with or further their charitable mission. In fact, the tax Form 990 that is filed annually with the IRS by public charities and other exempt organizations requires disclosure of programmatic investments, defining them as "investments made primarily to accomplish the organization's exempt purposes rather than to produce income."

The practice of making programmatic investments from DAFs is not well defined in the tax code and past precedents and legal guidance are sparse. DAF sponsors are encouraged to seek legal counsel before offering programmatic investments to their client base[5]. And most importantly, programmatic investments must always be in support of the organization's charitable purpose.

Mission-Related Investments

A mission-related investment ("MRI") can be broadly defined as any investment in which the investor intends to generate both a financial return as well as a social or environmental return, such that it is not exclusively about investment gain. An MRI may be through investment managers or funds that specifically target a dual financial/social objective, or they may be direct investment in companies and social enterprises.

Despite current common usage, there is no legal definition of an MRI and no legal requirements to qualify for this status. Since an MRI is not a charitable activity, it is not required to meet any standard for charitability. But, because an MRI is an investment, *it must be made prudently and satisfy the same prudent investment standards under state and federal law as other investments*[6].

Three clusters of investment opportunity that seem to be particularly well suited to mission-related investment strategies include those that provide goods and services affordably to poor communities unreached by existing commercial businesses (e.g., microfinance, affordable housing finance); those that organize supply chains to enable poor producers to benefit from trade (e.g., artisan and fair-trade products and exchanges); and those that provide support for delivery of public goods by government and nonprofits (e.g., sale of malaria bed nets to donor agencies, training or data analytic services for public services such as schools and hospitals).[7]

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[5] The authors would like to thank David Levitt, principle, Adler & Colvin, for sharing his expertise of impact investments through donor advised funds.

[6] More on prudent investment standards under SEC Guidelines can be found here: http://www.sec.gov/nb/comments/akendal033105-hand1.pdf

[7] *Impact Investing: Transforming How We Make Money While Making a Difference*, Antony Bugg-Levine and Jed Emerson, 2011.

IMPACT INVESTING THROUGH COMMUNITY FOUNDATIONS

Who's doing it?

At the time of this writing, over a dozen community foundations are engaged in some form of impact investing. These tend to be larger foundations in urban centers with experience managing complex gifts and assets, but there are increasingly examples from rural and smaller communities as the field develops[8]. Some have had revolving loan funds for decades, while many have made ad hoc programmatic investments in response to specific community needs or donor requests. More recently, some are venturing into mission-related investing with unrestricted or endowment assets, or through pooled investment offerings for donor advised funds.

The portion of total assets dedicated to impact strategies at the time of this writing is generally small across community foundations, in the range of 1% to 2% on average. This reflects both the nascent nature of the field and the conservative nature of community foundation boards and leadership. A conservative stance is understandable, however. DAF assets legally belong to the community foundation and board members are volunteers with little to gain by taking risks with the community assets entrusted to them. Trustees and staff must be willing to learn and experiment to advance the practice of impact investing.

