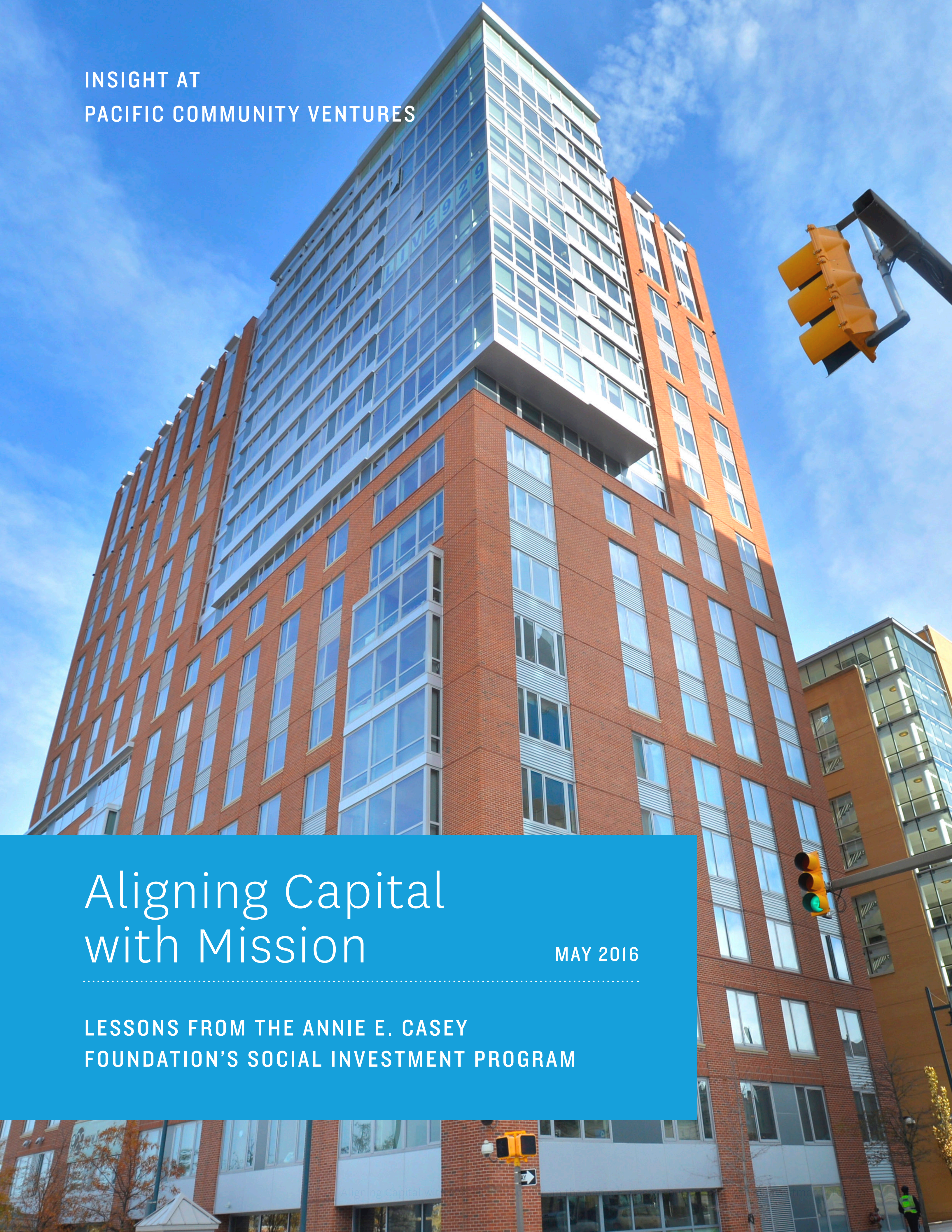

INSIGHT AT
PACIFIC COMMUNITY VENTURES

Aligning Capital with Mission

MAY 2016

LESSONS FROM THE ANNIE E. CASEY FOUNDATION'S SOCIAL INVESTMENT PROGRAM

ABOUT THE RESEARCHERS

PCV InSight is the impact investing research and consulting practice at Pacific Community Ventures, a U.S. Community Development Financial Institution and nonprofit organization. PCV InSight provides information and analysis to investors and policymakers with the goal of driving capital to social purpose. PCV InSight's work has provided the basis for national and international policy initiatives, including the U.S. National Advisory Board, White House Impact Economy Forum, and the Social Investment Taskforce established under the U.K.'s presidency of the G8. PCV InSight clients include the California Public Employees' Retirement System (CalPERS), The Rockefeller Foundation, Omidyar Network, Citi, PG&E, Hamilton Lane, Oportun, Northern California Community Loan Fund, the Northwest Area Foundation, The California Organized Investment Network (COIN), The California Endowment, and The Annie E. Casey Foundation. PCV InSight evaluates the social and economic impacts of over $40 billion of institutional investments across asset classes.

The Center for the Advancement of Social Entrepreneurship (CASE) at Duke University's Fuqua School of Business provided significant research support for this evaluation. We thank Professor Cathy Clark for her guidance throughout this research and Rachel Lampert and Grace Webster from the Fuqua School of Business for auditing the Foundation's impact measurement systems, conducting interviews with Foundation staff, and preparing case studies on select investees.

