

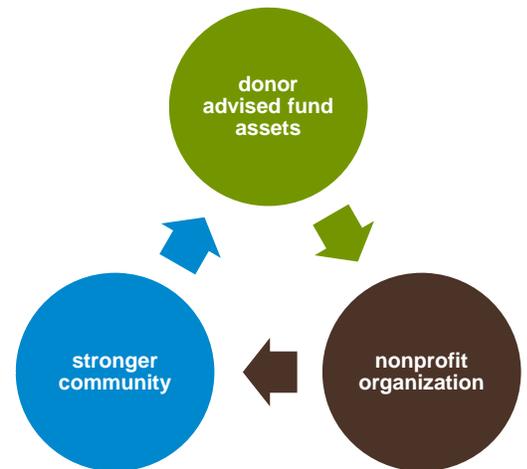
IMPACT INVESTING



Impact Investing Leverage Your Giving!

What if you could make a charitable investment with your donor advised fund's assets and get the money back, possibly with interest, to achieve a **financial** return and a **social** return?

Join an exclusive group of donors to invest in local projects that will make our community a more vibrant place to live and work, creating more opportunity for everyone while "recycling" your charitable capital to use with other projects. It's an alternative to investing in the stock market that directly benefits our community.



What is it?

GCF has developed a new investment vehicle for your donor advised fund that ties the discipline of the market with the social mission of philanthropy. "Impact investments" use charitable assets to invest in projects that can generate revenue as well as direct community benefits. You can make an even greater difference in multiple ways, right here where we live!

Through your donor advised fund, you can partner with GCF to jump-start projects key to our community's vitality. Together, our charitable funds can leverage non-charitable financial support from other foundations, financial institutions and private investors.

Impact investments are typically made in the form of equity, debt, loan guarantees and other familiar market instruments, often at below market rates. It is another tool in your philanthropic toolbox, going beyond gifts and grants. Think of it as the ultimate in socially responsible investing!

You can use a percentage of your donor advised fund assets to invest directly in **local** projects instead of indirectly in the stock market. The rest of your fund's assets will continue to be invested in a

balanced or fixed portfolio, and you can continue to use that portion of your fund to make grants to your favorite charities.

What is GCF's track record?

GCF's money is on the table too! GCF has committed \$10 million of its unrestricted endowment assets to impact investments and will co-invest with donor advised funds in every deal. Our current program builds on the success of a \$1 million commitment made in 2001 to Cincinnati Development Fund to create more ownership housing in Over-the-Rhine. In five years, GCF helped CDF develop and sell 222 housing units. CDF's default rate was 3% (partial loan forgiveness). GCF's money leveraged nearly \$16 million and created \$84 million in housing value. Since 2008, GCF has made 20 impact investments totaling \$14.8 million, filling a key capital gap in development projects throughout the Greater Cincinnati/Northern Kentucky region.

How can you participate?

Our first concern is good stewardship of the Foundation's assets. GCF's team of staff, experienced consultants and seasoned volunteer advisors conducts due diligence on project

proposals. Then you decide whether you'd like to invest along with GCF in specific portfolio offerings using assets in your donor advised fund. Our paid and volunteer advisors will ensure that we choose solid deals that will make a significant difference, and will monitor and report on their results.

It's easy and flexible. GCF does all the background work for you. Here's how it works:

- ✓ Staff identifies investment opportunities. And screen them for community benefits.
- ✓ Consultants conduct a high level review of the potential for financial return.
- ✓ Volunteer advisors decide whether the project should be offered to donors.

At that stage, you can decide whether you want to invest in an opportunity. If you do, then GCF will invite you to participate in the second stage of

financial due diligence. If the deal is approved, then you can decide the amount you want to invest.

You will have the opportunity for site visits as part of the due diligence process, as well as the chance to discuss the deals with other interested donors, consultants and members of the Impact Investment Committee. GCF will also host semi-annual investor briefings for donors.

The minimum investment will vary by deal, but will generally range from \$10,000 to \$50,000. These funds are illiquid, i.e., not available for grants or other investments, until maturity of the loan or exit from an equity fund – often five to seven years. Other assets in your donor advised fund are still available for your regular grantmaking.

Future investment opportunities are being developed in the areas of:

community revitalization
affordable housing
job creation
minority business development
social enterprise (nonprofits)

energy efficiency and renewable energy
education
healthcare
healthy food/urban agriculture

Measuring Impact

Each approved impact investment will have specific, measurable social returns such as number of new homes or new jobs. Financial metrics will be specified in term sheets for each deal. For additional information about specific investment opportunities, please review "Impact Investment Opportunities" and individual deal overviews.

For more information about GCF's impact investments, contact Robert Killins at 513-768-6151 or killinsr@gcfdn.org. If you are a donor who would like to know more about participating, please contact Phillip Lanham at 513-768-6155 or lanhamp@gcfdn.org.