Impact Investing with Our CDFI

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Session Overview

- Understanding Impact Investing
- Working with CDFIs
- Partnering Community Foundations and CDFIs
- Addressing Typical “Pain Points”
- Building a Strategy
Be thinking about our questions for you…

- How are you working with your CDFI?
- What are your success stories?
- How are you engaging donors in impact investing?
- Any cautionary tales?
Unleashing the power of endowments:
The next great challenge for philanthropy.

Darren Walker, President of Ford Foundation
Growth of Social Investing

$8.7 trillion of $40 trillion total market

Source: US SIF Foundation
Macro Trends – Place Focused Foundations

- Leverage more of resources for community impact
- Complement grantmaking efforts
- Scale community solutions
- Respond to donors (millennials)
- Help capital flow to underserved communities
What is a CDFI?

CD Bank
CD Venture Capital Fund
CD Credit Union
CD Loan Fund
CD Micro Loan Fund
How Did You Begin?

Research & Evaluation
Policies & Procedures
Goal Setting
Launch & Engagement
How Did You Begin?
Community Foundation for a Greater Richmond

- Management & technology consulting B Corporation; 100% profits donated to local charities
- Invested more than $1 million in communities since 2006
- Gifted entire equity ownership to TCF (70%) and Virginia Community Capital (30%)
- Board agreement for future impact investing
How Did You Begin?
Community Foundation for a Greater Richmond

- Joined local and national networks
- Partnership with MBA student for research
- Identify and Recruit Board champion
- Identified ‘most likely to collaborate’ donors
How Did You Begin?
Silicon Valley Community Foundation

- Framed impact investing as another tool
- Followed the lead of our donors
- Focused on three initial offerings
  1. Social impact pool
  2. Direct impact investments
  3. Custom investment strategy
Success Stories & Engaging Donors

- Easy Wins
- Creative Partnerships
- CF Investments
- Donor Impact
Success Stories
Silicon Valley Community Foundation

- Capital preservation pool
- Serving entrepreneurial donors
  - The Eye Fund
- Proposed place-based investment pool
Success Stories
Community Foundation for a Greater Richmond

- Deposits with CDFI
- Resource for donor learning
- Professional services contract
- Partnership to maximize donor impact
Foundation Pain Points

- Culture Change
- Policies & Procedures
- Transaction Execution
- Servicing, Monitoring & Reporting
LOCUS Addresses Foundation Pain Points

Culture Change

Policies & Procedures

Transaction

Servicing & Monitoring
Our Pain Points
Silicon Valley Community Foundation

- Initial skepticism by leadership
- Terminology confusion
- Internal and partner capacity
Our Pain Points
Community Foundation for a Greater Richmond

- Lack of dedicated internal staff
- Local awareness of impact investing is still developing
  - Confusion over category definition
  - Multiple, segmented groups with variety of goals
- Skeptical Board - Investment Committee in particular
- Timeline pressures
What’s Next?
Building Your Strategy

- Identify partners
- Align to strategy
- Elevate champions
- Be flexible
Mission Related Continuum

Below-Market Investments

Grant Support
Equity
Subordinated Loans
Senior Loans
Cash
Guarantees
Cash
Fixed Income
Public Equity
Private Equity

Market-Rate Investments
Returning to Our Questions for You…

- How are you working with your CDFI?
- What are your success stories?
- How are you engaging donors in impact investing?
- Any cautionary tales?
Resources From the Field
QUESTIONS?