What is Impact Investing?

"Investing into companies, organizations and funds with the intention to generate measurable social and environmental impact alongside and financial return."
Growth of Social Investing

$8.7 trillion of $40 trillion total market

Source: US SIF Foundation
Why Engage in Impact Investing?

• Leverage more resources for community impact
• Complement grantmaking efforts
• Scale community solutions
• Respond to donors (millennials)
• Help capital flow to underserved communities
Impact Investing: A Framework

<table>
<thead>
<tr>
<th>VEHICLE</th>
<th>Traditional Grants</th>
<th>PRIs</th>
<th>MRIs</th>
<th>SRI</th>
<th>ESG</th>
<th>Conventional Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOCIAL RETURN</td>
<td>Traditional Impact Returns Expected</td>
<td>Significant Impact Return</td>
<td>Intentional Impact Return</td>
<td>Investor interest expressed</td>
<td>Social factors considered</td>
<td>No intentional social factors considered</td>
</tr>
</tbody>
</table>

Source: Adapted from document provided by The John D. and Catherine T. Macarthur Foundation
Sante Fe Community Foundation
$75M Asset Size

- All community foundations, regardless of size, can engage in impact investing.
- In 2013, SFCF committed 5-10% to local investing.

Results
10 loans closed
40+ in the pipeline
2.9% weighted average return rate
$1.7 million deployed or committed

Presented by SFCF at Mission Investors Institute June 2017
Community Foundation of Louisville
$335M Asset Size

- $100k loan to extend microlending program
- Microlending & coaching for low-income entrepreneurs
- 1% annual interest rate
- Quarterly interest only payments for 5 years
- Balloon payment in year 5

Results
34 businesses started
45 jobs created
18 businesses had revenue growth
10 entrepreneurs reduced dependency on food stamps by 50%

LOCUS
local investing for impact

COMMUNITY FOUNDATION OF LOUISVILLE
Our Place

- Michigan rural “bedroom-community county” sandwiched in the midst of four urban counties
- 60% of employed residents commute to another county to work

Our Foundation

- Founded: 1995
- Town of Hastings: 7,300 people
- County population: 60,000
- Assets: $34 million
- Full Time Staff: 5— but not when this story started
Mission-Aligned Investment: Local Context

- **1975**: Community partners identified need for chain hotel in Hastings, MI
- **2006**: The community adopted HomeTown Partners model - with a pillar for entrepreneurship
- **2008**: BCF board selects Economy as priority and allocates 40% of unrestricted grant making (~$20,000/year)
- The BCF board directs the President/CEO to work with County Economic Development Alliance to fund locally-focused economic development initiative
Foundation Action

- **Structure**: Gifts from six different donors to create revolving fund. Funds held separately from the traditional funds at BCF
- **Goal**: Support the economic vitality of Barry County through mission-aligned investment vehicles
- **Advisors**: Economic Alliance & BCF
- **Total Value of Fund**: $1,325,000
- **Total Value of Loan**: $1,025,000
- **Additional Donor Contributions**: $ 20,000
What Does it Take?

Creative Partnership

64 Rooms
Indoor Swimming Pool
Conference Center
Employs 10 Individuals

Economic Development Impacts:
supports tourism, key sector in county; provides jobs; conference space
Getting Into Impact Investing in Kansas
Our Place
- City of Hutchinson: 40,000 people
- Reno County: 60,000 people
- Rural and agricultural; industry declining; service jobs rising
- Hutchinson is known for great people and attractions.

Our Foundation
- Founded: 1989 – nearly 28 years old
- Assets: $64 million
- Given away: $70 million!
- Full Time Staff: 5.5
“Just a Toe in the Water”

- $35,000 gap financing in Phase I
  $200,000 construction loan in Phase II
  $1.7 million Project

- 2% loan for 15 years
- 50% from endowed investments and
  50% from donor advisors who opted in

- We purchased a participation loan
  from First National Bank, used their due
diligence, and asked them to service
the loan for us. Win!

Townhomes at Santa Fe Place
developed by New Beginnings, our
local CHDO, with grants and loans
from a local bank, the state, the city,
and Hutchinson Community
Foundation.
Why does it work?

- We are local.
- We have strong relationships all around.
- Our foundation is relatively young and nimble.
- We aren’t re-inventing the wheel.
Challenges & Pain Points

- The deals don’t jump out and grab you.
- Getting the board and finance committee to come along is hard work.
- Getting donors to buy in is hard work.
- Your reputation is on the line.
Questions?