JANUARY 2025

UT LAW CLE

TEXAS Law
The University of Texas at Austin
School of Law

CORPORATE VEHICLES AND STRUCTURES FOR IMPACT

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42nd Annual Nonprofit Organizations Institute

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Agenda

- Introduction
- Market Drivers
- Determining Appropriate Structures
- Structure Options
    - Concessionary Capital (Impact First) Structures
    - Return-Focused Structures
    - Tandem/Hybrid Structures

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Presenters

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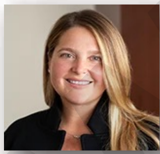

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Market Drivers

- It is not just charities and other nonprofit organizations that care about achieving impact or solving intractable social problems
- Increasingly wider range of stakeholders are looking at mission as an important and necessary component of their business activities and seeking new approaches to impact
  - Asset owners
  - Managers
  - Family offices
  - Corporate entities
- Charities and other nonprofit organizations are also recognizing the value and utility of business structures and market approaches to achieving mission
- Determination of structure and business and/or tax form includes a consideration of impact and long-term social goals

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Market Drivers (cont.)

- Organizing activities through a separate entity allows you to limit liability and often facilitates fundraising through donations (non-profit) or capital contributions (for-profit)
- What are the prevailing concerns?
  - Duty to maximize profits?
  - Fidelity to mission?
  - Blend of both
- Jurisdiction of organization
  - State regulatory environment
- Funding concerns
  - Where is the money coming from
  - Expectations and role of funders

Market Drivers (cont.)

- An impact investment may or may not
  - Advance charitable purposes
    - "Charitable" is (often) a higher threshold than “mission-related” or “social impact”
  - Offer a market-rate expected return
  - Implicate federal tax issues (program-related investments of private foundations generally do)
    - Expenditure responsibility
    - Required pay out
    - Jeopardizing investment rules
    - Self-dealing & excess benefit rules
    - Intermediate sanctions (for public charities and 501(c)(4) social welfare organizations)

Title search: Corporate Vehicles and Structures for Impact

Also available as part of the eCourse
2025 Nonprofit Organizations eConference (audio only)

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42nd Annual Nonprofit Organizations Institute session
"Corporate Vehicles and Structures for Impact"