



Community Foundation Impact Investment And Donor Engagement Survey 2017

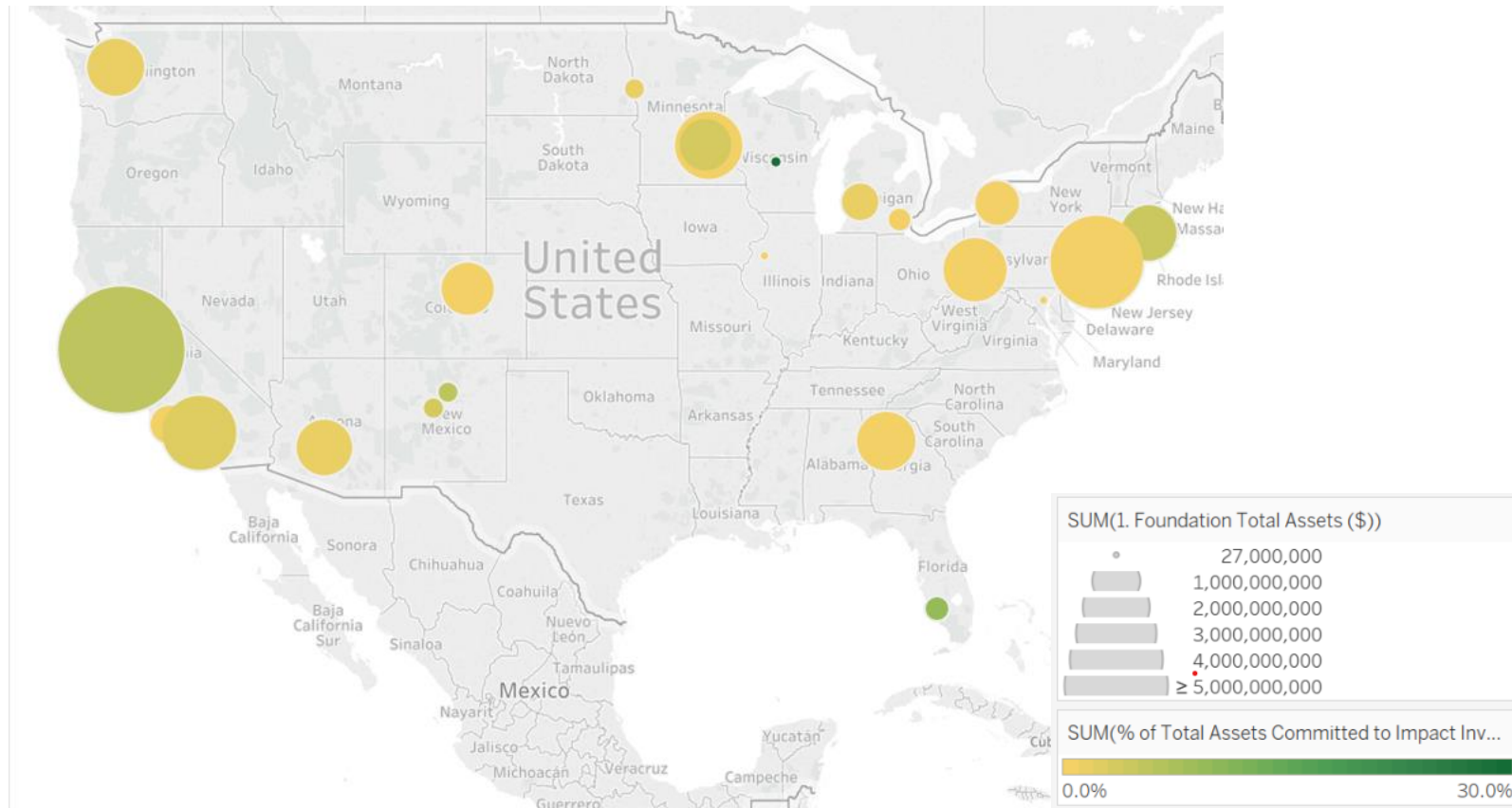
Preliminary Findings on Select Questions

Mission Investors Exchange – Community Foundation Peer Learning Group

Background

- ❖ The survey was developed by the **Community Foundation Peer Learning Group** of the **Mission Investors Exchange** to collect data and respond to questions regarding impact investing and related donor engagement practices of community foundations. The survey broadly covered questions regarding:
 - **Basic information about foundation's impact investing program** (e.g., \$ committed to impact investing, donor engagement, primary strategy, sources of capital, type of investments)
 - **Specific impact investing strategies and implementation: Foundation-directed vs. donor-directed**
 - **Roles and responsibilities**
 - **Staffing, expenses and other organizational or system implications**
- ❖ The **working team for the survey** included the following MIE and peer community foundation staff:
 - Melanie Audette and Phuong Pham, Mission Investors Exchange
 - Joohee Rand, Santa Fe Community Foundation
 - Kevin Peterson, New Hampshire Charitable Foundation
 - Bert Feuss, Silicon Valley Community Foundation
 - Kate Lyda, The Denver Foundation
- ❖ The data was collected during **July – August 2017** with voluntary survey responses from 38 community foundations.
- ❖ This summary report is **preliminary** based on findings on select questions and is intended for peer learning purposes only. It is **not** intended as a formal publication. More updates will be made available in the future.
- ❖ For information on full survey questionnaire and database of responses, please email info@missioninvestors.org.
- ❖ If you use the survey data and findings for your own analysis or presentation, please cite the following source – ***“Community Foundation Impact Investment and Donor Engagement Survey 2017; Mission Investor Exchange–Community Foundation Peer Learning Group”***.
- ❖ For any questions or comments regarding the survey or findings, please email **info@missioninvestors.org**. Your question will be routed to the community member or staff at Mission Investors Exchange who can best respond.