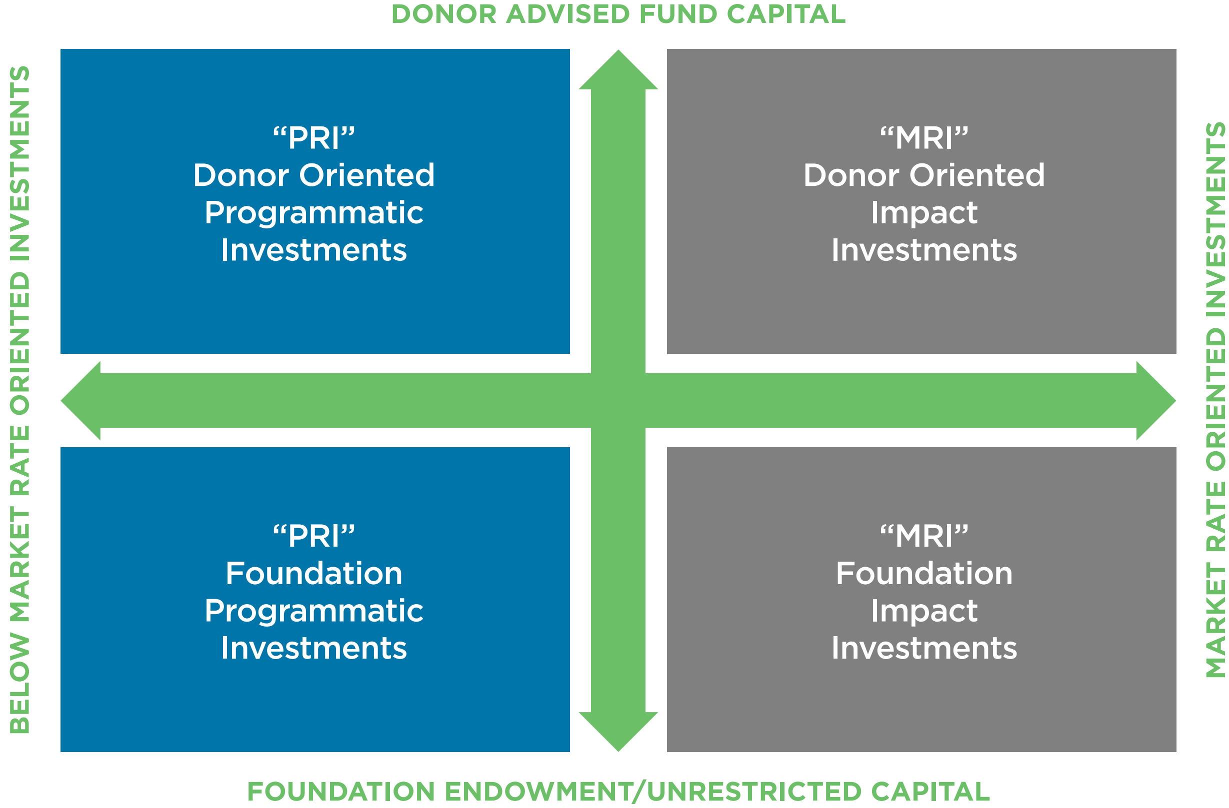
How do community foundations execute an impact investing strategy?

The Greater Cincinnati Foundation has created a toolkit for "Engaging Donor Advised Funds in Impact Investing"[9] and describes four strategies for community foundations to engage. The graph on the page following illustrates these four strategies. On the vertical axis are strategies that leverage donor advised fund capital at the top, and strategies that utilize the foundation's endowment or unrestricted assets on the bottom. On the left side of the horizontal axis are strategies that offer low cost capital to nonprofit or for-profit social enterprises in furtherance of programmatic goals, and on the right side are strategies that seek a financial return first and foremost to satisfy investment objectives, but that also generate a social or environmental benefit.

[8] Visit the Mission Investors Exchange website for specific examples at www.missioninvestors.org.

[9] Available at www.gcfdn.org.

Examples of Impact Investing at Community Foundations



Source: Adapted from "Including Donor Advised Funds in Impact Investing: A Toolkit for Community Foundations," developed by the Greater Cincinnati Foundation in partnership with Imprint Capital and funding from the Rockefeller Foundation.

PRI-DAF Capital (upper left): The Seattle Foundation's Mission Investing Initiative pools assets from donor funds to create the *TSF/ Enterprise Cascadia Business Loan Fund* and provide funding for under-capitalized immigrant and minority small business owners.

MRI-DAF Capital (upper right): The Social Impact Pool is one of five market-rate investment options for donor advised funds at Silicon Valley Community Foundation. The pool seeks to achieve solid financial returns in addition to social and environmental impact. In addition, for funds over $3 million, donors have the option of recommending a trusted investment advisor to manage their portfolio. This allows donors the option to develop a customized approach for a unified strategy where investments are aligned with the donor's charitable goals.

MRI-Foundation Capital (lower right): In addition to being active shareholders, and offering a socially responsive investment pool for DAFs, the Vermont Community Foundation also commits 5% of its pooled investments to the Vermont Investments program which makes investments in the State of Vermont. The program is a compelling benefit for donors to the foundation, while providing meaningful social and environmental benefits to the region.

PRI-Foundation Capital (lower left): The Greater Cincinnati Foundation has made programmatic investments in the redevelopment of communities hit hard by the recession in Northern Kentucky. This project secured funding from the foundation's unrestricted capital as well as from donor funds.

Can programmatic investments provide a bridge to MRI for community foundations?

Few, if any, community foundations will have impact investing expertise or investment offerings in all four of the quadrants discussed in the graph on page 6. For some, such as the Silicon Valley Community Foundation, it made sense to begin with programmatic investments as the starting point and path of least resistance to developing a full impact investing strategy.

