

The background features a dark blue gradient with a subtle pattern of white dots. On the left side, there are several overlapping circular elements. A prominent one is a large circle with a scale from 140 to 260 in increments of 10. Other circles are smaller and some have dashed lines or arrows, suggesting a scientific or technical theme.

IMPACT INVESTMENT

SALK INSTITUTE FOR BIOLOGICAL RESEARCH

FOUNDATION SEMINAR

MAY 2016



Impact Investment

SRI

mission

Double Net

ESG

PRI

Ethical

Triple Bottom Line

Eco

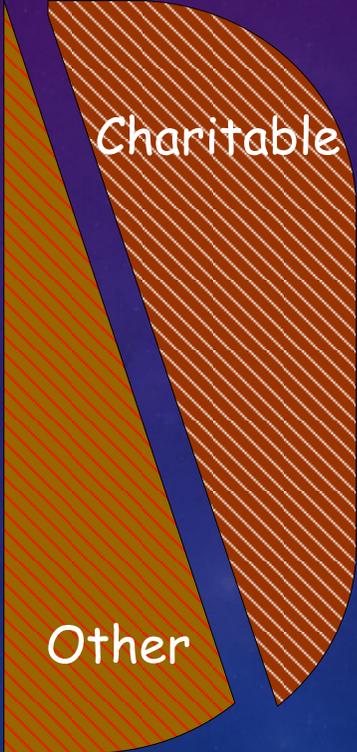
Long Horizon

Moral Activist

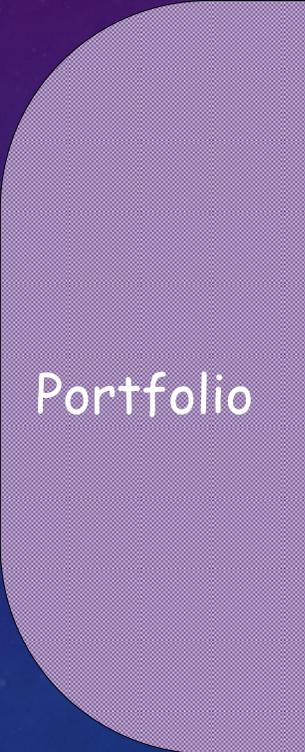