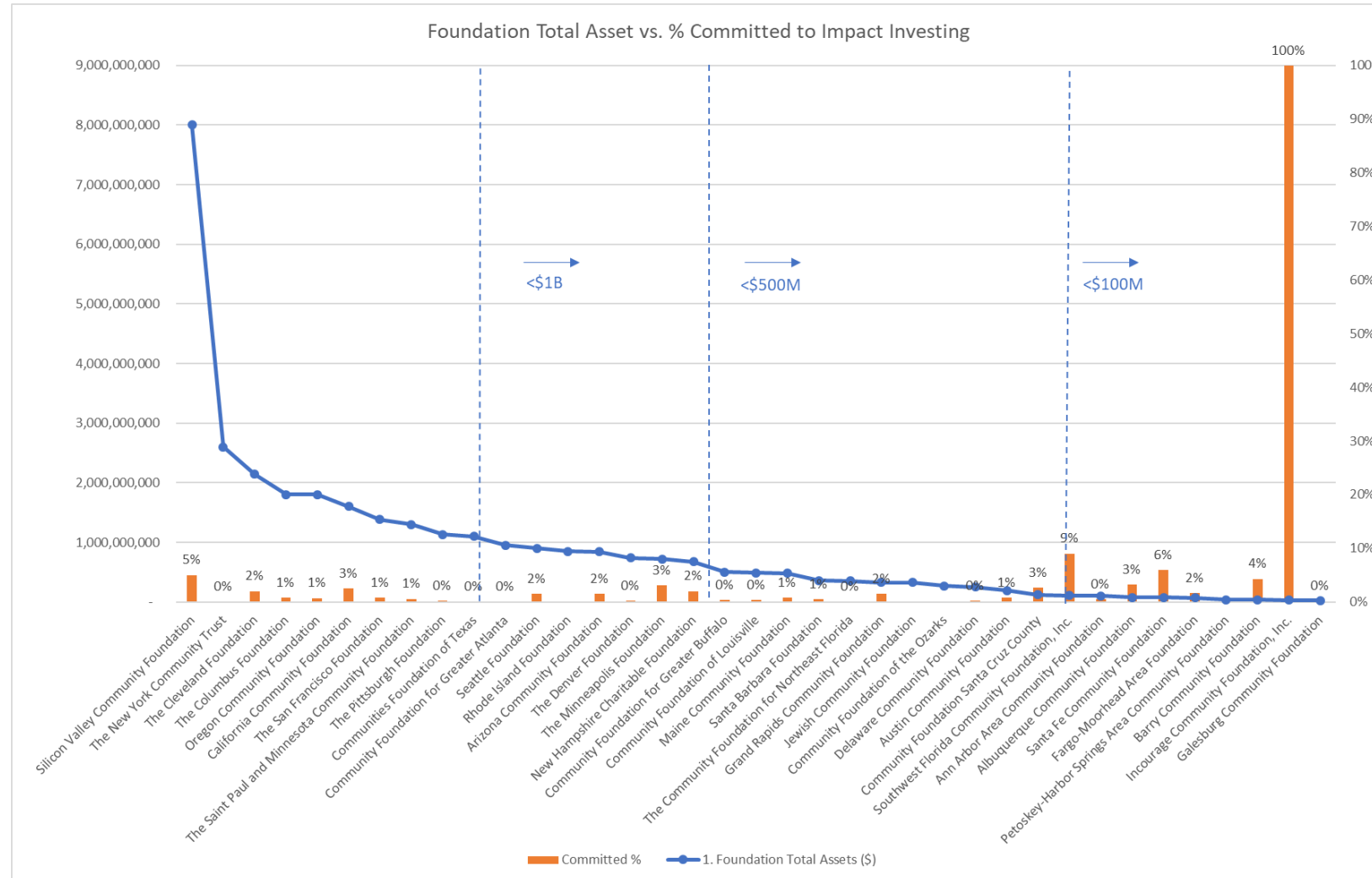
Who Participated in the Survey?



