



## Expanding the Philanthropic Toolbox Webinar Series

# Part II: Getting Started

March 16, 2011

# Welcome



Peter Berliner  
Managing Director  
PRI Makers Network

[www.primakers.net](http://www.primakers.net)

**Why aren't more foundations  
using PRIs?**

# Presenters



**Ed Diener**  
Counsel  
Skoll Foundation  
[www.skollfoundation.org](http://www.skollfoundation.org)



**Lisa Hiller**  
Vice President, Administration  
Helen Bader Foundation  
[www.hbf.org](http://www.hbf.org)



## Palo Alto, CA

The **Skoll Foundation's** mission is to drive large-scale change by investing in social entrepreneurs and other innovators dedicated to solving the world's most pressing problems.

### First PRIs in 2004:

- Capital access initiatives and funds in US and abroad
- Main focus: economic and social equity
- Expanding to include global health, climate change and water scarcity

From 2004 - 2011,  
\$21,250,000 in  
loans, guarantees  
and equity  
investments to 10  
organizations, with  
a default rate of  
about 1%

# Helen Bader Foundation, Inc.

Milwaukee, WI

The Helen Bader Foundation strives to be a philanthropic leader in improving the quality of life of the diverse communities in which it works. The Foundation makes grants, convenes partners, and shares knowledge to affect emerging issues in key areas:



Alzheimer's & Aging

Economic Development

Community Partnerships for Youth

Jewish Education

Community Programs & Initiatives

Program-Related Investments



## PRI Summary

**2009 PRIs:**  
4 Investments totaling \$549,990

**Geographic Area:**  
Wisconsin

**Population(s) Served:**  
*Populations Align with  
Foundation Program Areas:*

**Economic Development:** Low-  
Income Families in Milwaukee

**Alzheimer's and Aging:** Older  
Adults in Wisconsin

**Jewish Education:** Greater  
Milwaukee

**Community Partnerships for  
Youth:** City of Milwaukee

# Program Related Investments

Broadening Housing Options for  
Milwaukee's Older Adults



## Program Related Investments

A grant is not the only way to support community efforts to improve quality of life. The Helen Bader Foundation's Program Related Investment (PRI) program supports for-profit and nonprofit efforts that hold promise for furthering the Foundation's charitable mission in Wisconsin.

The Foundation has used PRIs to strengthen the job- and business-development objectives of its Economic Development program area. The Foundation has awarded loans and loan guarantees to ventures and projects with the potential for improving Milwaukee's economic vitality, with a particular focus on the city's struggling neighborhoods.

The Foundation also considers equity investments through PRIs. No matter the form an investment may take, the Foundation gives the highest priority to projects and enterprises where an element of risk may discourage traditional investors. Above all, the Foundation is most concerned with the project's potential for furthering a charitable objective.



31 PRIs  
approved  
since  
2000.

- 21 loans
- 5 loan guarantees
- 2 linked deposits (guarantees)
- 3 equity investments, including a \$6 million venture capital fund

# Getting Started: Key Steps

1. Alignment
2. Buy-in
3. Key policy decisions
4. Internal and external resources



# Survey #1

What best describes your foundation?

Small to mid-size family or private foundation

Large foundation (5 or more staff)

Community or other public foundation

Corporate foundation

Other (including non-foundation staff)

# Survey #2

Level of experience:

Just learning about program-related investing

We are considering making PRIs

We have made a few but are still learning

Extensive experience in PRI making

# Reasons Foundations Begin Making PRIs

Strategic planning

Crisis or opportunity

Financial purposes



# Survey #3

What do you see as the most significant barrier to getting started or growing your PRI program?