Programmatic investments, initiated by either staff or a donor, allow an organization to leverage its existing grant making expertise and demonstrate clear alignment with its mission. Compared to mission-related investments, programmatic investments will generally provide more immediate and measurable impact in an area where the board or donor already has knowledge and interest. Starting with programmatic investments offers a higher impact proposition which resonates with board and donor interests, and allows the community foundation to add value in the services it provides donors by helping them to be more impactful with their charitable assets.

Starting with mission-related investments from the corpus of an endowment, on the other hand, may face a number of barriers within community foundations. Boards, investment committees and consultants with explicit fiduciary duty and liability are not incented to add additional complexity and risk. In the eyes of these stakeholders, one can see that adding an additional overlay of impact investing might easily present more downside risk than upside benefit.

Therefore, starting with programmatic investments can be a lower risk proposition and eventually become a bridge to mission-related investing as the organization gains knowledge, experience and comfort with impact investing. This is how many private foundations started, as well, including the Peery Foundation featured in the following case study, and the Packard Foundation which made programmatic investments for over 20 years before considering mission-related investing as a strategy for greater impact.

PEERY FOUNDATION INTERVIEW

Jessamyn Lau is the former Program Leader for the Peery Foundation, where she helped shape the foundation's strategy, develop programs, strengthen the foundation's portfolio, and support existing grantees. Jessamyn's MBA from Brigham Young University and time spent with Ashoka U gave her the perspective and skill-set to help the foundation develop new methods to support and build the field of social entrepreneurship.

What is the mission of the Peery Foundation?

The Peery Foundation is a Palo Alto-based family foundation established in 1978 by Richard Peery. The Peery family also maintains a donor advised fund at Silicon Valley Community Foundation to avail ourselves of their services and facilitate our programmatic investments. Our mission is to strengthen youth and families to build lives of dignity and self-reliance. We do this by investing in and serving social entrepreneurs and other leaders who are working to empower youth and families living in poverty in the San Francisco Bay Area and around the world. We primarily invest in early to mid-stage social entrepreneurs who are effectively addressing the issues of poverty.

How did the Peery Foundation decide to move into the realm of impact investing?

Our primary function is to support and serve the social entrepreneurs we work with. We try to keep our funding as flexible as possible. Peery Foundation funding is generally unrestricted and the structure of a grant is often co-crafted with the entrepreneur. We have come to realize that entrepreneurs with differing business models, or at differing life-cycle stages, need different types of capital. Once we believe in a social entrepreneur and their model for addressing poverty, we want to always be open to providing the type of capital that they need at the time they need it. We also recognize the importance of putting more of our resources to work behind our mission, including our corpus in the future.

What resources did the Peery Foundation use to get started?

When we began making higher impact grants, we decided to follow smart funders as a low-risk way of building a portfolio. When we began making impact investments, we decided to take the same approach. We began with trusted advice from our peers, as well as support from the University Impact Fund (UIF). Since we don't have staff at the Peery Foundation with traditional business investing experience, UIF was able to ease us in to the new language and process by preparing deal screens, investment summaries and competitive analysis for us. This enabled us to fairly painlessly sort through investing opportunities and begin to question which deals would or would not be a good fit for us, and to identify why.

How does the Peery Foundation find suitable impact investing opportunities?

We are part of the angel impact investing network, TONIIC, which sources and screens impact deals for their members. Being part of this network is also educational for us, as we get exposure to the deal flow process and the chance to build relationships with other more experienced investors. Much like our philanthropic funding, we also source impact investments through our networks of grantees, advisors and peer funders. We find that the smart social entrepreneurs that we fund usually know of other smart social entrepreneurs in our area of focus. We are also finding that our current grantees are growing their enterprises to the point that they are ready for investment capital, which we have provided in some cases as a complement to our current grant funding.

How do you ensure coherence with mission and programmatic goals?

We have looked at many investment opportunities. In the end, we have found that the companies and entrepreneurs that were a strong fit looked very similar to our philanthropic grantees and nonprofit entrepreneurs. Both must be mission aligned and focused on poverty solutions and livelihood creation, but they happen to need a different type of capital for where they are in their life cycle. So in the long term we expect our impact investing activity to almost seamlessly align with our program goals.

What is the role of the donor advised fund when you already have a family foundation?