Green

Sustainable Extra Financial

NON-FINANCIAL ASSETS



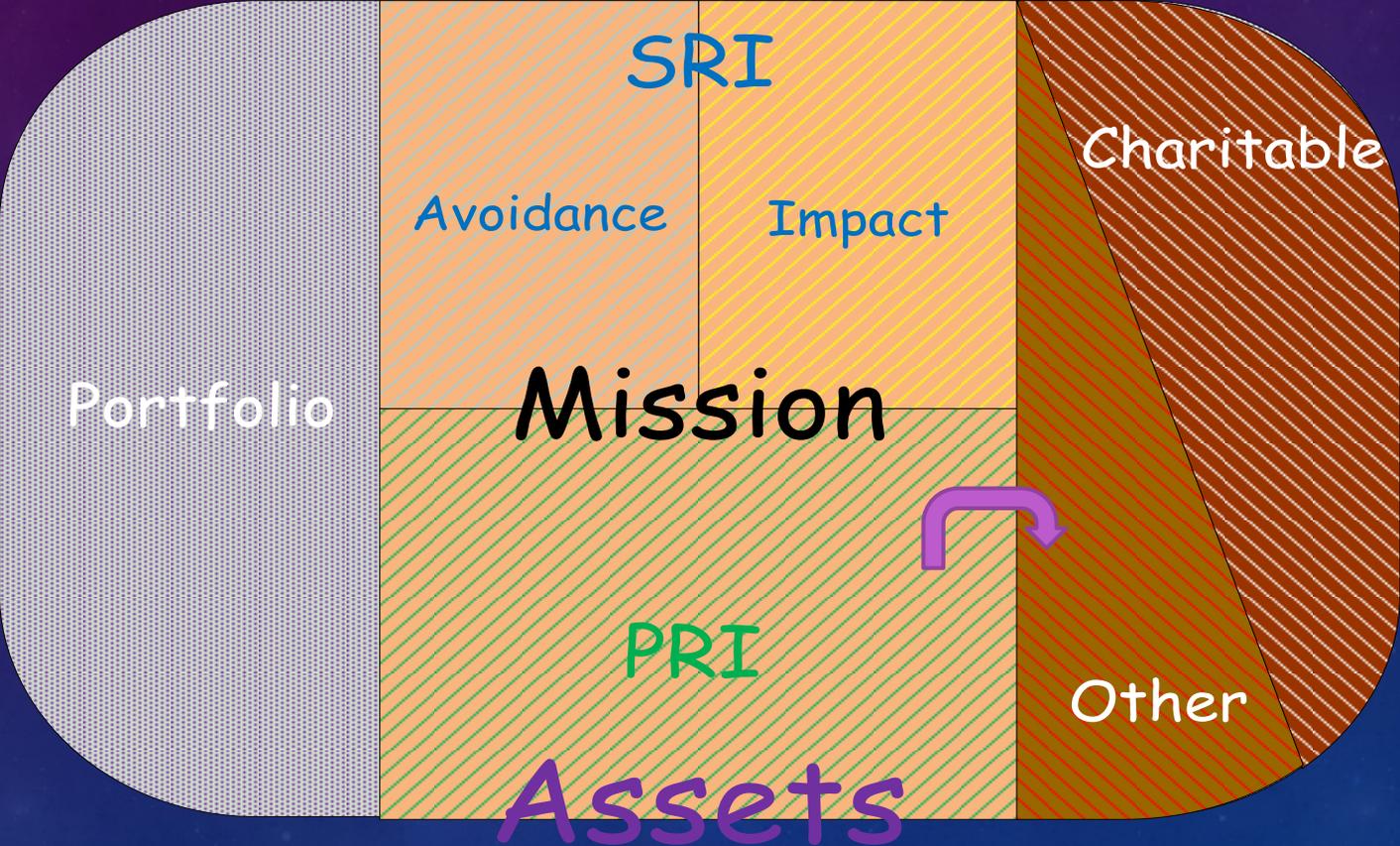
PORTFOLIO ASSETS



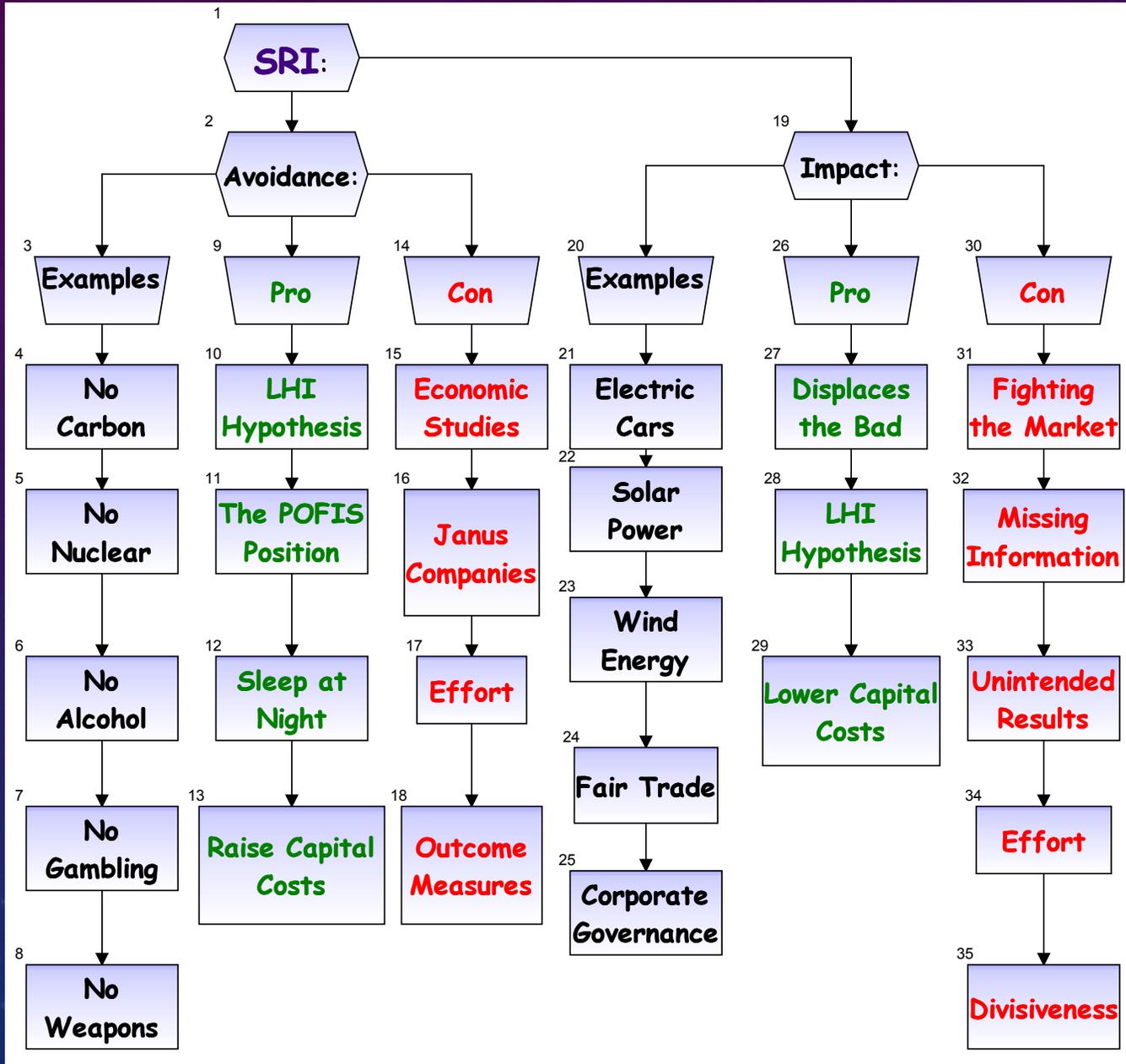
MISSION INVESTMENTS



FOUNDATION ASSET COMPOSITION



SRI TAXONOMY



TONY WERLEY

- Is it prudent and practical to mix portfolio return and safety objectives with your mission? How would you implement this idea?
- What is the trade off between investment return and impact investment? What has been the general experience?

Chief Investment Officer,
Endowments & Foundations
Group
JP Morgan Chase Securities, LLC

DOUG FREEMAN

- Adopting a written impact investment policy for your foundation.
- Identifying the issues.
- Examples from the field.

**EVP, Director of Trust
Services and Consulting
First Foundation Bank**

ANDREW SCHULZ

- ❖ Challenges for impact investors
- ❖ Available tools and approaches
- ❖ Measuring outcomes

General Counsel &
Founder
Arabella Advisors/
New Venture Fund

A PROGRAM-RELATED INVESTMENT IS-

An investment primarily made to accomplish one or more purposes described in IRC §170(c)(2)(B), to wit-

- Religious
- Charitable
- Scientific
- Literary
- Educational
- Amateur sports competition (no facilities or equipment)
- Prevention of cruelty to children or animals

