

Confluence Philanthropy

**Doubling Philanthropic Impact:
Cash & Below Market Rate Investment Vehicles**

**Choosing institutions to
invest your money**

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Social Enterprise Associates

Registered “B Corp”

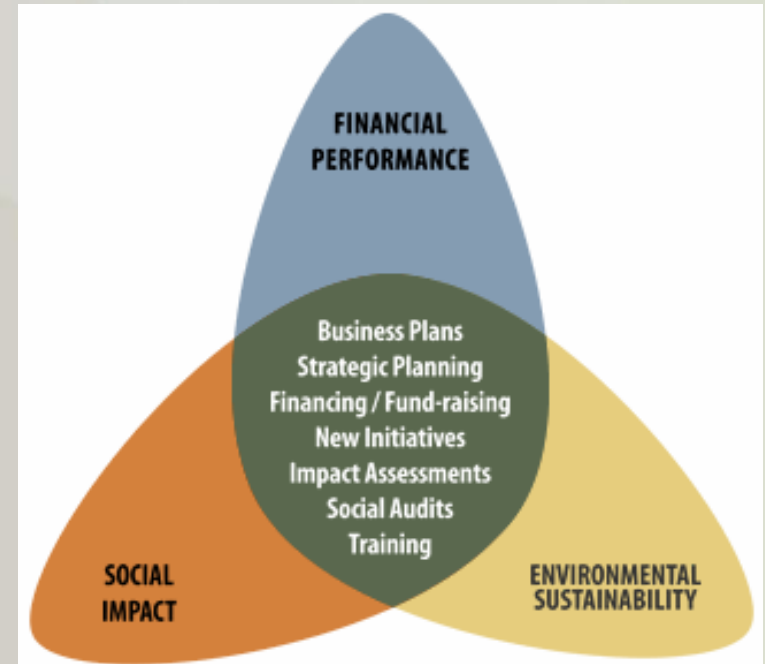
Network of professionals making communities better applying business skills & sustainable practices - profits, people & planet

Capital advisory triple bottom line & NGOs

Just closed \$250 K Future of Fish / Sea 2 Table with PCG & CEI www.futureoffish.org

Drew Tulchin, Partner

- 15 years in U.S. & 40 countries
- Directed CDFI in DC
- Written >100 business/strategic plans
- Efforts have led clients >\$100 mil



Definitions

Don't be intimidated or scared by unfamiliar words!

- CDFIs: Community Development Financial Institutions
- CDVC: Community Development Venture Capital
- Credit Unions, Community Banks