Perception of risk

Lack of expertise

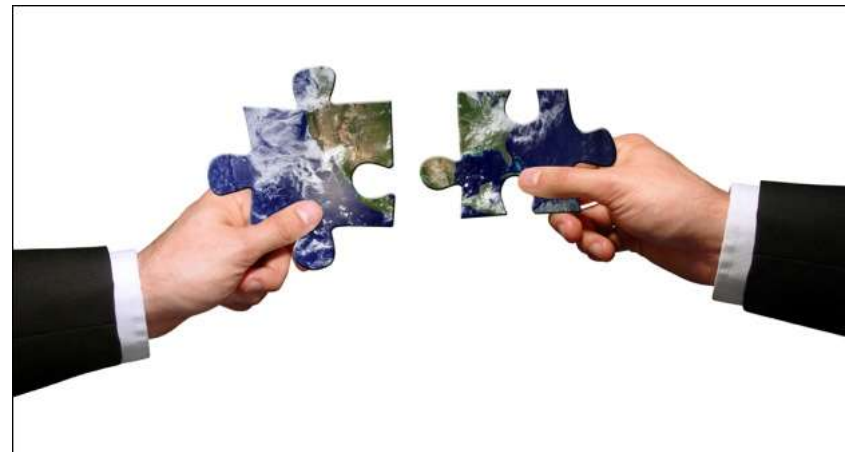
Limited staff time

Difficulty finding deals

Other

# Step 1: Alignment

- ✓ Mission
- ✓ Values
- ✓ Goals
- ✓ Scope
- ✓ Size/Capacity



# Step 2: Buy In

✓ Trustees

✓ Staff

✓ Advisors

✓ Community partners



# Step 3: Key Policy Decisions

- ✓ Source of funds
- ✓ Risk tolerance
- ✓ Type (debt or equity)
- ✓ Direct or through intermediaries
- ✓ Terms (duration and rates of return)



# Creating a PRI Policy Document

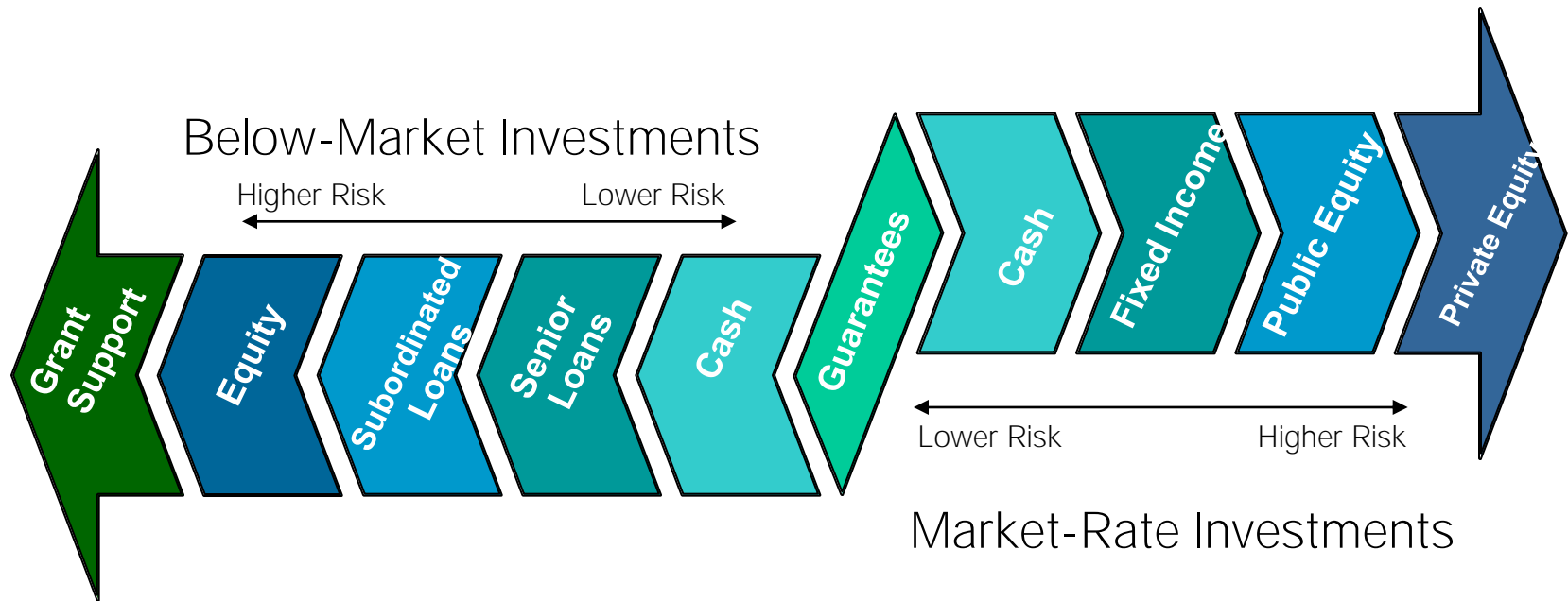
- **Criteria** - e.g., meets foundation goals, geographic scope, potential for impact, borrower capacity and track record
- **Target** - e.g., prior grantees, local or national intermediary organizations
- **Expected return** - e.g., 2% net of losses on a portfolio basis
- **Approval process** - e.g., PRI committee recommends, board approves
- **Loan loss reserve policy** - e.g., maintain a reserve of 10% of outstanding loans
- **Asset allocation** - e.g., investments across all asset classes relevant to the programmatic priorities