We are an extremely small team of three people working on a number of portfolios and initiatives. We don't have in-house expertise for the higher level financial or legal due diligence needed for impact investing. We've worked around this in two ways. First, we currently only co-invest with other funders we know and trust who are willing to open up their due diligence and term sheets to us. Second, we work with professionals from Silicon Valley Community Foundation where we have the DAF, who review and perform additional due diligence and then monitor and manage the investments for the duration of the investment. Some investments can be quite complex with warrants and conversion to equity features and can last for a decade or more. We know the community foundation has the necessary expertise and will be around for the long-term. Overall this has greatly simplified the process for us and significantly lowered the barrier to entry.

In our philanthropic funding we're not paper heavy and our agreements are very trust-based. It was definitely daunting at first to explore this new realm of traditional investment due diligence and contractual agreements. In addition to resources at Silicon Valley Community Foundation, *we've also found the kind of support we need to help us make the leap fairly painlessly through the* Toniic Network *and* University Impact Fund. *With their help, we still feel like we're able to retain our low-paper, trust based partnership approach to the extent that makes sense.*

Can you share some recent impact investments?

Three recent programmatic investments made through the Peery Fund at Silicon Valley Community Foundation include Proximity Designs, a nonprofit social enterprise, Lumni Inc. and SMV Wheels, both of which are for-profit social enterprises.

- *Proximity designs, builds and markets affordable products and services that help vulnerable small plot farm households in Myanmar to be more productive, increase their incomes and transform their lives. Increased productivity translates into doubling and tripling of annual incomes and that means financial and food security, all of which builds lives of dignity and self-reliance for families.*
- *Lumni designs and manages social-investment funds that invest in the education of diversified pools of students in Chile, Colombia, Mexico, Peru and the United States. In exchange, each student commits to pay a fixed percentage of income for 120 months after graduation.*
- *SMV Wheels provides asset based loans and vocational support to rickshaw drivers and cart operators throughout India. They envision a community transformed through the confidence and increased disposable income that comes with asset ownership.*

What advice do you have for others thinking about impact investing?

While it is of course prudent to ensure you have the capacity to dot the i's and cross the t's when it comes to investing, it is entirely possible to find support and resources externally to get started in impact investing. You don't need a grand strategy to begin. Start with a handful of investments that help you get your feet we,t as well as building comfort of your team and board with impact investing. Look for those willing to share or who are deliberately building the field of impact investing—it's a very collaborative group!

Jessamyn, thank you for sharing your experience with us!

ENGAGING IN IMPACT INVESTING THROUGH A DONOR ADVISED FUND

As indicated in the Peery Foundation example and others included above, there are a variety of ways that individual and corporate donors with donor advised funds are finding it possible to engage in impact investing. These investments may be accomplished through pooled investment offerings initiated by the DAF provider, single investments initiated by the donor and facilitated through a fee-for-service offering, or in some instances, through a custom investment portfolio managed by a qualified intermediary.

Pooled Investment Offerings

Pooled investment offerings are portfolios administered by the DAF provider that are made available to DAFs for investment of the fund's assets. Pools may target market-rate investments or programmatic impact, and may be thematic or diversified. A diversified, market-rate investment pool, such as the Social Impact Pool offered by Silicon Valley Community Foundation, is a multi-manager investment option for donors that seek a competitive risk adjusted return with some type of social or environmental benefit.

A pooled vehicle tends to appeal to donors who like the idea that the assets in their fund are contributing to making the world a better place, not just those that are distributed annually in grants to their favorite nonprofits. For example, busy, mid-career couples with kids who aren't ready to focus deeply on philanthropy at this stage of their life, but like the idea of "recycling" a portion of the fund's assets for social or environmental benefit while they are consumed with mid-life responsibilities.

A pooled investment vehicle can be organized around common interest themes, such as a particular issue or geography, which may already be established through donor giving circles or an initiative sponsored by the DAF provider. The advantages of a pooled investment vehicle are diversification, economies of scale and ease of administration, all of which typically result in lower cost, less risk and greater access to variety of impact investments that would be difficult for most donor funds acting alone. The disadvantage for more sophisticated giving strategies is that pooled investment vehicles do not support a customized approach where investments are aligned with the individual donor's specific programmatic goals.

Fee-for-Service

Some DAF providers will facilitate direct impact investments on behalf of donors' funds through a fee-for-service model. Fees are charged to cover the cost of investment due diligence, structuring terms and legal agreements, monitoring financial and social reporting, and ongoing accounting, record keeping and valuation throughout the duration of the investment.

