



CREATING A NEW PARADIGM IN PHILANTHROPY

Given today's extreme financial challenges, there is a critical need for significant and real changes in the way nonprofit organizations use philanthropic dollars and the way foundations and individuals deliver these dollars. Simply stated there is not enough philanthropic capital available to meet even a fraction of the needs of the domestic population.

For nonprofits - access to new types of capital such as program related investments (PRIs) and mission related investments (MRIs) could substantially reduce the reliance of nonprofit organizations on more traditional forms of philanthropic dollars that are likely to become less available, given today's current economic climate. Additionally, the increased accountability and improved management strength that would occur from access to this capital would serve to strengthen an organization and its funding

For philanthropic institutions - investments utilizing these new types of capital could help philanthropic institutions extend their grant making capacity and maximize their resources and impact. Program and mission related investments improve the alignment of assets with mission and can achieve social benefits in a way that grants cannot.

Although program related investments (PRIs) and mission related investments (MRIs) have been around for years, they have not been adopted or utilized by the vast majority of domestic foundations or philanthropic institutions for two primary reasons: (1) most non-profits still prefer grant dollars as opposed to debt or other non-traditional forms of capital, and (2) many foundations perceive that they lack the skill set to evaluate the credit worthiness of their grantees that a PRI would require. As a vehicle, many non-profit organizations and foundations remain dependent on traditional grant making - despite the enormous opportunity to leverage the programmatic activities of non profits through more innovative financing.

The Center for Applied Philanthropy (CAP) is working to catalyze the adoption and use of non-traditional funding streams among philanthropic organizations to help leverage traditional funding streams and create a new paradigm in philanthropy. Of equal importance, it focused on bringing to market new capital to drive more sustainable programmatic outcomes for non-profits, while creating a self perpetuating stream of funding as loans are made, repaid and reinvested with other nonprofit organizations.

OVERVIEW

The Center for Applied Philanthropy (CAP) is focused on increasing the understanding, use and adoption of non traditional funding streams among philanthropic organizations to help leverage traditional funding streams. The Center's purpose is four-fold:

- ✦ ***Demonstrate through on the ground experience*** the catalytic power of program related investments in nonprofit organizations from targeted sectors (health and human services, arts and culture and education)
- ✦ Provide a real time "laboratory" for foundations to ***partner in program related investments*** with the level of risk appropriate to their mission through its Fund for Sustainability (TFS). TFS is a special purpose fund being launched by the CAP and the Calvert Social Investment Foundation.

- ✦ Help ***build adoption and use of non-traditional capital*** to fund programmatic activities that can create long term, sustainable and repeatable revenue sources for non-profits
- ✦ Leverage the experience and expertise of CAP to ***build internal capacity within existing foundations*** so that the pool of non-traditional capital grows exponentially over the decade to meet the growing unfunded programmatic needs in the health and human services, arts and culture and education sectors.

The Center for Applied Philanthropy is a joint project with **The Philanthropic Initiative, Inc. (TPI)** - a nationally recognized expert in philanthropic advisory services focused on donors - whose services help individual donors, families, foundations, and corporations research, design, implement and evaluate their philanthropic initiatives. TPI works to actively promote effective giving through their outreach, research, education and training work with community foundations, associations of grant makers and financial institutions who work with donors. TPI's expertise on the donor side and CAP's focus on the grantee and foundation side offers synergies and opportunities to both organizations.

MAIN ACTIVITIES

The Center for Applied Philanthropy is a catalyst, funder, and partner in bringing to market new capital that will drive more sustainable programmatic outcomes for nonprofits. Through its Fund for Sustainability (TFS) and its partnerships with the Calvert Foundation and The Philanthropic Initiative, CAP is becoming a leading partner and resource for those practicing, supporting, or evaluating program related investments by helping to build the knowledge and practice of these non-traditional investments.

The VALUES and SERVICES that CAP provides foundations include:

For Foundations and Individuals

- ✦ ***Partnership:*** We work with foundations and individuals to evaluate the appropriateness of PRIs for their current portfolio and evaluate, structure and implement PRIs aligned with their strategy and mission
- ✦ ***Ease of investment:*** We handle the sourcing, negotiation, due diligence, structuring, managing, and financial and social performance reporting of program related investments.
- ✦ ***Skill building and Knowledge transfer:*** We help build in-house capacity and expertise so foundations can develop the necessary skills to manage PRIs for themselves after the initial investment.

For Nonprofits and NGOs

- ✦ ***Financial Review:*** We conduct detailed due diligence and financial analysis for organizations and work with their staff and board to better understand their capacity for non-traditional capital.
- ✦ ***Full Service Approach:*** We provide technical assistance for the structure and management of the PRI, as well as mentorship and monitoring over the course of the engagement.
- ✦ ***Consulting and Technical Assistance:*** We help nonprofits learn more about PRIs, conduct in-house financial reviews, works with current and prospective funders on structuring an appropriate PRI, and a variety of additional value-add services for nonprofits.
- ✦ ***Additional Leverage:*** We seek, where appropriate, side-by-side grant dollars from relevant foundations or individuals whose capital can complement TFS's investments.

For the Philanthropic Community

- ✦ CAP captures the lessons learned through its own work, and serves as a resource for those exploring program related investments by disseminating these through convenings, conferences, meetings and presentations, and other online media
- ✦ CAP looks for opportunities to partner with those advocating and practicing mission investments on knowledge dissemination and convening, and capitalize on any synergies to further knowledge development for the field.

ABOUT US

Center for Applied Philanthropy

The Center for Applied Philanthropy's mission is to create a new paradigm in philanthropy by providing opportunities for nonprofits to access new forms of capital. CAP is focused on increasing the understanding, use and adoption of non traditional funding streams among philanthropic organizations to help leverage traditional funding. CAP is demonstrating through on-the-ground experience the catalytic power of program related investments and providing a real time "laboratory" for foundations and other funders to partner in these investments through its Fund for Sustainability (TFS). Working together, CAP and TFS are catalysts, funders, and partners in bringing to market new capital to drive more sustainable programmatic outcomes for non-profits. CAP is becoming a leading partner and resource for those practicing, supporting, or evaluating program related investments by helping to build the knowledge and practice of these non-traditional investments. More information is available at: www.tpi.org/thecenter.

The Philanthropic Initiative (TPI)

Twenty years ago, The Philanthropic Initiative, Inc. (TPI) pioneered strategic philanthropy advising. Today we continue to lead the exploration and expansion of the field with ground breaking advising work, world-wide promotion of strategic philanthropy, and training programs for professional advisors. TPI works with corporations, individuals, families and foundations who aspire to move up 'the philanthropic curve'. Clients recognize that our work to advance the field fuels their own efforts through a connectedness, perspective and innovation that we believe is unique to TPI. TPI is a nonprofit social business that strives to deepen donor engagement and magnify impact. More information is available at www.tpi.org

CONTACT

If you are interested in learning more about program related investments and how CAP can partner with you to understand, structure or implement these investments, please contact:

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