



COMMUNITY CAPITAL ADVISORS
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Sacramento Region Community Foundation Impact Investing



What is Impact Investing?

- Investing in companies or opportunities with goals of achieving an environmental or social return *as well as a competitive market return*.
- It is a **style** of investing that can be applied to an existing portfolio of investments.
- Community Foundation impact investing is primarily investing in your own community through loans to nonprofit and other organizations to support work aligned with a foundation's mission.



What is impact investing?

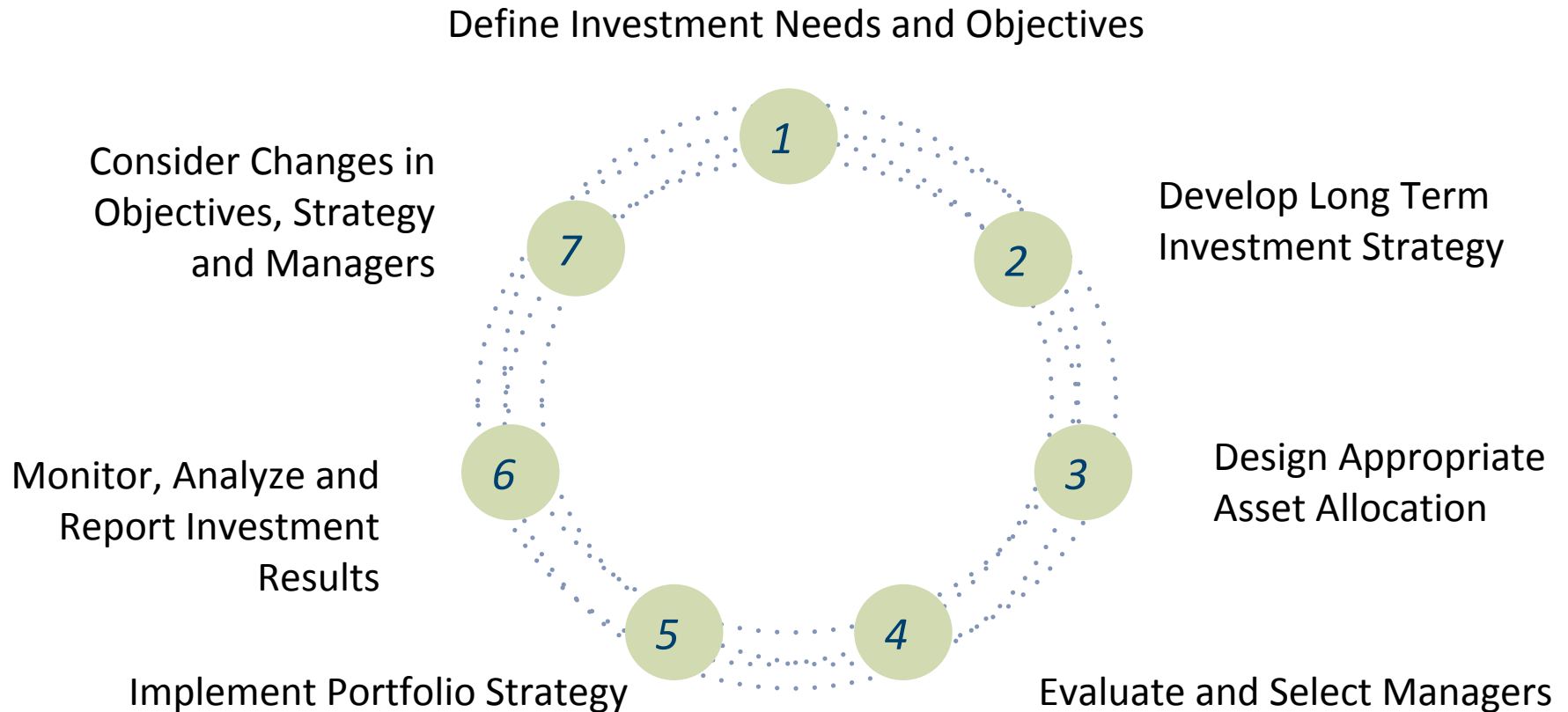


Source: Avantage Ventures Analysis 2011

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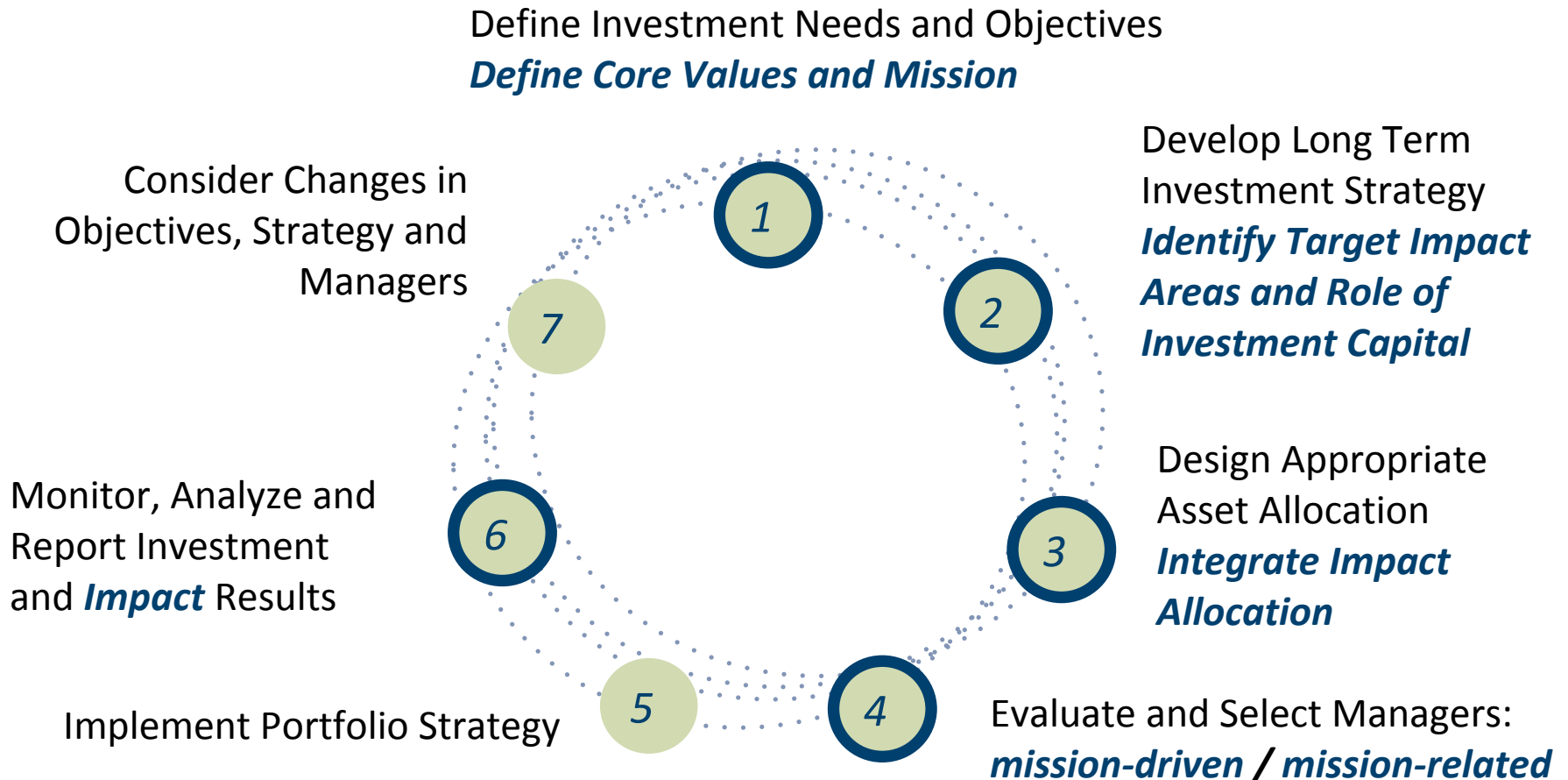


Traditional Investment Process



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Impact Investment Process



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Examples of impact investments

Investing in a fund

In this actual example a loan was made to Opportunity Fund of \$350,000 for 5 years at 3% interest. The loan is structured as interest only and is secured by the assets of the fund

Financial Metrics – December 2016

- Total unrestricted cash: \$5.7 million
- Total cash: \$24.2 million
- Total loans (less LLR): \$50.9 million
- Total assets: \$77.8 million
- Notes payable: \$49.5 million
- Total net assets: \$25.0 million
- Revenue (6 mos.): \$7.8 million
- National expansion and capital raise underway.