- ❖ Total of 38 Community Foundations participated in the survey across the country
- ❖ Data collected during July – August 2017
- ❖ Varying size of Total Assets and % Committed to Impact Investing

Total Assets vs. % Committed to Impact Investing

38 Survey Respondents



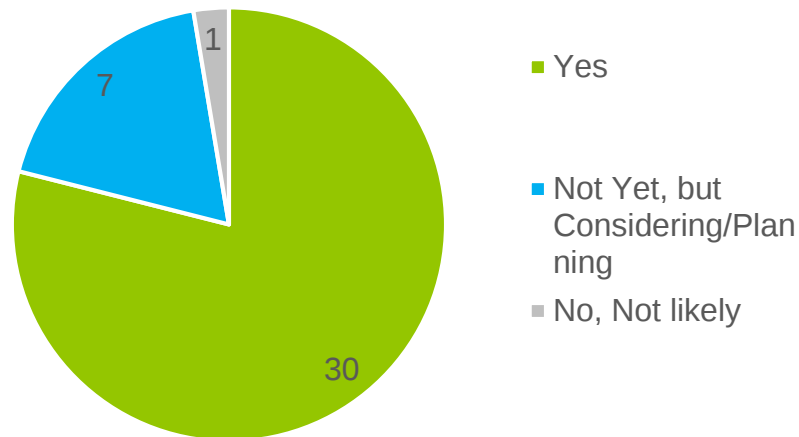
❖ Respondents cover a broad range of large, medium, and small community foundations

- 10 Foundations \$1B+
- 20 Foundations \$100M ~ \$1B
- 8 Foundations <\$100M

❖ Most respondents have committed a small share of their total assets to impact investing (<5%) except a few smaller CFs that are over 5% and one at 100%

Impact Investing & Donor Engagement Status

Impact Investing Program



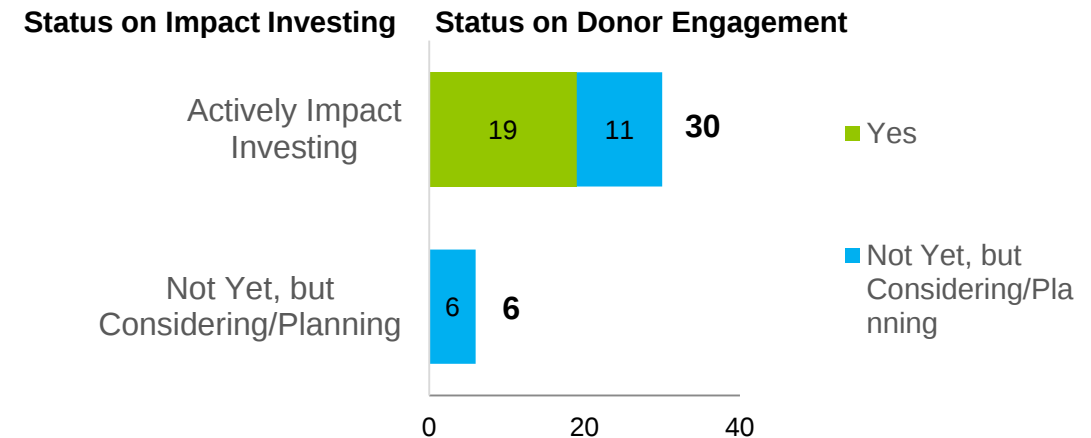
❖ Of the **total 38 respondents**:

- 30 are active impact investors
- Additional 6 are considering / planning

Note: "Yes" includes 4 "Others" who responded with qualitative answers describing early stage of the program – e.g., board approval, one investment

Donor Engagement

(for 36 Active & Potential Impact Investor who responded)



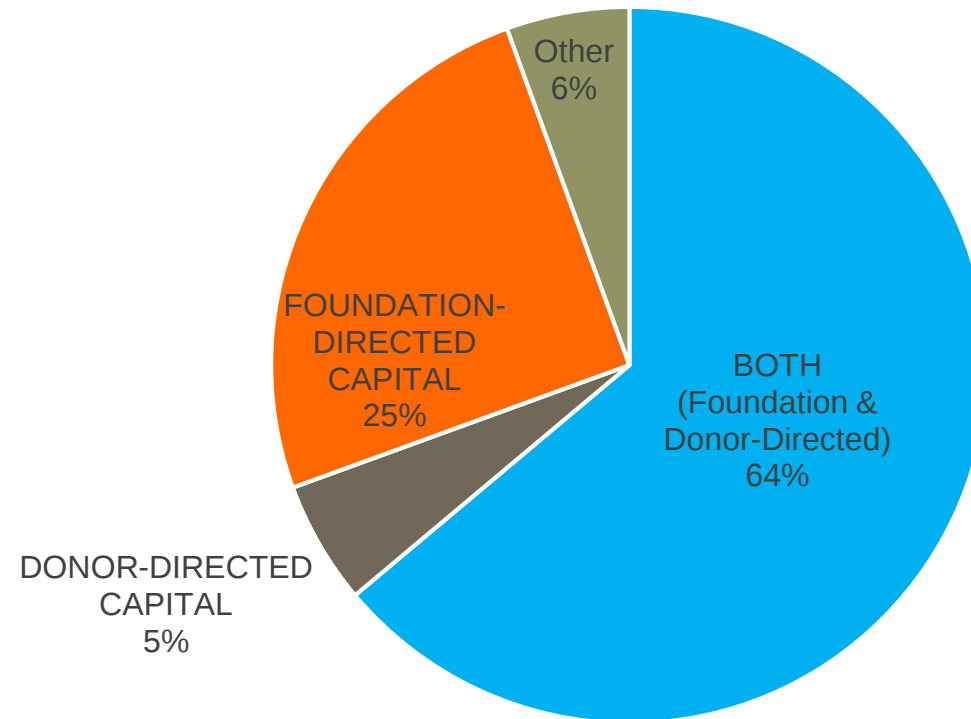
❖ Of the **30 active impact investors**

- Majority (63% or 19) actively engage donors
- Others are considering/planning

❖ All of the **6 potential impact investors** are considering donor engagement.