A CHARITABLE PURPOSE

- Provides a benefit to all or an appropriate subset of the public,

or

- Lessens the burdens of government

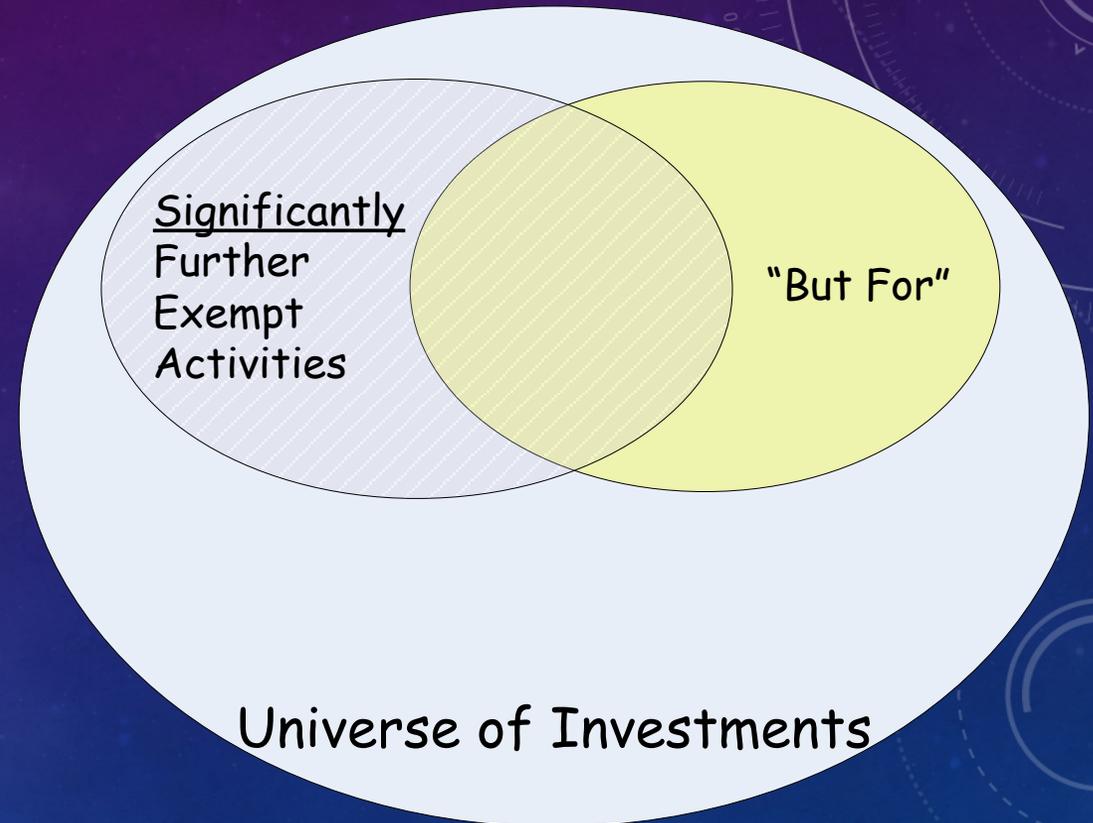


"PRIMARILY" MEANS THE INVESTMENT

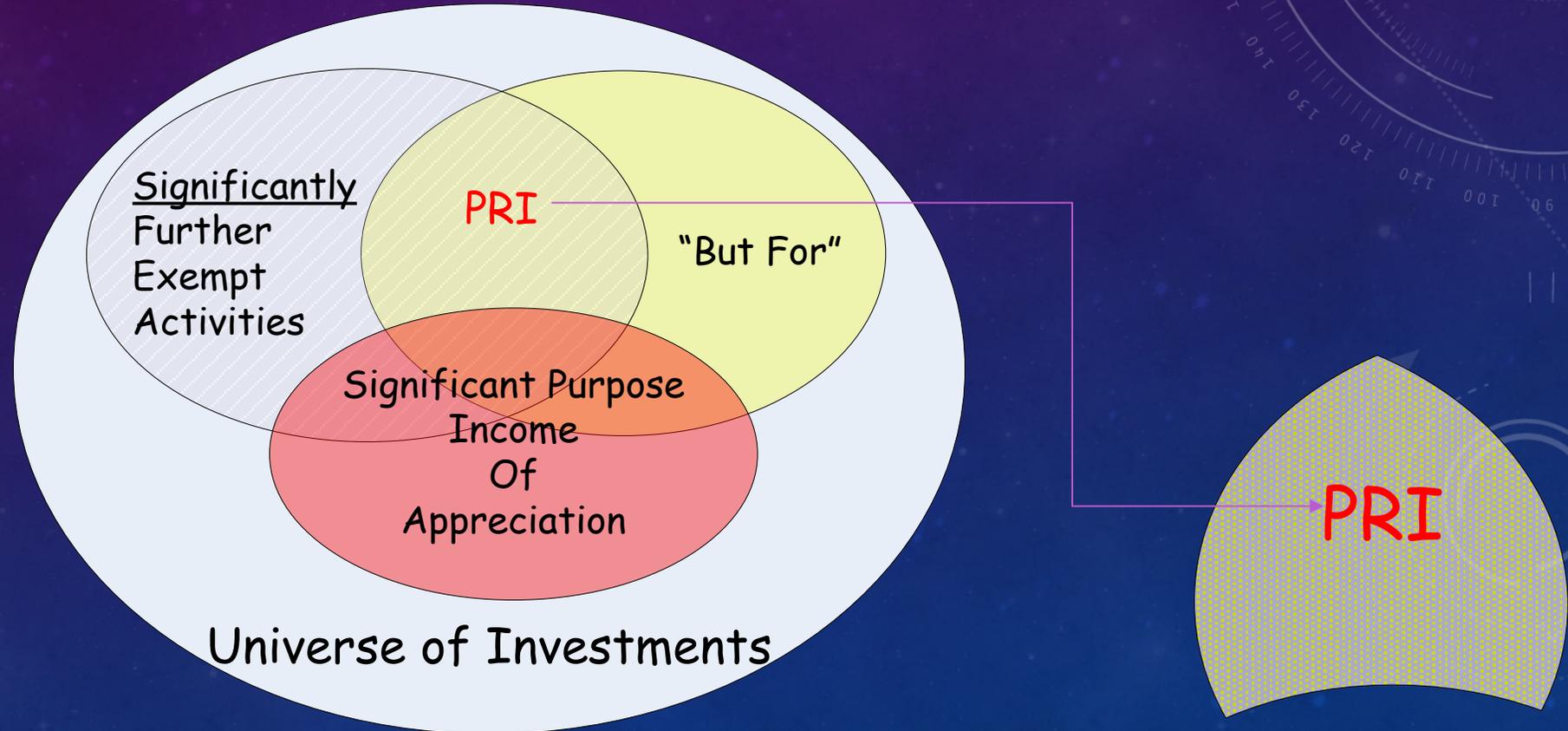
- Significantly further the accomplishment of the foundation's exempt activities

AND

- Would not have been made but for the relationship between the investment and the accomplishment of the private foundation's exempt activities



“NO SIGNIFICANT PURPOSE OF WHICH IS THE PRODUCTION OF INCOME OR THE APPRECIATION OF PROPERTY”