Impact Metrics

- During the quarter ending December 31, 2016, OF disbursed 13 loans totaling \$444,479.76 in the sponsoring foundations county.
- Since loan inception OF originated 57 loans to 39 unique borrowers totaling \$1.1 million.
- Originated loans helped create 24.5 jobs and retained 176.5 jobs.
- 41% female, 59% male
- Median household income: \$45,000



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Examples of impact investments

Investing in a project

Direct Investment Opportunity: Homeward Bound of Marin (HBM) houses previously homeless individuals and families. HBM approached Marin Community Foundation (MCF) for a \$3 million loan to build 32 units of housing, commercial kitchen, and meeting space.

Solution: MCF provided a \$3 million loan to HBM. Some MCF donors provided grants and participated in the loan program. MCF also convened the city of Novato, CDBG/HOME, foundations, and banks to help support the program. Rent on the 32 units covers the monthly mortgage by a debt service coverage factor of more than 1.2x. MCF holds the first deed of trust.

Impact outcomes: 32 families live at Homeward Bound and take courses at the culinary school. Community members take classes from celebrity chefs at the HBM development. Families are now prospering and the stigma around homelessness are minimized.



Purpose: 32 units of affordable housing, commercial kitchen, and meeting space

Investment: \$3 million investment, 4% return, 10 year term/30 year amortization

Security: First deed of trust

Impact investing is not a trend but a significant and growing strategy.

- The total dollars invested in the United States through sustainable, responsible and impact investing reached \$8.72 trillion in 2016, up 33% from 2014, according to the US SIF Foundation's latest biennial "Report on US Sustainable, Responsible and Impact Investing Trends."
- Climate change is the leading environmental concern.
- An emerging trend is gender lens investing by making investments that actively support women's socioeconomic advancement.



Why create an impact investing strategy?

- Value alignment
- Demonstrate community leadership
- Deepen and broaden community impact
- Social issues require innovation and concerted efforts.
- Enhance donor engagement
- Attract new donors through new innovative funding opportunities

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What are the asset development opportunities?

- *Localized* impact investing is a unique differentiation from institutional donor advised funds.
- Attract new donors through innovative funding opportunities.
- Increase community awareness of Community Foundation through collaborative ventures.
- Positions your organization as a community leader and provides larger presence.
- Asset generation opportunities through partnership with local advisors, financial institutions, nonprofit organizations, foundations etc.



