



## **Investing in the Future: Impact Investing by Nonprofit Organizations**

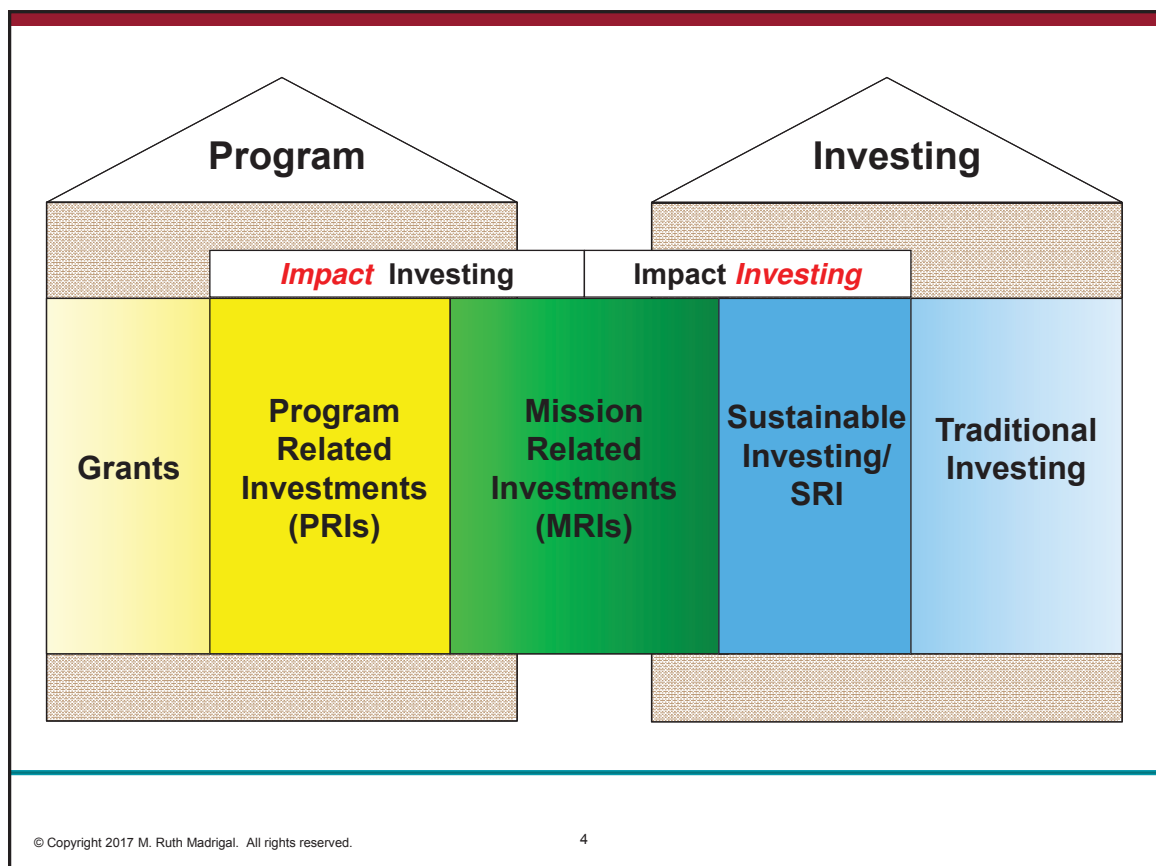
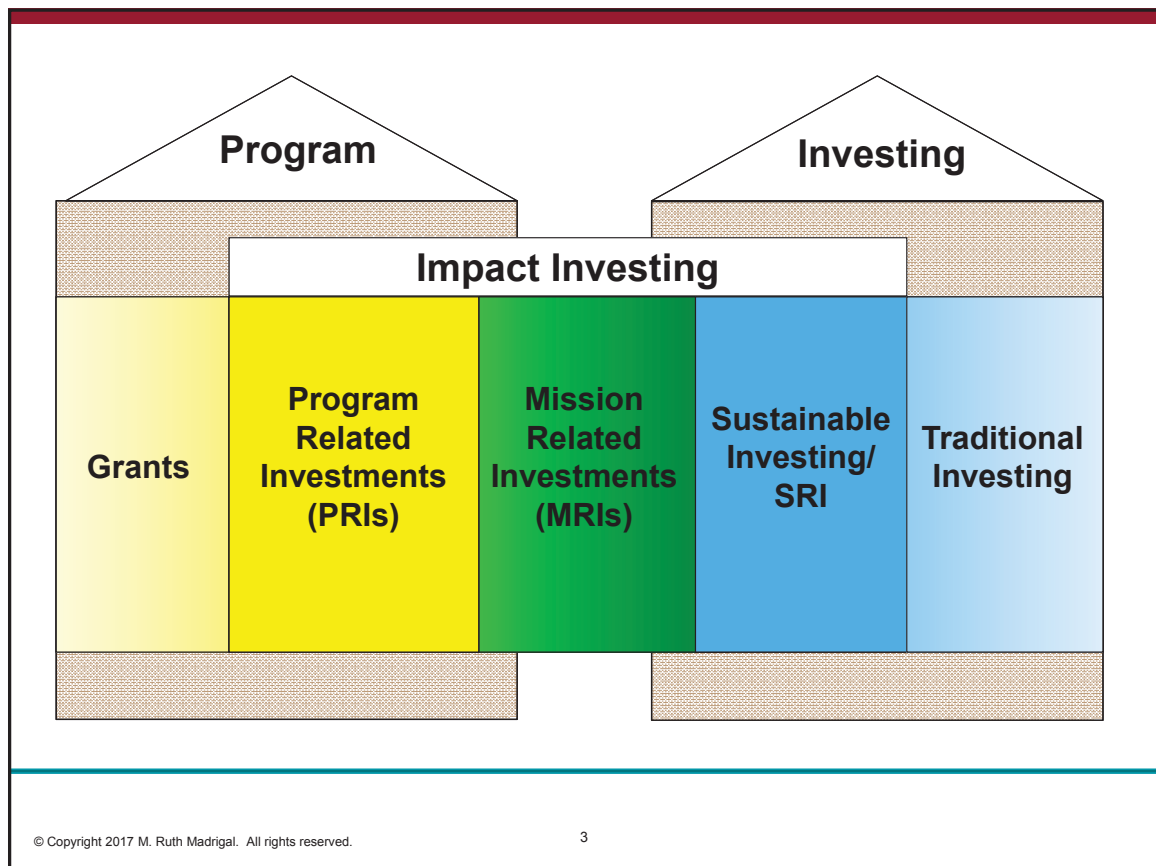
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### **What is impact investing?**

“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
<b>Impact</b>	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 )
<b>Financial Return</b>	No return, principal lost	Generally below market	Market or below market	Generally market rate	Market rate returns
<b>Tax/ Fiduciary Rules</b>	Program distribution/ no UPMIFA	Program distribution/ no UPMIFA	Investment/ maybe UPMIFA	Investment/ UPMIFA	Investment/ UPMIFA
<b>Recent Guidance</b>		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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## Title search: Investing in the Future: Impact Investing by Nonprofit Organizations

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First appeared as part of the conference materials for the  
35<sup>th</sup> Annual Nonprofit Organizations Institute session

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