THE NEW YORK COMMUNITY TRUST

AMPLIFY YOUR IMPACT

HOW TO HELP NONPROFITS CREATE SOCIAL GOOD THROUGH

IMPACT INVESTING

ACTION THAT SPEAKS VOLUMES

Impact investing gives you the opportunity to make investments that can improve your community while also providing the potential for a financial return.

The New York Community Trust, along with a growing number of other impact-focused foundations, offers donors impact investing options that expand and enhance their ability to make a difference beyond more traditional forms of philanthropy.

Under traditional forms of charitable giving, when donors contribute or make a grant to a nonprofit, the money is a gift. The nonprofit receiving the gift generates a social good.

Impact investing can support that model by providing the opportunity to recycle investments to support multiple nonprofits and achieve even greater impact over time.

Impact investments can take many forms—including low-interest loans, credit, and equity—and they are made with the expectation that the initial invested capital will be repaid, along with a modest return on the original investment.

Like most investments, there is no guarantee it will generate a return, or even be repaid. However, the goal of impact investing is to generate a positive, measurable return that also results in a social good. That's because when an impact investment is repaid, that capital can be reinvested again to support other efforts, which multiplies the value of your initial investment.

With impact investing, you're also partnering with other investors, which means you're pooling capital to make more significant investments than you could on your own. Your capital may be used to seed the construction of affordable housing units, schools, and child-care centers—or fund projects that improve public health, education, and the arts.

The Trust, like other community foundations that offer impact investing options, partners with financial experts or firms to offer impact investing programs to their donors. These programs combine the expertise of their financial partners with the foundations' knowledge of the local community to identify high-performing nonprofits that are most likely to benefit from these investments.

These partnerships give impact investors peace of mind that their investments are being managed responsibly—and that they have a greater chance to achieve their desired social result.

HOW IMPACT INVESTING HELPS NONPROFITS

High-performing nonprofits use capital in different ways to support different functions.

Many organizations rely on donations and grants to support their day-to-day operations. These funds often allow them to run their programs, pay staff, and manage facilities.

But some nonprofits need other forms of capital to achieve their missions.

For example, they might need:

- Acquisition and construction loans to build or upgrade facilities.
- Bridge loans to cover costs and begin facilities projects as they await payment from government or foundation grants or as they raise money through capital campaigns.
- Equipment loans to buy or upgrade office equipment, furniture, computer hardware and software, HVAC, and security systems.
- Working capital to manage daily operations and finance future growth.

Impact investing programs can provide that capital in creative ways. Some impact investing programs, for example, provide below-market, low-interest loans that can be deployed more quickly and at a lower cost than what nonprofits might find through commercial lenders or investors. In other cases, they offer credit and equity to help nonprofits finance significant projects that let them scale their work to achieve greater impact.

An impact investing fund might provide a housing nonprofit access to a critical, below-interest loan that can help it build high-quality affordable housing units. With the lower-cost loan, it can create more units or use the cost savings to provide additional services.

In another case, an impact investment might provide capital for an important bridge loan so a community health center can make needed improvements to its facilities as it waits for a government grant payment.

