

What is Mission Investing?

Mission investing refers to the use of investments by foundations as tools to achieve their philanthropic goals. We use the term mission investments (also called **Impact Investments**) to describe investments by mission-based organizations that are designed to generate both a social and a financial return.

The term “mission investment” covers two distinct categories of investments:

Mission-Related Investments (MRIs)

- MRIs are **market-rate** investments that support the mission of the foundation by generating a positive social or environmental impact, while generating reasonably competitive rates of financial return.
- A MRI is fundamentally a financial investment, and must meet applicable prudent investor standards just like more conventional investments.
- MRI opportunities exist across all asset classes including cash, fixed income, public equity, private equity and venture capital, and real estate.

Program or Program Related Investments (PRIs)

- PRIs are investments that are made primarily to achieve a program objective, rather than a significant financial return. PRIs, however, are expected to be repaid.
- For **private** foundations, PRIs are defined by the IRS tax code, and they are eligible to count against the 5% payout that foundations are required to make each year to retain their tax-exempt status.
- **Community foundations**, however, are not subject to IRS restrictions in their use of program driven investments. In addition, community foundations have the flexibility to make program and other mission investments from endowment, donor advised, or unrestricted funds.
- Program investments may be made in the form of loans, loan guarantees, cash deposits, equity investments. Common uses include the development of affordable housing, community revitalization, job creation, and the construction of community facilities.

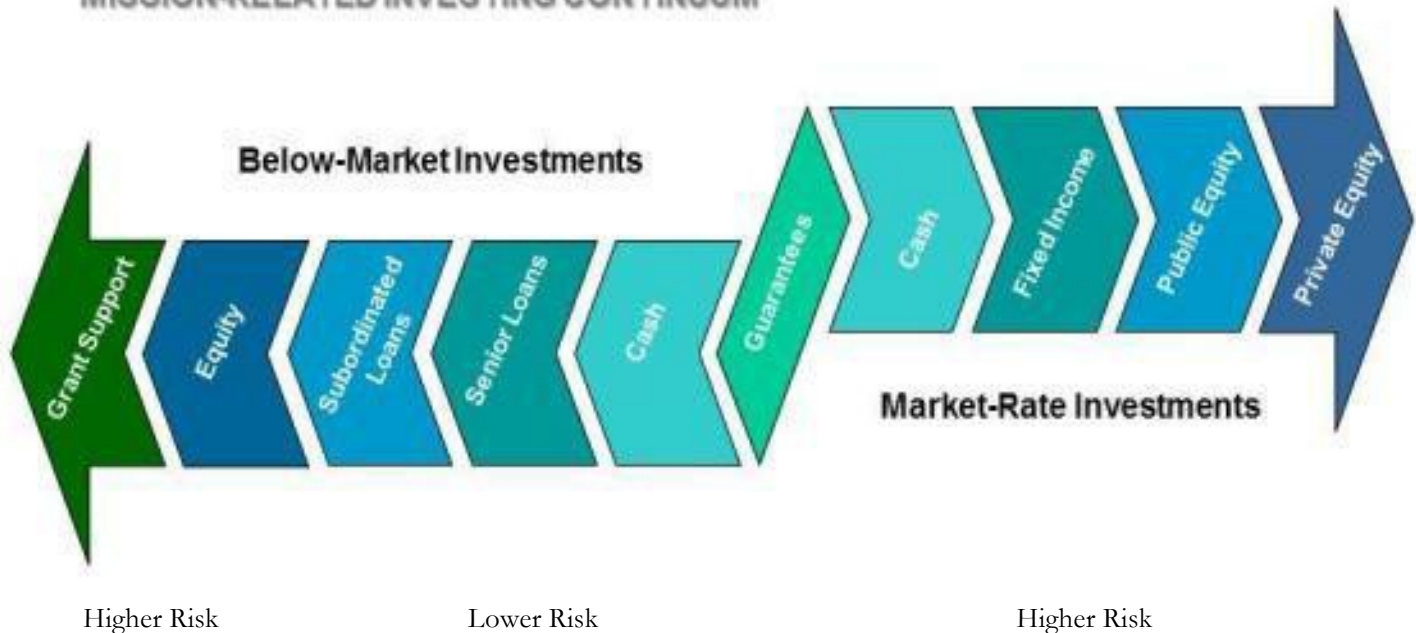
Why Mission Investing?

- Foundations of all types and sizes make mission investments in order to make capital more available to initiatives and enterprises that will create positive benefits for the communities they serve. Because mission investments are repaid, often with a significant rate of return, the funds they generate can be reinvested in other charitable uses, and as a result, stretch the value and expand the impact of limited philanthropic resources for the benefit of all.

Types of Mission Investments

Mission investments may be made in any asset class and across the risk continuum.

THE F.B. HERON FOUNDATION MISSION-RELATED INVESTING CONTINUUM



Suggested resources

Community Foundation Field Guide to Impact Investing: Reflections from the Field and Resources for Moving Forward. The Field Guide, available online on September 24, 2013, at <http://www.missioninvestors.org>, is a collaborative effort of Mission Investors Exchange, the Council on Foundations, and many impact investing leaders.

Strategies to Maximize Your Philanthropic Capital: A Guide to Program Related Investments (Mission Investors Exchange) <http://www.missioninvestors.org/tools/strategies-maximize-your-philanthropic-capital-guide-program-related-investments-primer>

Leveraging Your Assets with Loans and Other Program Related Investments (ASF)
<http://www.missioninvestors.org/tools/leveraging-your-assets-loans-and-other-program-related-investments>

Philanthropy's New Passing Gear: Mission-Related Investing, A Policy and Implementation Guide for Foundation Trustees (Rockefeller Philanthropy Advisors)
<http://www.missioninvestors.org/tools/philanthropys-new-passing-gear-mission-related-investing-policy-implementation-guide>

Webinars on Mission Investing (Mission Investors Exchange)
http://www.missioninvestors.org/tools/search/?f%5B0%5D=im_field_tool_type%3A379&f%5B1%5D=im_field_to_of_type%3A403

For more information, tools, and resources: www.missioninvestors.org