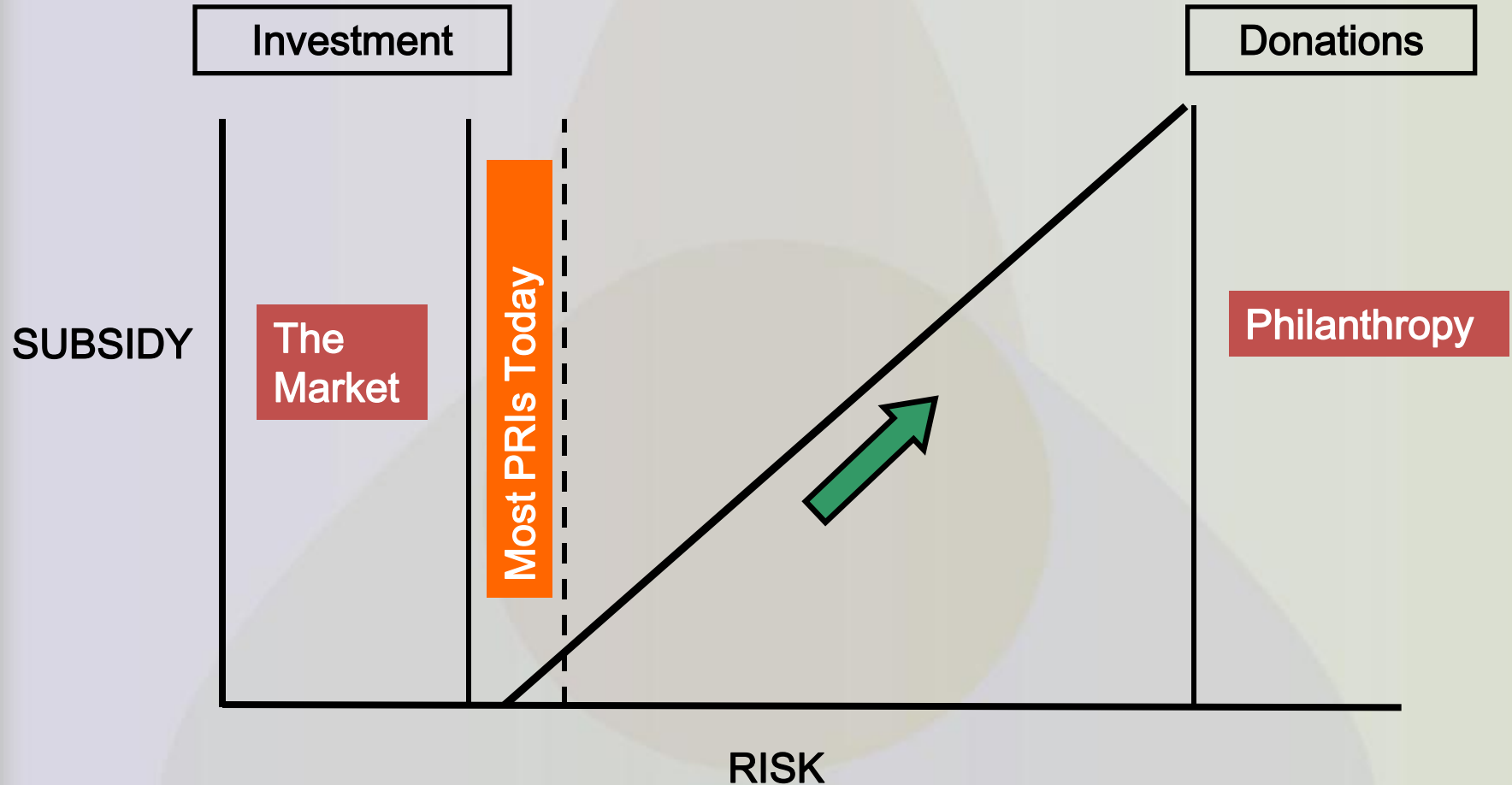


Community Investing

Smallest 3 leg of Socially Responsible Investing (SRI) universe, fastest growing

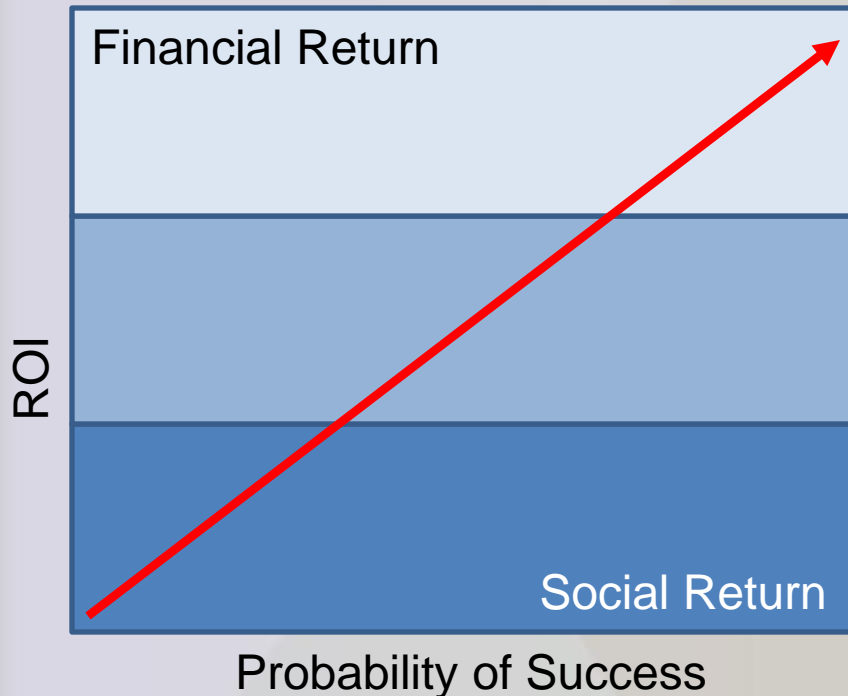
Track record here excellent, better than 'real banks' as shown after recent collapse. Need different tools to assess & due diligence

Continuum of Investment Risk



What is the optimal matching of risk & subsidy?

Multiplier Effect of PRIs



Investment Tranches

Market Rate Investment

- Market risk and return (i.e. bonds/stocks 5-7%)

Socially-Conscious Investor

- Risk, non-market return
- Low financial return (3-5%)

Foundation PRI


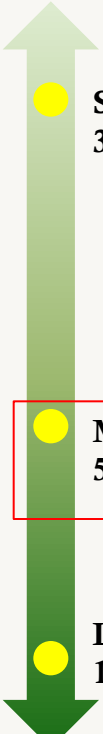
- High-risk
- Minimal financial return (0-3%)
- Retains initial capital

Using PRIs, foundations can play catalyzing role like venture capital.
Early capital matched to risk profile, add'l capital for social enterprises

How to Decide?

- The 'corral': choose decision criteria
 - What's important to you?
 - Level of risk tolerance
 - What / which triple bottom line
- Gotta start somewhere
 - Show leadership
 - Overcome 'Doubting Thomas', Chicken Little
- Develop policy over time w/ experience
 - Test, revise as needed
 - Little or big can all do this
 - Annie E. Casey, Jesse Noyes, F.B. Heron examples
- What due diligence needed for your comfort or institution?
 - CDFI CARS rating by OFN
 - What are others doing (i.e. greater fool)
 - Charity Navigator / online - tax returns
 - Annual reports
- My favorite sources:
 - <http://ussif.org>
 - www.socialfunds.com

Example Decision Variables

Interest Rates		Investor Participation Term	
Options	Key Considerations	Options	Key Considerations
 <p>Below market (0-3% in; ~6% + out)</p>	<ul style="list-style-type: none"> ▪ Mission motivation ▪ Capital flow to under-served sector (social returns) ▪ Current interest rates low ▪ Potential for tiered pricing ▪ More players at / above market ▪ Fund leverages more \$; brings in others 	 <p>Short: 3 yr</p>	<ul style="list-style-type: none"> ▪ Will take time to get deals going ▪ Borrowers need time to repay ▪ Effort required (underwriting frequency, funding cycle) ▪ Loan recipients address asset-liability difference ▪ Investors have exit option

Financial: Term, Rate, Collateral, Security, Exit

Mission: Geography, Content, Topic, Population

New Mexico Examples



**La Montanita
CO-OP Fund**



Thank you!

Questions? Answers?

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