Primary Strategy for Impact Investing

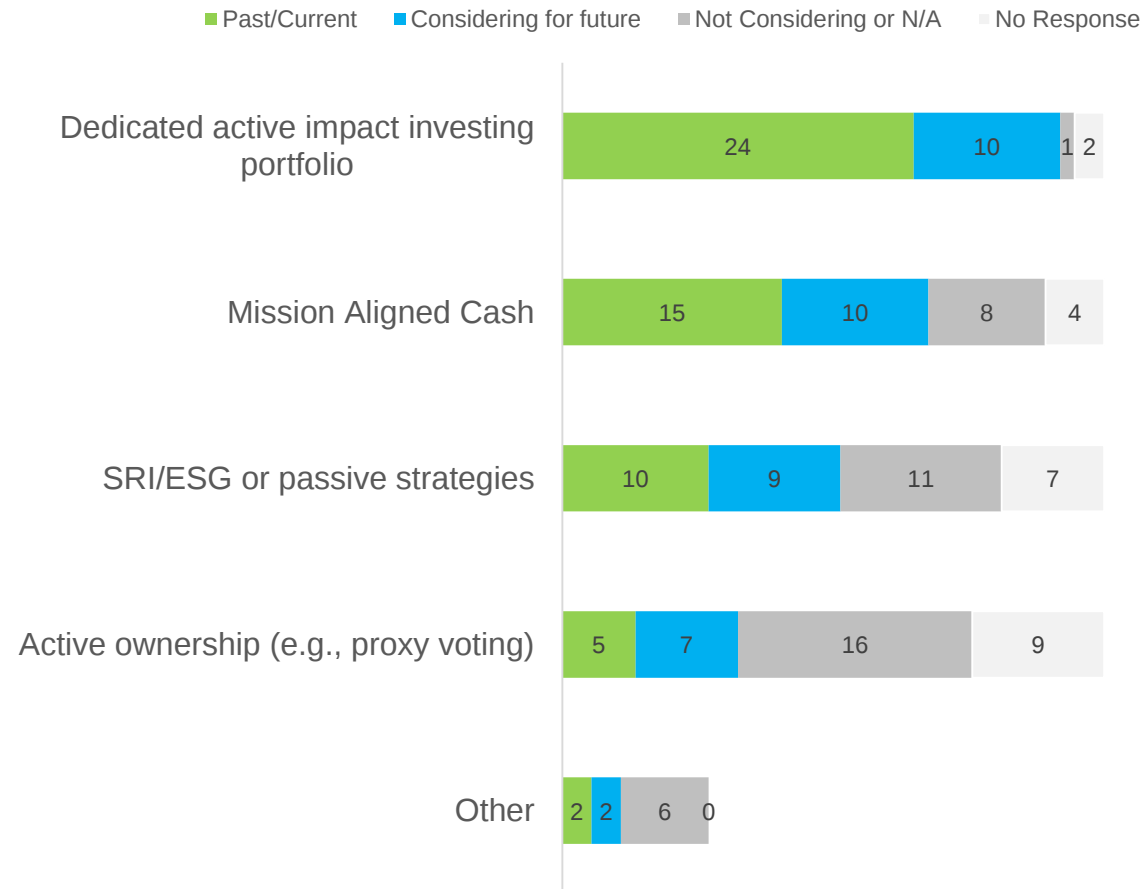
Primary Strategies
(Total = 36 Respondents)



- ❖ Majority (64%) of active and potential impact investors indicated both Foundation and Donor-Directed capital as their primary strategies

