



Investing in the Future: Impact Investing by Nonprofit Organizations

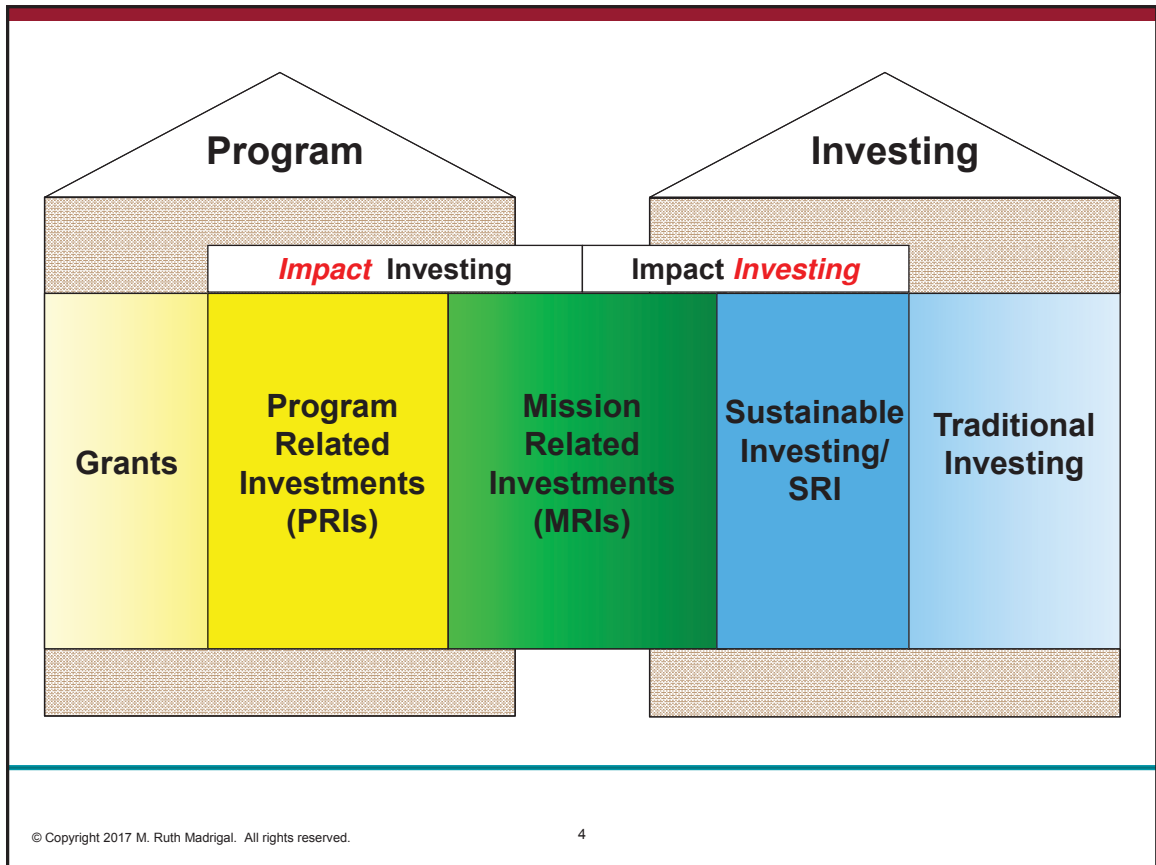
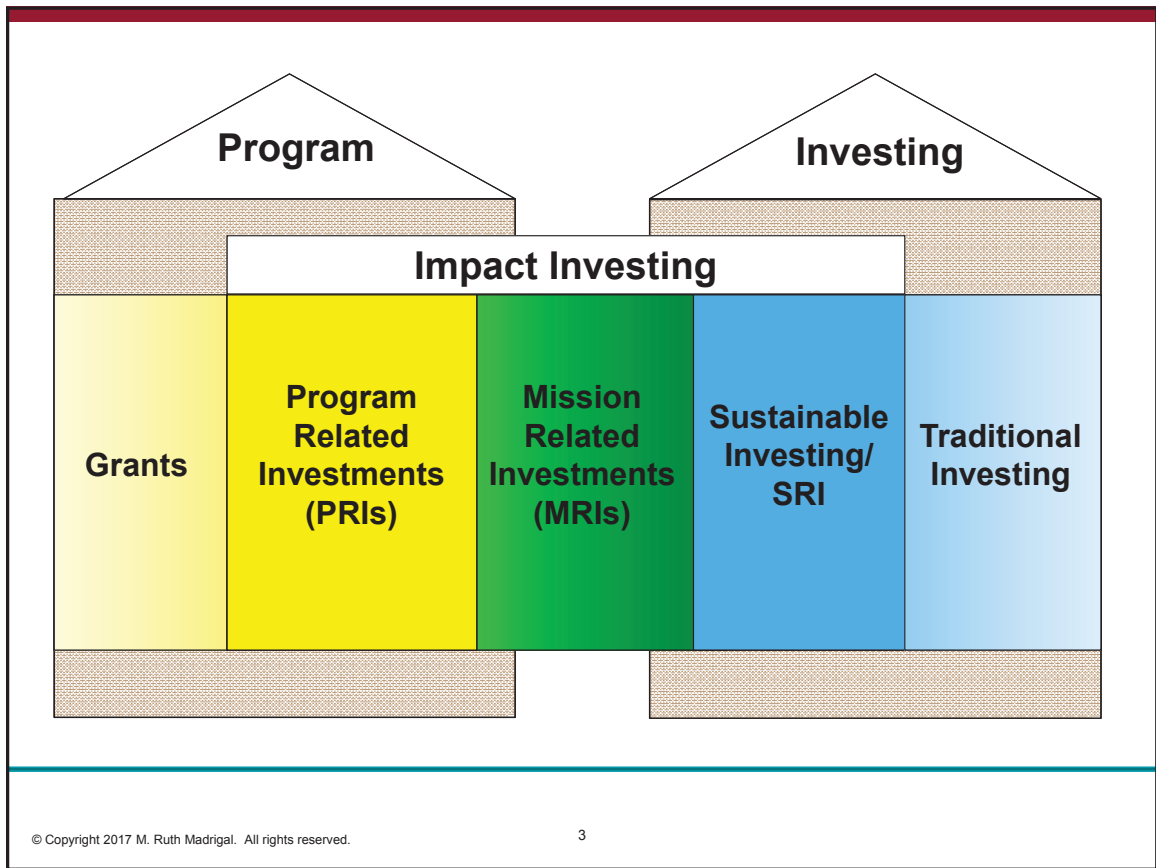
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What is impact investing?

“Investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return.”

-- The Global Impact Investing Network (“GIIN”)



	Grants	PRIs	MRIs	Sustainable Investing	Traditional Investing
Impact	Must further charitable purposes, other restrictions	Primarily for charitable purposes, other restrictions	Charitable and financial purposes	Primarily for financial return, plus impact/ not harm	Often unknown (Impact not considered)
Financial Return	No return, principal lost	Generally below market	Market or below market	Generally market rate	Market rate returns
Tax/ Fiduciary Rules	Program distribution/ no UPMIFA	Program distribution/ no UPMIFA	Investment/ maybe UPMIFA	Investment/ UPMIFA	Investment/ UPMIFA
Recent Guidance		PRI Regs = new examples	MRI Notice 2015-62	DOL IB-2015-1, DOL IB-2016-1	

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IRC Section 4944

- Section 4944 of the Internal Revenue Code imposes an excise tax on a foundation that makes a “jeopardizing investment” – an investment that jeopardize the carrying out of the organization’s charitable purposes
 - Determination is made at the time of the investment, taking into account the entire portfolio
 - Jeopardizing investment is one in which managers did not use ordinary business care and prudence in making investment
 - Additional managers taxes may also apply

- Program-related investments are NOT jeopardizing investments

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