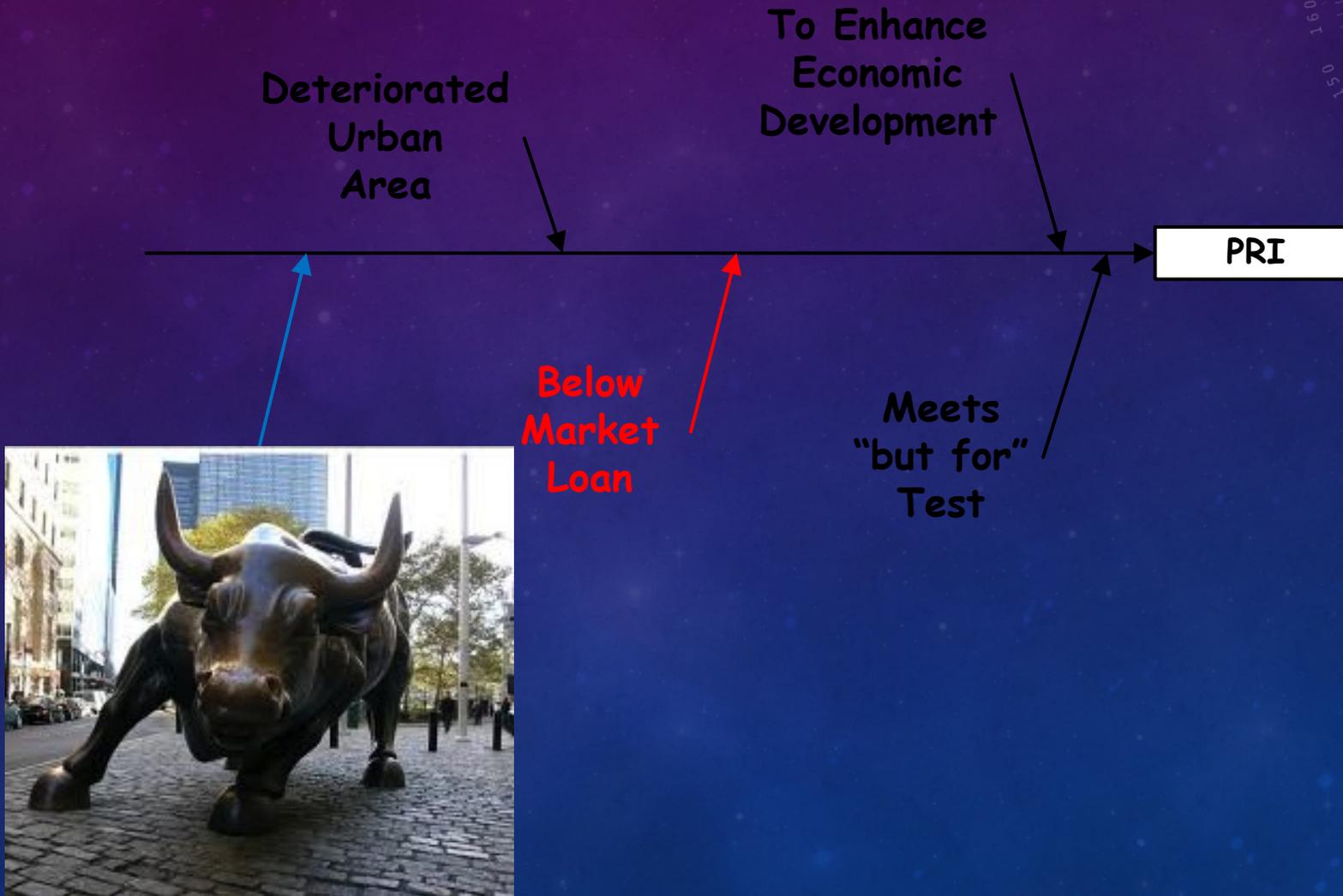


WHY? BECAUSE...

- Comply with state law limitations on depleting endowment
- Block hijacked windfalls for unsupported program
- Preserve foundation project input and influence
- Stimulate program without enduring a permanent endowment transfer
- Leverage program funding

Motivation

INDUSTRIAL INDUCEMENT TO PUBLICLY-TRADED BUSINESS REG. 53.4944-3(B) EXAMPLE 5



STUDENT LOAN

REG. 53.4944-3(B)

EXAMPLE 9



Deprivation

Economic

Social

To Attend
College

PRI

Interest
Free
Loan

Meets
"but for"
Test

BELOW MARKET LOAN TO PRIVATE BUSINESS

REG. 53.4944-3(B)

EXAMPLE 14

- Loan to private business employing a large number of poor people and threatened by a natural disaster.

LOAN TO 501(c)(4) ART GROUP FOR NEW SPACE

REG. 53.4944-3(B)

EXAMPLE 17

- Loan to 501(c)(4) social welfare organization designed to encourage painting, sculpture and other art forms to buy new exhibit space for weekly community art exhibits.