Strategies Used for Foundation-Directed Capital Impact Investing Programs

Total = 37 Respondents



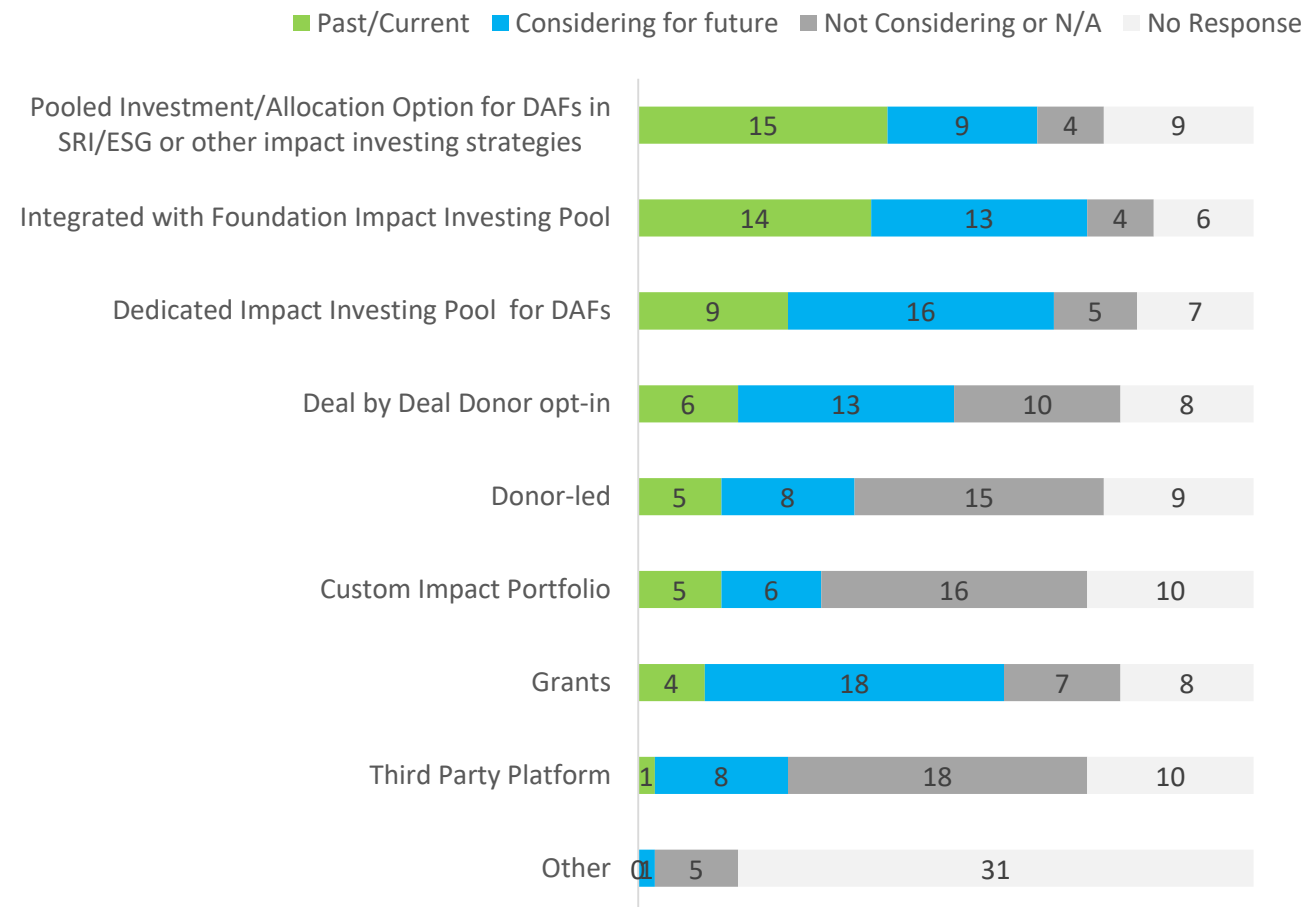
For Foundation-Directed Capital

❖ **Dedicated Active Impact Investing Portfolio and Mission Aligned Cash** are the most commonly used and planned strategies of impact investing.

❖ **SRI/ESG and Active Ownership** are being used with public market portfolio by some foundations and being considered by more in the near future.