The fee-for-service approach is well suited for direct investments of debt or equity in for-profit social enterprises, and large or complex loans to nonprofit organizations. This approach requires the DAF provider to have sufficient in-house expertise to either perform or coordinate the work. DAF providers with dedicated staff for loan funds, programmatic investments or impact investments would generally qualify.

The advantage of the fee-for-service approach is that it is highly customizable to the specific needs of the client, and can be augmented with external resources as needed. It should be appealing to family foundations and supporting organizations with an interest in developing impact investments but who lack expertise or have little or no staff to manage the process. For family foundations and donors with funds at foundations that don't provide impact investing options, one solution is to grant a portion of their funds to another community foundation or DAF provider who has experience in impact investing and can advise on best practices and facilitate the investment.

Custom Portfolios Through Intermediaries

A customized portfolio may be developed through direct investments in impact funds that provide social or environmental benefits, or through the use of a financial intermediary that specializes in impact investing to construct and manage a mission-related investment portfolio. In either case, the fund manager or the investment advisor is acting as an intermediary with expertise in impact investing strategies. In this way, DAF providers may hire impact expertise rather than develop it in-house.

Many DAF providers offer donors the option of recommending a trusted investment advisor to manage their fund's investments. The minimum fund size for a customized portfolio will vary across providers from as low as $100,000 to as high as $10 million, and may involve additional setup and monitoring fees charged by the DAF provider. The manager's performance is typically monitored by both staff and the investment committee against standard investment benchmarks.

The advantage of a customized portfolio is greater alignment of grantmaking and investing for a truly unified approach, and the ability to out-source the expertise to a trusted investment advisor and/or fund manager.

GETTING STARTED

There are many resources to get started in evaluating and incorporating impact investing into a portfolio. ImpactAssets' Issue Briefs provide concise discussions to inform investors about impact investing, how to evaluate risk, return and impact when building a unified portfolio, and other topics of interest. Also, the ImpactAssets 50, an annually curated list of 50 private debt and equity impact investing fund managers, is a helpful onramp for investors and advisors to understanding the range of available investment options.[10]

A significant difference for impact investments through donor advised funds is that there are three parties involved in the process, not including legal counsel or consultants that may be needed to facilitate the transaction. The three parties are 1) the donor who seeks or recommends the impact investment, 2) the prospective investee organization, and 3) the community foundation or DAF provider who legally owns and is responsible for the assets and due diligence process.

The due diligence process for an impact investment may require anywhere from three weeks to twelve months depending on complexity of the transaction and readiness of the investor and investee. Setting realistic expec-

[10] http://impactassets.org/publications_insights

tations in advance in terms of process and timing is an important first step to minimize possible frustration on the part of the donor and prospective investee.

Factors that may contribute to the overall length and cost of the due diligence process include:

- Little or no prior experience with programmatic investments by the investee and donor
- New versus existing investee relationship
- Lack of clear social metrics
- New versus established investee entity
- Complexity of activity or program to be funded
- Number of parties involved in the transaction
- Drafting legal agreements from scratch versus use of existing forms
- Use of legal counsel by one or more parties

Although every organization will tailor the due diligence process to meet their unique needs, the basic process for any transaction will follow these steps, but not necessarily in a perfectly linear progression, as one is continually learning about the prospective investment throughout the entire process:

1. Early assessment. Conduct a high level review of the proposed investment for mission fit with the donor's charitable goals and the DAF provider, as well as an initial assessment of legality and feasibility. It's easy to fall in love with the investment idea and investee at the onset. A good process will help you remain objective, ask the right questions and flag areas for deeper due diligence in the next step.
2. Due diligence. This is the time to ask tough questions to assess compatibility and readiness for a serious commitment. The process should lead toward a deeper understanding of the business strategy and confidence in the team to execute it. It should confirm mission alignment, address legal issues and determine if the proposed investment structure best accomplishes the goals of the funder and investee.
3. Structure terms. Negotiating terms of the investment and legal agreement, including covenants, social metrics, deliverables and reporting requirements, is where the investment really takes shape. This is a good time to ensure that all parties, including the donor, DAF provider and prospective investee understand that this is a serious financial transaction and not a grant disguised as an investment. *Upon default or failure, the DAF provider has a fiduciary duty to recovery its charitable assets, and should do so if possible.* To not do so undermines the credibility of impact investing as a field, and the ability of the DAF provider to legitimately achieve its charitable purpose.
4. Finalize and fund. After receiving approval, it is time to execute documents and send funds to the investee. Approval may include the management and/or board of the DAF provider depending on their policies. This step may also include assess-

ment of fees and expenses by the DAF provider from the donor's fund to cover the cost of due diligence, financial administration, oversight and monitoring and any legal expenses incurred.