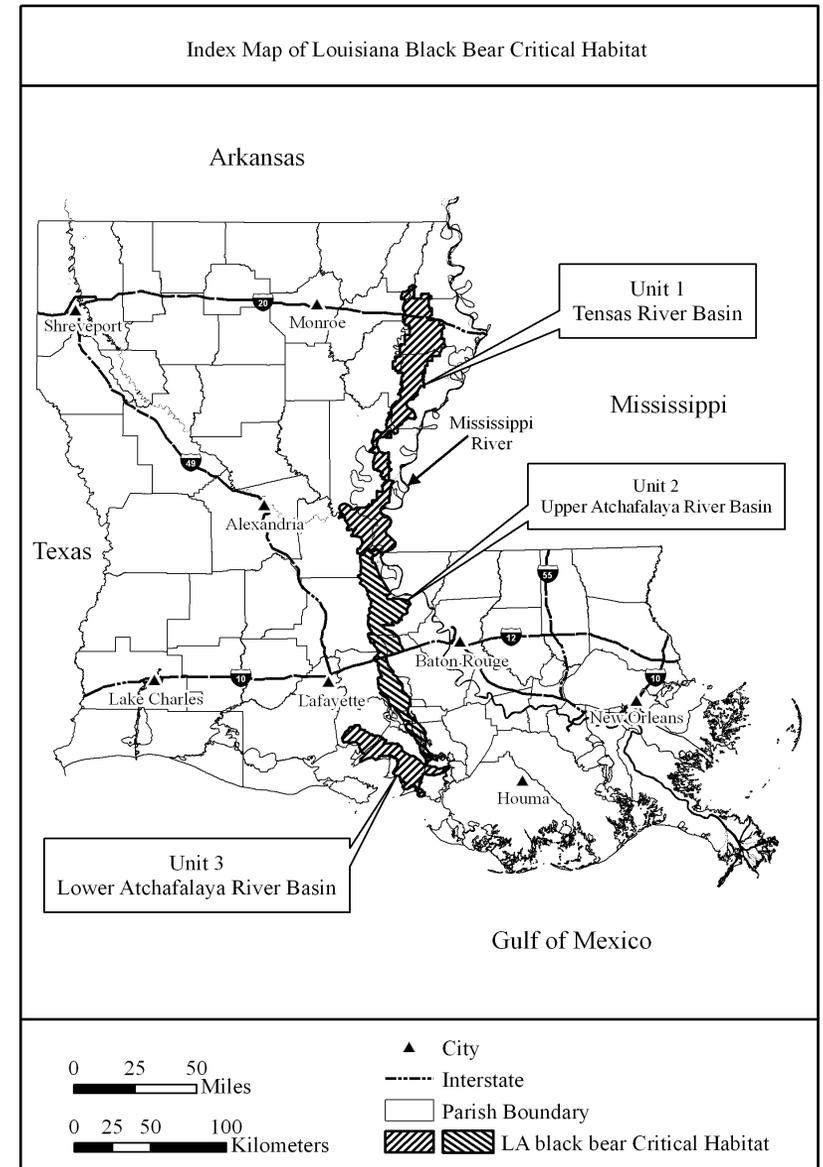
HABITAT LINKER

Purpose-Save the Louisiana Black Bear from extinction by linking or extending scattered conservation areas