Strategies Used for Donor-Directed Capital Impact Investing Programs

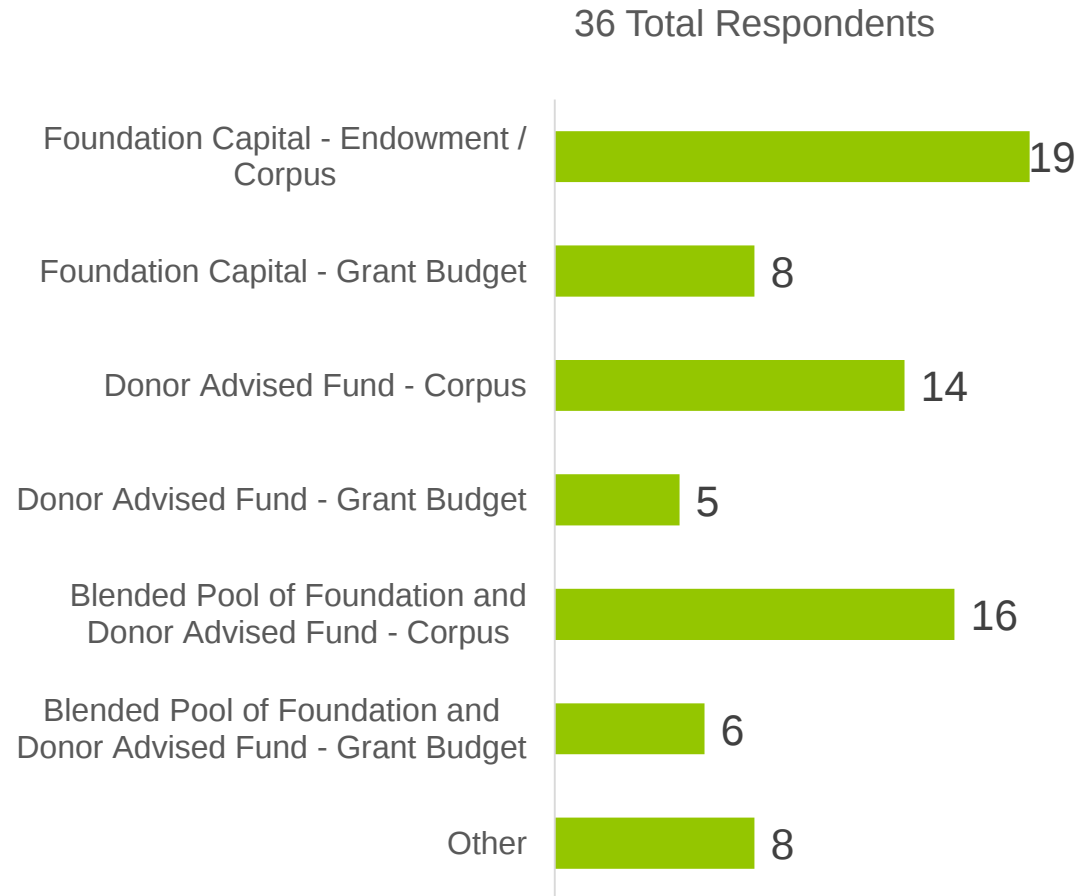
Total = 37 Respondents



For Donor-Directed Capital

- ❖ **Pooled Investment in SRI/ESG and Integrated Pool with Foundation's Impact Investment** are the most common approaches currently
- ❖ More Foundations are considering **Grants, Dedicated Impact Investing Pool for DAFs, and Deal by Deal** options the future

Sources of Capital for Impact Investing



❖ Most Common Sources of Capital

- 1) Foundation Corpus
- 2) Blended Pool of Foundation & DAF Corpus
- 3) DAF Corpus

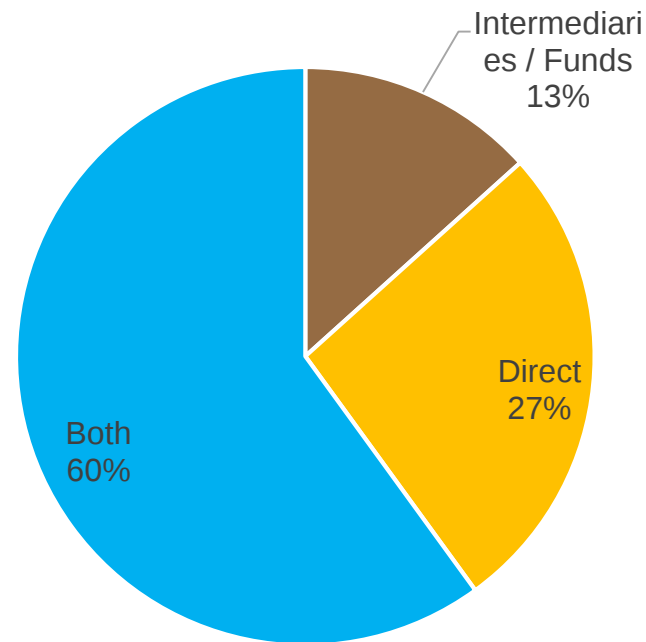
❖ Grant Budget also used from Donor and Foundation Capitals

❖ Other (e.g., loans, private investors)

❖ About half of the respondents use **two or more sources of capital** (Average = 2.1)

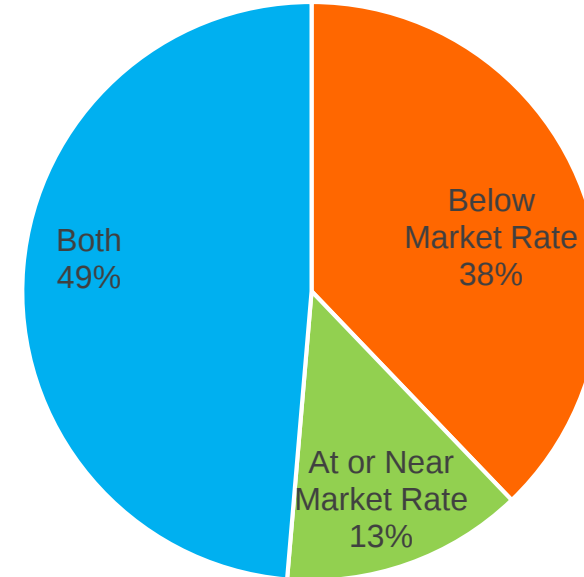
Type of Impact Investments & Return Expectation

Types of Impact Investments
(Total = 30 Active Impact Investors)



- ❖ Majority (60%) of the Active Impact Investors invest in both direct and intermediary / funds

Financial Return Expectation
(Total = 28 Active Impact Investors)



- ❖ More CFs have **Both** Below Market Rate Return and At/Near Market Rate as Financial Return Expectation on Impact Investing

Implementing Donor Engagement in Impact Investing

– A Few Notes

- ❖ **Participation:** Still relatively **small** % of DAFs participate in impact investing (mostly 1-5%)
- ❖ **Share of impact investing capital:** % of dollars coming from DAFs vary widely depending on strategy (0~100%).
- ❖ **DAF Allocation requirement / limit**
 - Majority have set **MINIMUM Requirement** (\$5~50,000 Common)
 - Implementation of **MAXIMUM limit is even split**; Wide range for those who have it (10% ~ 50%+)
- ❖ **Additional fee** for DAF on impact investing capital is not the norm; Majority do not charge