5. Ongoing Monitoring. Ongoing monitoring and financial administration may include monitoring of social metrics and outcomes, monitoring of financial performance and payments, administration of future funding commitments, debt to equity conversions, renewals, terminations, extensions or restructuring of terms if the investee runs into trouble, as well as year-end tax reporting of programmatic investments, and valuation of assets for audits and the consolidated financial statements of the DAF provider. Monitoring financial activity of investees is critical to identifying early signs of trouble or changes in structure, management team or direction that may render the investment no longer charitable in purpose or in alignment with the donor and DAF provider's charitable purpose.

ADDITIONAL RESOURCES

Community Foundation Field Guide to Impact Investing (www.missioninvestors.org)
Provides full range of considerations for community foundations interested in learning about, designing, and activating an impact investing program. Developed by Mission Investors Exchange and Council on Foundations in the fall of 2013.

Council on Foundations (www.cof.org)
"Engaging Donor-Advised Funds in Impact Investing: A Toolkit for Community Foundations" includes an overview of a DAF program, frequently asked questions, an impact investment policy statement, a donor engagement kit that includes marketing and presentation materials, webinar presentations, and general resources on impact investing.

Mission Investors Exchange (www.missioninvestors.org) is a fee based membership organization that includes more than 200 foundations and mission investing organizations across the U.S. and Canada of all sizes and mission areas who use or are learning to use program-related and mission-related investing as a strategy to accomplish their philanthropic goals. MIE also provides sample due diligence check lists, evaluators, memo templates, agreements, guides and articles, as well as a list of advisors and consultants that can provide due diligence expertise.

GrantCraft (www.grantcraft.org) "Program-Related Investing Skills and Strategies for New PRI Funders" provides basic skills for getting started, making the first deal and lessons learned by PRI makers.

The Foundation Center (www.foundationcenter.org) "The PRI Directory: Charitable Loans & Other Program-Related Investments by Foundations, 3rd Edition" lists leading funders, recipients, project descriptions, and includes tips on how to secure and manage PRIs.

Impact Base (www.impactbase.org) is a searchable database developed by the Global Impact Investing Network (GIIN), and available to accredited investors interested in finding impact investment opportunities. Investments can be found by their specific program or geographic area, asset class, fundraising status, or other. Reports based on the data from Impact Base are periodically released by the GIIN to reflect the industry's trends for the public.

Impact Space (www.impactspace.org) is an open and free global database of companies, entrepreneurs and investors delivering social and environmental impact along with financial returns. It seeks to bring investable projects to the attention of impact investors while gaining insight and finding solutions along the way.

CONCLUSION

In growing numbers, foundations and philanthropists are responding to global challenges by looking for ways to harness more of their assets. By promoting and facilitating impactful solutions, particularly programmatic investments and MRIs from and through donor advised funds, community foundations and other DAF providers are in a unique position to tap this large reservoir of capital. In doing so, this increasingly integrated community of foundations and investors are pursuing new opportunities and greater impact, while also remaining relevant to their clients and mission.

About Silicon Valley Community Foundation

SVCF serves as a catalyst and leader for innovative solutions to the region's most challenging problems and gives more money to charities than any other community foundation in the United States. SVCF has more than $4.7 billion in assets under management, and provides thousands of individuals, families and corporations with simple and effective ways to give locally and around the world.

As part of ImpactAssets' role as a nonprofit financial services group, Issue Briefs are produced to provide investors, asset owners and advisors with concise, engaging overviews of critical concepts and topics within the field of impact investing. These Briefs will be produced by various ImpactAssets staff as well as collaborators and should be considered working papers—your feedback on the ideas presented and topics addressed in IA Issue Briefs are critical to our development of effective information resources for the field. Please feel free to offer your thoughts on this Issue Brief, as well as suggestions for future topics, to Jed Emerson at JEmerson@impactassets.org. Additional information resources from the field of impact investing may be found at the IA website: www.ImpactAssets.org. We encourage you to make use of them.