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News Release

For Immediate Release

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VENN FOUNDATION RELEASES RESEARCH ON PROGRAM-RELATED INVESTMENTS (PRIs) BY PRIVATE FOUNDATIONS IN MINNESOTA

MINNEAPOLIS (March 14, 2018)—Venn Foundation, in collaboration with The Minnesota Council on Foundations (MCF), today released a first-of-its-kind report on the historical use of Program-Related Investments (PRIs) by Minnesota-based private foundations from 1998 to 2016. *The PRI Pulse™* report gives Minnesota's philanthropic and investment communities high-quality information on how PRIs have been used in the past, right when many of the state's foundations are discussing how best to use them going forward.

"PRIs and other impact investing tools are the future of philanthropy," says Trista Harris, MCF president. "Knowing how PRIs have been used historically in Minnesota will increase their adoption as we move forward. *The PRI Pulse* is a powerful resource for foundations exploring how to invest capital where it's needed most."

PRIs are a special type of investment that private foundations make for the primary purpose of advancing their charitable missions and not for the significant purpose of making money. U.S. tax law requires that foundations pay out at least 5 percent of their total assets each year for charitable purposes. Just like grants, PRIs count toward this charitable distribution requirement. But unlike with grants, private foundations can use the dollars from successful PRIs over and over again for charitable impact.

PRIs are incredibly versatile. As long as a PRI is made primarily to advance a foundation's exempt purpose, is structured with concessionary financial terms, and is not designed to influence legislation or political campaigns, practically anything is possible. PRIs can be structured as any investment tool (loan, equity, etc.) and made to any type of recipient (nonprofit, business or government).

Rob Scarlett, board chair of Venn Foundation, is excited about what PRIs can do for their recipients. "PRIs have a lot to offer nonprofit organizations looking for below-market capital," says Scarlett. "But PRIs can also be made to businesses or government entities that independently, or in collaboration with nonprofits, work to achieve charitable impacts. PRIs are poised to usher in a new era of creative, cross-sector partnerships."

The report offers five powerful case studies of real PRIs. One is a \$245,000 PRI loan made by MCF member, The Labrador Foundation, to Level Up Academy to help the White Bear Lake charter school open its doors for its first school year in 2015. Another is a \$60,000 low-interest PRI loan made in 2016 by MCF member, Jeanne M. Voigt Foundation, to Minnepura Technologies, a start-up company commercializing a pool filter that could save billions of gallons of fresh water annually.

While PRIs have existed since 1969, the tool remains under-used. In Minnesota, over the 19-year research period, only 39 out of more than 1,600 private foundations (2.5%) made at least one PRI, and for every \$1,000 in charitable grants made, private foundations and corporate grantmakers deployed just \$7 in PRIs (0.7%).

continued

Venn Foundation Releases Unprecedented Research on PRIs Made by Private Foundations in Minnesota

Other key findings from the report include:

- 39 private foundations in Minnesota invested over \$164 million in 554 PRIs from 1998 to 2016.
- Each year, on average, 11 Minnesota private foundations invested \$8.7 million in 29 PRIs.
- St. Paul's Otto Bremer Trust invested the most money (\$47 million) in PRIs over the period.
- Private foundations in Greater Minnesota conducted a disproportionate share of PRI activity.
- Faribault-based Winds of Peace Foundation made the most PRIs (196) over the period.
- The top three issue areas for PRIs were economic development, human services, and education.

A group of 17 philanthropic professionals supported *The PRI Pulse* project as formal research advisors. They include Kate Barr, president and CEO, Propel Nonprofits; Wade Fauth, vice president, Blandin Foundation; Susan Hammel, impact investing executive in residence, MCF; Greg Keane, CFO, Bush Foundation; Matt Ladhoff, global social investment specialist, 3M Gives; Elizabeth McGeeveran, director of impact investing, McKnight Foundation; Steve Sheppard, executive director, Winds of Peace Foundation; and Bill Sternberg, vice president, Minneapolis Foundation, among others.

The PRI Pulse report in PDF format can be downloaded here: www.pripulse.org/downloads
The PRI Pulse report has also been formatted as an interactive website: www.pripulse.org

About Venn Foundation

Venn Foundation is a nonprofit public charity on a mission to unleash the full power of PRIs to advance charitable impact. Our vision is to create a new category of flexible, below-market investment capital that can be directed creatively to projects and organizations across all sectors that are helping advance charitable goals. To learn more, visit www.vennfoundation.org.

About the Minnesota Council on Foundations

The Minnesota Council on Foundations (MCF) is a vibrant philanthropic community working collectively to advance prosperity and equity. MCF members represent three-quarters of all grantmaking in the state, awarding more than \$1 billion annually. For more information, visit www.mcf.org.