Level of Donor Participation in Impact Investing

Foundation Name	# of DAFs engaged in Impact Investing	% of DAFs engaged in Impact Investing	Impact Investing \$ coming from DAFs	% of Impact Investing \$ coming from DAFs
barry community foundation	2	15%	1500000	100%
Delaware Community Foundation	2	2	all	100%
Maine Community Foundation	20	5%	3200000	80%
Seattle Foundation	35	5%	8750000	63%
The Minneapolis Foundation	20	3	13000000	60%
The San Francisco Foundation	10 DAFs are co-invested in our PRI Fund. A number of other DAFs have opted to invest their DAFs in a socially-responsible investment option (but I don't have the number of DAFs who have done this.)		\$5 Million DAF capital is committed to PRI Fund. In addition, donors are currently investing \$7.3 Million in our socially-responsible investment option.	Only including TSFF & donor commitments in our PRI Fund (totaling \$10.25 Million), donor capital is 49% of that total.
Oregon Community Foundation	10	<1%	\$7 million	40%
The Denver Foundation	About 24 unique donors/fundholders	4%	335000	25%
Community Foundation of Louisville	11	4%	195000	20% of Total Deployed Capital
New Hampshire Charitable Foundation	13	less than 5%	1600000	17%
Silicon Valley Community Foundation	8	<1%	\$25.7M from DAFs. \$200M from DAFs and SOs	6% DAFs, 50% DAFs & SOs
Grand Rapids Community Foundation	Two	1%	\$420,000	10%
California Community Foundation	32 in PRI option; 35 in SRI option	5%	\$4 million	10%
Arizona Community Foundation	3. Participation option just became available.	0.13%	\$1.1 million	8.5% from DAFs
Austin Community Foundation	5	1.25%	0	0
Incourage Community Foundation, Inc.	All of them since our impact invesmtents are included in our endowed portfolio pool that all endowed funds are invested in.	All of them since our impact invesmtents are included in our endowed portfolio pool that all endowed funds are invested in.	Since our impact invesmtents are included in our endowed portfolio pool that all endowed funds are invested in, including all DAF's, all donor capital is included.	Since our impact invesmtents are included in our endowed portfolio pool that all endowed funds are invested in, including all DAF's, all donor capital is included.

High %
of impact
investing \$
coming
from
DAFS

❖ Still relatively small % of DAFs participate in impact investing (mostly 1-5%)

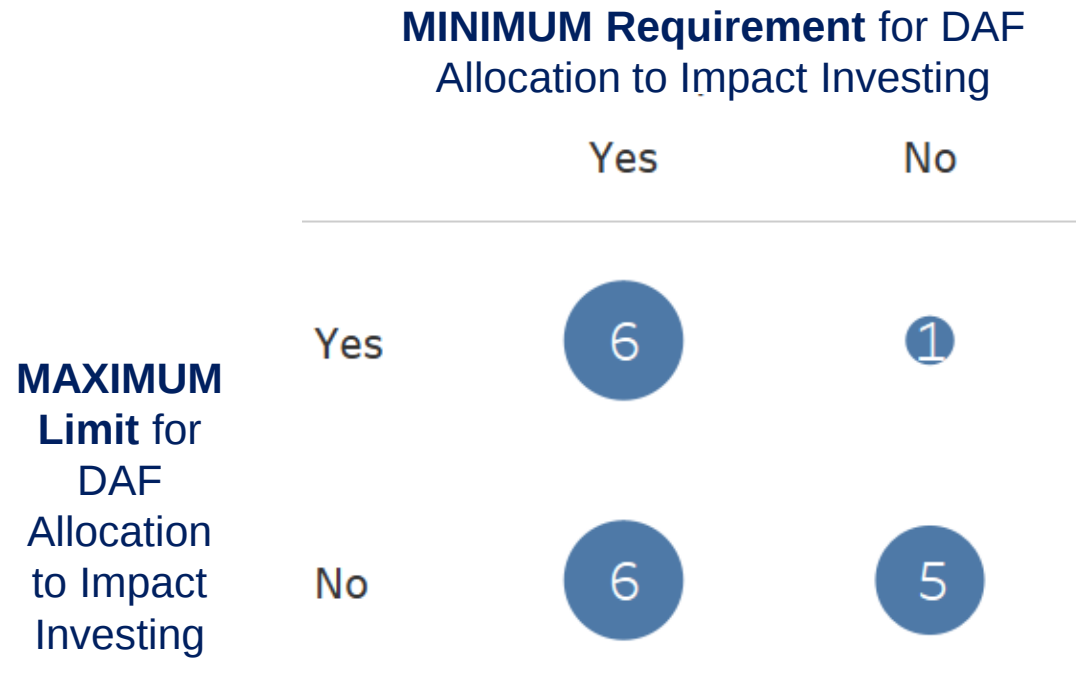
Medium %
of
impact
investing \$
coming
from
DAFS

❖ % of Impact investing \$\$ coming from DAFs vary by Foundation depending on Strategy