# Sample PRI Policy Framework

Mary Reynolds Babcock Foundation

<b>Range:</b>	\$100,000 - \$500,000
<b>Rate:</b>	Currently 2 – 5%, reviewed annually
<b>Term:</b>	3 – 10 years
<b>Structure:</b>	Loans, certificates of deposit, loan guarantees, secondary capital loans and equity investments
<b>Uses of PRI:</b>	Community development (CD) lending and investment (small business, microcredit, affordable housing); Housing or business development loan funds; Cash deposits in CD banks and credit unions; CD venture capital and secondary capital for credit unions; Other uses can be considered.
<b>Organizations:</b>	Nonprofit and for profit organizations engaged in the acceptable uses that are located in the MRBF target area. Preference given to MRBF grantees and intermediaries and pooled loan funds.

# Investment Options



Source: The F.B. Heron Foundation Mission-Related Investing Continuum

# Step 4: Internal Resources

- ✓ Program Leadership
- ✓ Financial Expertise
- ✓ Administrative Capacity
- ✓ Staffing/Committees



# Step 5: External Resources

- ✓ Strategic planning
- ✓ Business expertise
- ✓ Legal expertise
- ✓ Contracted services, such as assistance with finding investments, due diligence, structuring deals, executing transactions and preparing materials for board review



# Intermediary Organizations

Who are you?

**OPPORTUNITYFINANCE NETWORK**  *Finding and financing opportunities that others miss.™*

**NEXT Awards Open Soon**  
On March 16, applications will open for the fifth annual Wachovia Wells Fargo NEXT Awards for Opportunity Finance.  
Sign up for the NEXT email list for up-to-the-minute information and invitations to information calls. >>

**Don't delay.**  
Applications for the **The Goldman Sachs 10,000 Small Businesses CDFI Growth Collaborative** are due Today at 5:00 PM EDT. >>

**The Fourth Quarter 2010 Market Conditions Report** is now available! >>

**RESULTS**

**NEWS**


Financing Policy Brand Knowledge Sharing Industry Store Donate Press About Contact

**CARS™**

 **CDFI Locator**

Site Search:

Welcome to **Opportunity Finance Network**, the leading network of private financial intermediaries with a proven expertise in lending prudently and productively in unconventional markets often overlooked by conventional financial institutions. Working in urban, rural, and reservation-based markets we deliver sound financial returns and real changes for people and communities.

# Additional Resources

**PRI Makers NETWORK**

About Us About PRIs Resources Finding Deals Networking Search

## INNOVATE. LEVERAGE. GROW.

PRI Makers Network helps foundations expand their use of program-related investments to achieve their philanthropic goals. Through their participation in the PRI Makers Network, members develop the skills, tools and connections they need to build successful social investment programs.

**Expanding the Philanthropic Toolbox**  
An Introduction to PRIs [Register for the webinars >](#)

[Getting Started with PRIs >](#) [Resources for Members >](#)

### Upcoming Events

- [Expanding the Philanthropic Toolbox Webinar Series: Part I: Getting Started](#)  
Wednesday, March 16, 2011
- [2011 Pacific Northwest Global Demos Conference](#)  
Friday, April 1, 2011
- [Council on Foundations Annual Conference](#)  
Sunday, April 10, 2011

[More Events >>](#)

**Your Account**

- [Profile page](#)
- [Change Password](#)
- [Add a Deal](#)
- [Logout](#)

**Sitemap**

- [Sitemap](#)

**What's New**

# www.primakers.net

- Investment Policy Statements
- Loan Documents and other Templates
- Guides for Use of PRIs
- PRI Directory
- Deals Clearinghouse
- E-networking



# Resources

---

PRI Makers Network Webinars

PRI Institute  
May 25-27 in Los Angeles

Regional Meetings

2012 National Conference

# Questions?



Peter Berliner  
Managing Director  
PRI Makers Network

[www.primakers.net](http://www.primakers.net)



Ed Diener  
Counsel  
Skoll Foundation

[www.skollfoundation.org](http://www.skollfoundation.org)



Lisa Hiller  
Vice President, Administration  
Helen Bader Foundation

[www.hbf.org](http://www.hbf.org)