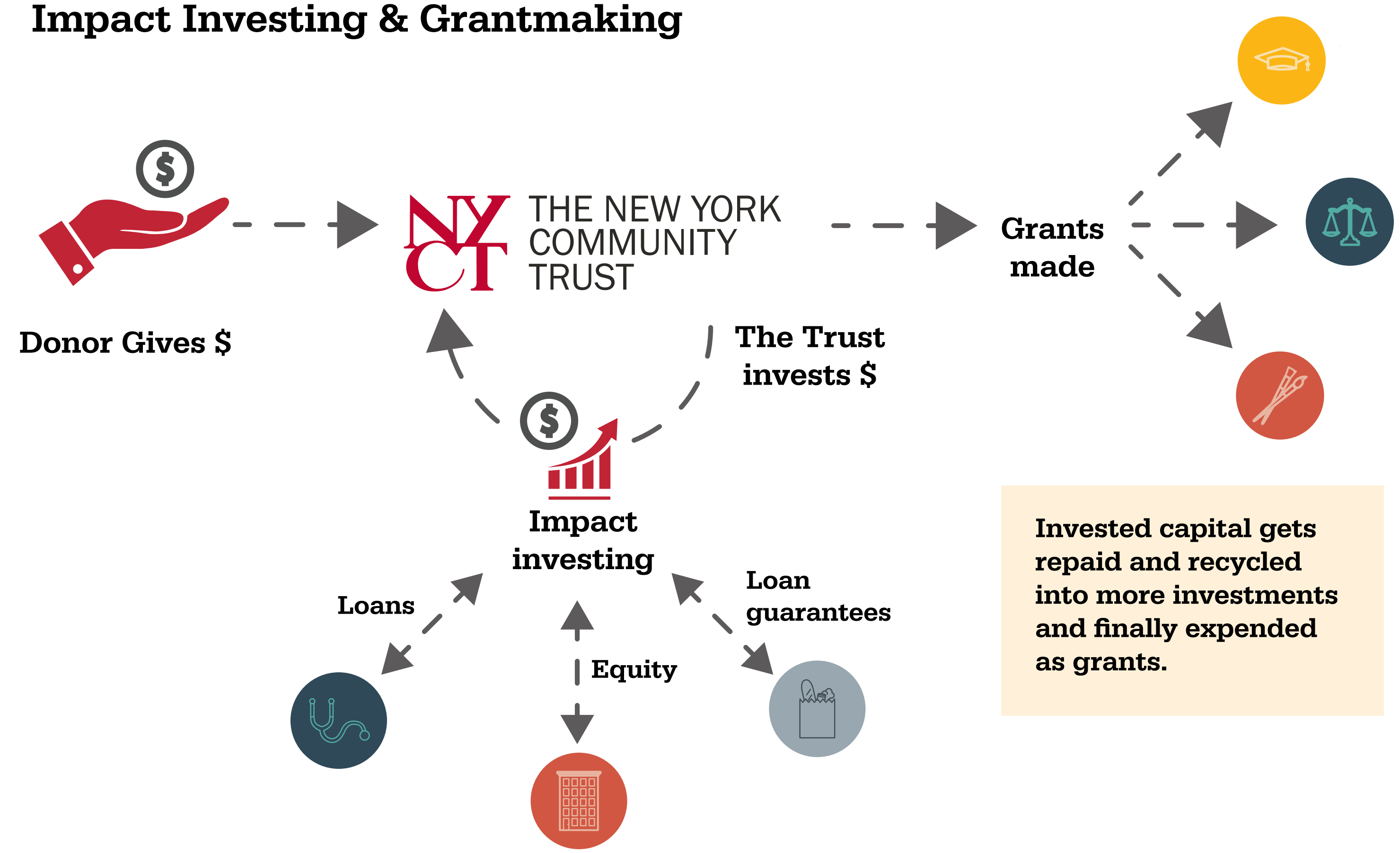
A job-training nonprofit, meanwhile, can use capital from impact investing funds to offer low-interest loans to participants in a training program that would be paid back once the participants graduate from the program and begin earning an income.

Impact investing gives you the chance to make a tangible social impact—providing capital to nonprofits that helps your neighbors and generates a return that can be reinvested for additional high-impact projects.

IMPACT INVESTING: A SUPPLEMENT TO GRANTMAKING

Grantmaking

Impact Investing & Grantmaking



IMPACT INVESTING AT THE TRUST

For more than four decades, The Trust has been using a range of impact investing tools—including loans and guarantees—to help New York nonprofits get access to critical capital.

Our first foray into impact investing came in 1980, when interest rates were so high that most nonprofits could not afford to borrow. The Trust partnered with Chemical Bank, using a line of credit against The Trust's balance sheet, to provide a loan-guarantee program to support New York City nonprofits at a critical time.

Since then, The Trust has developed a number of other impact investing partnerships to help New York nonprofits navigate crises and increase their ability to deliver on their missions.

In 2001, The Trust capitalized loan funds at the Partnership for New York City to help nonprofits impacted by the September 11th terrorist attacks.

Other examples include:

- After superstorm Sandy in 2012, The Trust provided low-interest loans through the Fund for the City of New York to support affected nonprofits.
- The Trust made investments in the Local Initiatives Support Corporation New York Creative Economy Fund, which in turn made loans to a variety of nonprofits citywide.
- The Trust supported Community Development Financial Institution Funds (CDFIs), which provide capital to nonprofits working in neighborhoods that lack access to financing.

More recently, The Trust worked with SeaChange Capital Partners' New York Program Related Investment Fund, or NYPRI Fund, to offer flexible, high-impact, below-market rate loans to New York City nonprofits. SeaChange is a nonprofit founded in 2007 by senior Wall Street executives to help nonprofits facing complex financial and organizational challenges. Through the NYPRI Fund, SeaChange organizes the sourcing, structuring, and management of investments while giving The Trust the flexibility to choose whether to participate in an investment—an approach that aims to earn maximum social impact while striving to preserve the principal of each investment. This partnership reduces the transaction costs for both the foundation and nonprofit borrowers and mitigates risk by creating a more diversified portfolio.

The Trust's past investments in this fund supported below-market rate loans to nonprofits, including Asian Americans for Equality, the Flea Theater, Greater Jamaica Development Corporation, and Turning Point Shower Bus. These organizations used the loans to tackle significant capital and construction projects, build working capital and capacity, and address other financial obligations that can't be met through traditional philanthropic, public funding, or banking sources.

To learn more about impact investing and The Trust contact giving@nyct-cfi.org

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