Low %
of impact
investing \$
coming
from
DAFS

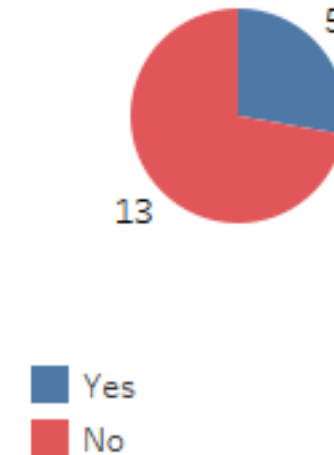
Donor Engagement Implementation

Total = 18 Active Impact Investors with Donor Engagement



- ❖ Majority have set MINIMUM Requirement
- ❖ Even Split on MAXIMUM Limit

Additional Fee for Impact Investing Allocation



- ❖ Additional fee is not the norm

MINIMUM REQUIREMENT for DAF Allocation to Impact Investing

	Foundation Name	MIN Requirement Comment
Yes	Arizona Community Foundation	\$50,000 is the minimum allocation from a DAF. The lower the minimum, the greater the accounting issues/time. This level struck a balance.
	Austin Community Foundation	5000
	California Community Foundation	\$50,000 (with some exceptions allowed)
	Community Foundation for Greater Buffalo	Would be minimum to join fund, currently \$250,000
	Community Foundation of Louisville	We request \$10K per donor per investment, once allowing \$5K
	Maine Community Foundation	\$10,000 to have the funds returned to the DAF; any amount for an outright gift
	New Hampshire Charitable Foundation	10K, with minimum 5-year lock-up into the Impact INvestment FUnd (also offer a 10-yr lockup)
	Oregon Community Foundation	minimum fund balance of \$200,000
	santa barbara foundation	10,000 minimum to start fund
	Seattle Foundation	\$25k/DAF
	The Denver Foundation	\$10,000
	The Minneapolis Foundation	10%
No	barry community foundation	
	Delaware Community Foundation	
	Grand Rapids Community Foundation	
	Incourage Community Foundation, Inc.	
	Jewish Community Foundation	
	Silicon Valley Community Foundation	\$25,000 seems like a practical minimum given extra fees we charge to cover costs.

- ❖ \$5~50,000 Common
- ❖ Minimum Fund Balance of \$200,000 for Oregon

MAXIMUM Limit for DAF Allocation to Impact Investing

	Foundation Name	26. MAX Limit Comment
Yes	Arizona Community Foundation	10% of a Donor's endowed DAF. 100% of a fully spendable DAF.
	California Community Foundation	% of DAF balance; usually 90%
	Community Foundation of Louisville	We recommend donors not exceed 30% of their total balance, but they can choose to exceed
	Grand Rapids Community Foundation	Technically 20% of fund value; could change if there was interest in doing more.
	Maine Community Foundation	It can't be 100%, but otherwise haven't set a specific maximum. We encourage 10%
	Oregon Community Foundation	50%
	The Minneapolis Foundation	25%
No	Austin Community Foundation	
	barry community foundation	
	Community Foundation for Greater Buffalo	
	Delaware Community Foundation	
	Incourage Community Foundation, Inc.	See answer to 24.
	Jewish Community Foundation	
	New Hampshire Charitable Foundation	
	santa barbara foundation	
	Seattle Foundation	
	Silicon Valley Community Foundation	Funds need to maintain sufficient liquid assets to cover capital calls, support fees and some grant making.
	The Denver Foundation	

- ❖ Not the majority; Wide range for those who have it (10% ~ 50%+)
- ❖ Specific to Endowed vs. Spendable portion
- ❖ Requirement for sufficient liquid asset for capital calls, support fees and grant making for SVCF

Additional Fee for Impact Investing to DAF Holders - Details

	Foundation Name	41. Additional Fees Comment
Yes	Arizona Community Foundation	If Donor funds are deployed in any loan, the Fund pays a 1% interest rate on those dollars. When Donor funds are not in any loan, the funds are placed back into the Donor's investment mix and are charged ACF's agreed upon rate.
	Community Foundation for Greater Buffalo	Fund has fee structure for participants related to ongoing needs and deal closing.
	Seattle Foundation	There is no additional fee for "curated" impact investments (i.e. opportunities approved by SeaFdn and proactively brought to our philanthropists). For "customized" impact investments, a comprehensive fee is determined by the scope of the investment, and can range from \$1,500 - \$7,500
	Silicon Valley Community Foundation	Bill hourly fee for due diligence and funding. Bill annual maintenance fee of \$600 for each PRI/MRI on the books.
	The Denver Foundation	We have charged a 2% admin fee for impact investments instead of our typical 1% fee. We also have passed on some legal costs.
No	Austin Community Foundation	We charge regular DAF fee only
	barry community foundation	
	California Community Foundation	
	Community Foundation of Louisville	
	Delaware Community Foundation	
	Grand Rapids Community Foundation	
	Incourage Community Foundation, Inc.	To date we have not yet charged the costs relating to impact investment advisory services, legal services, or evaluation services back to the invesmtents/funds. This will likely evolve over time.
	Maine Community Foundation	
	New Hampshire Charitable Foundation	standard 1.1% fee applied to DAF, regardless whether invested in Impact fund or 'traditional' endowment.
	Oregon Community Foundation	We charge a fee to the Oregon Impact Fund pool (1%) but DAFs are not directly charged.
	santa barbara foundation	
	The Minneapolis Foundation	
	The San Francisco Foundation	No, on the contrary; when donors' funds are drawn for PRI deals, we stop charging a DAF fee on those funds.

- ❖ Not the majority
- ❖ Fee for “customized” impact investments
- ❖ DD and legal costs

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