HABITAT LINK

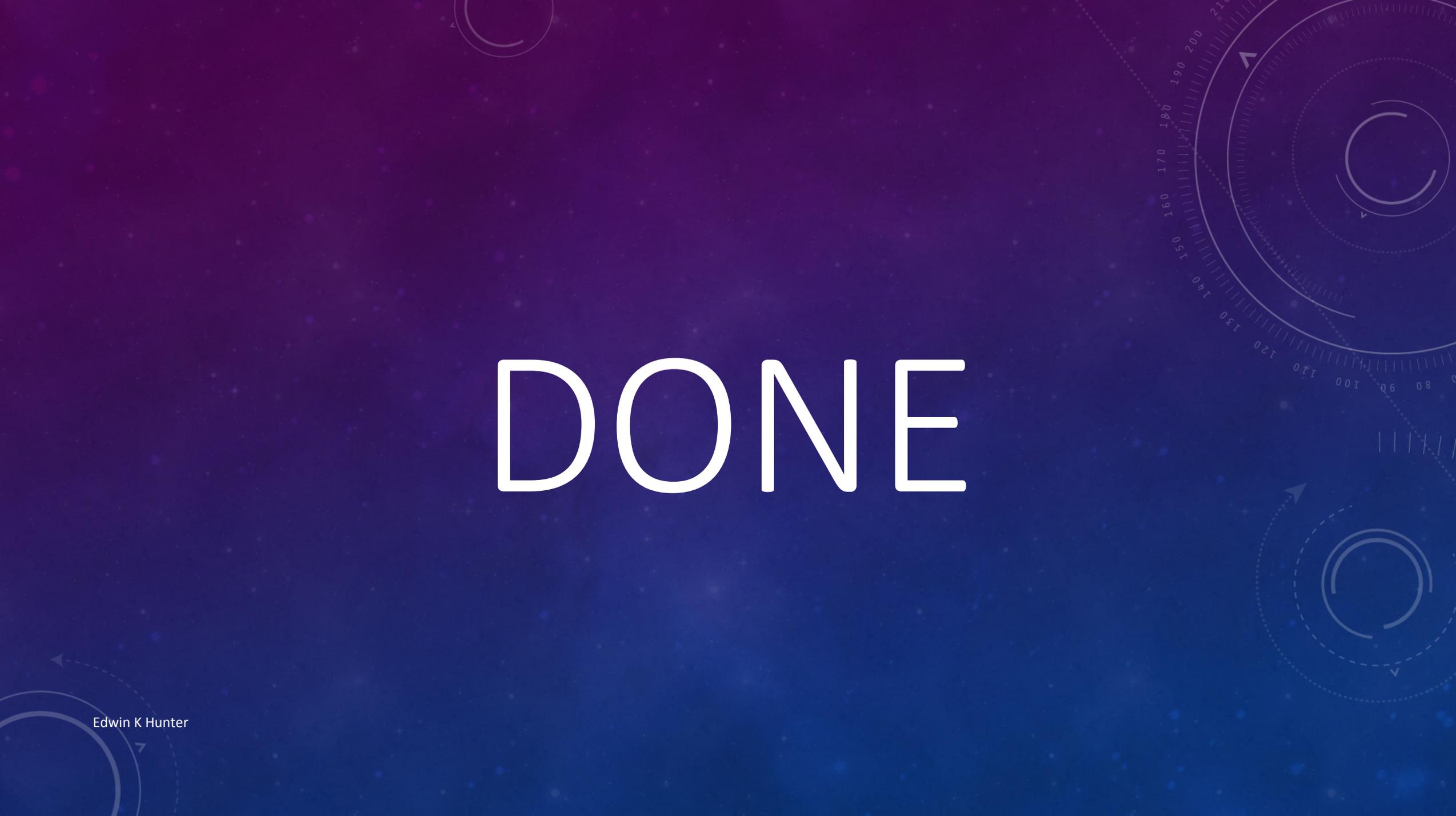
PRI-purchase marginal farms, low-productive farms and swamplands in corridors between conversation areas, remove barriers to bear movements, minimize human activity, partner with Nature Conservancy on management plan



HABITAT LINKER

Investment segment-
generate revenue for
further acquisitions
and habitat protection
with mineral
exploitation, timber
management and
trapping



The background features a dark blue gradient with a subtle pattern of white stars and technical diagrams. On the right side, there are several circular diagrams resembling gauges or progress indicators, with some having numerical scales (e.g., 100, 110, 120, 130, 140, 150, 160, 170, 180, 190, 200, 210) and arrows. On the left side, there are also circular diagrams, some with dashed lines and arrows. The overall aesthetic is clean and modern, suggesting a focus on technology or data.

DONE

Edwin K Hunter