Frequently Asked Questions

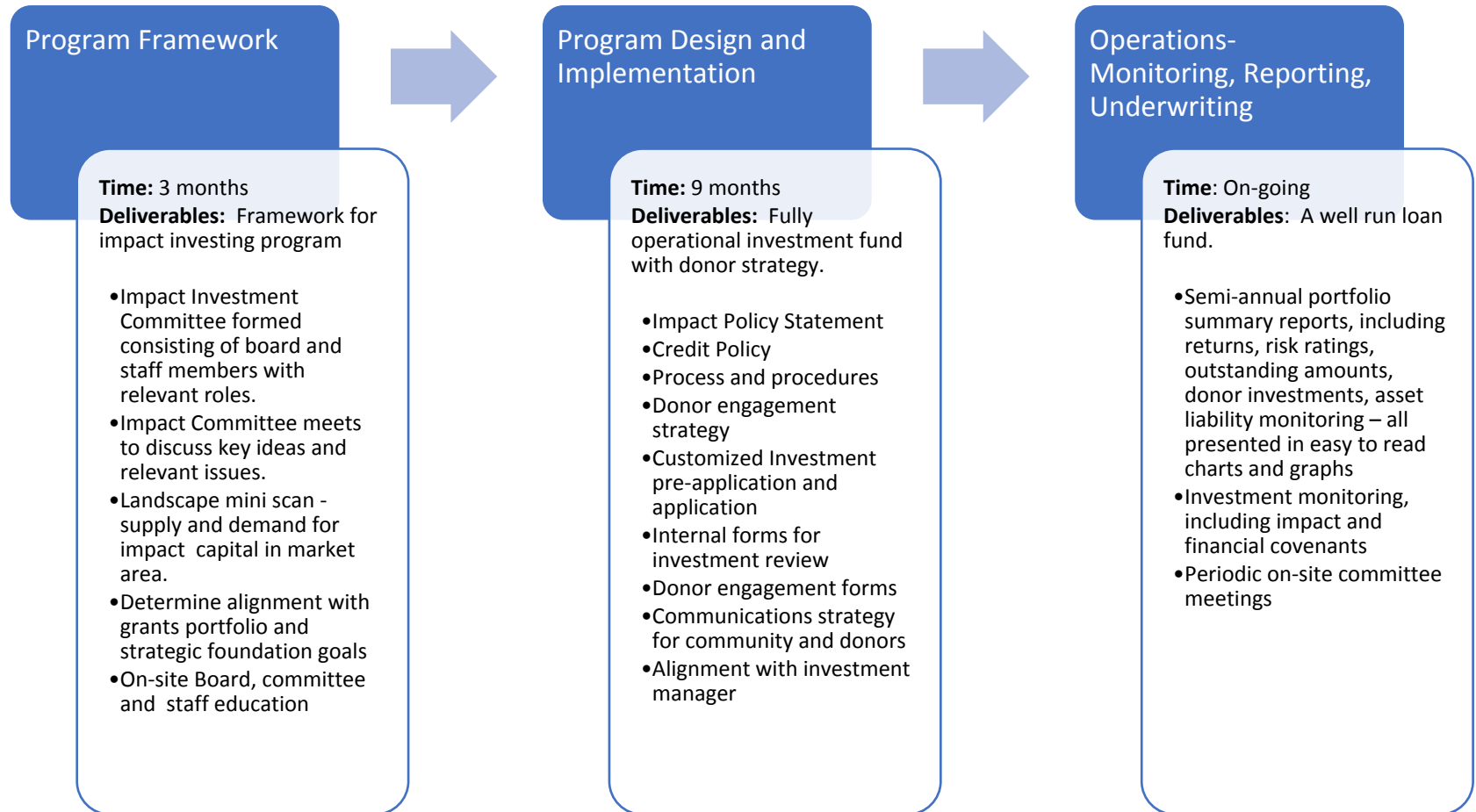
Question	Answer
Where does the funding come from?	Endowment, donors, banks
Who can help with the creation and implementation?	Advisors, such as Community Capital Advisors
Is this feasible?	Yes, for organizations willing to commit a minimum of \$3 million within 3 years
Does this align with our values and goals?	SRCF could develop a donor engagement strategy around II. Other foundations and investors may want to support the initiative.
Will we have less to grant?	No. You will have more resources to deploy toward your current grant initiatives.
How can impact investing align with our strategic initiatives?	More funds to direct toward initiatives. Attract new donors and more donor dollars. Opportunity to position your organization with a central role as a community leader and advocate.
What will donors say?	Donors often drive the demand for impact.
Is it affordable?	The cost is reasonable to set up and maintain a fund and can be integrated into the activities of program and finance. In truth it is not a cost but an investment in an opportunity that will increase your organization's impact and donor funds.

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Next steps...



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About us

Community Capital Advisors helps foundations create, implement and manage their Impact Investment strategy. We show foundations how to deepen their support of their programmatic and community initiatives by accessing the passive capital in their investment portfolios. We'll help you engage your board, grantees, donors and community so that your organization can broaden its impact and enhance its leadership role in your community.

- **Michael Meara** - Michael is an experienced financial services entrepreneur and community volunteer. He is skilled in entrepreneurship, impact investing, financial planning, asset management, nonprofit organizations, commercial and real estate lending and community development financial institutions (CDFI's), He is currently a founding and managing partner at Community Capital Advisors, LLC, an impact investment consulting firm that helps foundations create and manage their impact investment strategy. A former Certified Financial Planner (CFP), Michael has built and sold two financial planning/investment advisory firms and an employee benefits firm. Since 1995 he has managed SRI portfolios for institutional clients and has been an advocate for its use. Michael's volunteer activities include serving seven years as board chair for a local CDFI and as Treasurer for a local community foundation where he implemented their impact investment strategy and is currently chair of the impact investment committee. Michael believes that impact investing will transform our local and regional communities and their economies by putting formerly passive capital to work on some of our most intractable and challenging issues.
- **Marc Rand** - Marc is the co-founder of Community Capital Advisors, a consulting practice whose focus is supporting foundations with the development and management of impact investing funds. He is the former Program Director for Loans and Affordable Housing at Marin Community Foundation (MCF). There, Marc invested more than \$50 million to Marin-based nonprofits over 12 years – notably with a 0% default rate. At MCF, he developed one of the nation's first donor development strategies connected to impact investing, and was able to increase the loan capital from \$5 million to nearly \$25 million. Marc served six years as a Board Member, two of them as Board Chair, with Opportunity Fund, a micro- and small business lending-focused community development financial institution with assets over \$75 million. Mr. Rand is a sought after expert and public speaker having spoken at several national conferences on nonprofit lending, including serving as guest lecturer at the Haas School of Business, University of Southern California, and the Aspen Institute.

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