Supported by the Annie E. Casey Foundation

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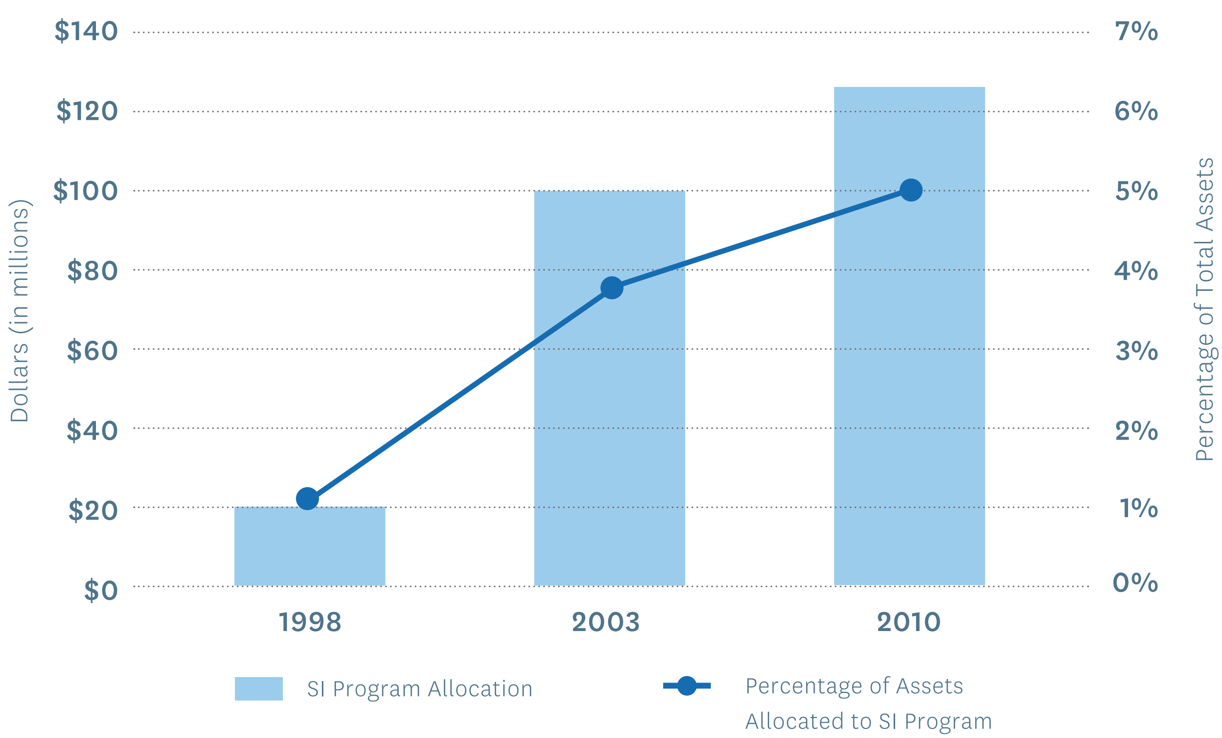
INTRODUCTION

Overview of the Social Investment Program

Established in 1948 by UPS founder Jim Casey and his siblings in honor of their late mother, the Annie E. Casey Foundation ("the Foundation") has sought to improve the lives of America's children and families for over sixty years. The Foundation pursues better educational, economic, social, and health outcomes for children by focusing on strengthening families, building stronger communities, and ensuring access to opportunity. In addition to its grantmaking in areas including family economic success and community change, the Foundation also provides direct services through its initiatives to reform the child welfare and juvenile justice systems. The Foundation has devoted significant resources to carrying out its mission and has deployed grant funds well in excess of the five percent annual payout requirement for private non-operating foundations.

The Foundation first began making mission investments in 1998 when the Board of Trustees approved a $20 million allocation of its endowment for investments aligned with the Foundation's mission. Leadership viewed mission investing—the practice of making investments to further philanthropic goals—as an attractive opportunity to maximize the social impact of the Foundation's assets without jeopardizing its financial sustainability. The Foundation formalized its mission investing strategy in 2002 with the creation of a dedicated Social Investment Program ("the SI Program") and, based on the program's early success, the Board of Trustees significantly increased the allocation for mission investments in 2003 from $20 million to $100 million. In 2010, the Board of Trustees raised the allocation for mission investments to $125 million, increasing the SI Program's size to approximately five percent of the Foundation's endowment.

Figure 1: SI Program Allocation Over Time



The SI Program is unique in that its investments specifically focus on delivering impacts that support the Foundation's programmatic priorities. The Foundation views its grantmaking and mission investing as two complementary tools that can be used in pursuit of the Foundation's mission. The SI Program furthers the Foundation's goals not only by supporting program-aligned projects and initiatives, but also by strengthening organizations and leveraging other sources of private and public capital in ways that grantmaking cannot. Additionally, the Foundation uses its investments to support innovative projects, interventions that have the potential for significant programmatic results, and ideas that, if successful, may be replicable or scalable. The SI Program occasionally offers technical assistance to investees by matching investments with grant support. Investees have used this grant support to increase their impact measurement capabilities, further develop their program strategies, and fund loan loss reserves.

To maximize its alignment with the Foundation's programmatic priorities, the SI Program relies on both Program and Investment staff to effectively deploy and manage investments. The SI Program collaborates closely with Program staff, drawing on their specific programmatic expertise to source and underwrite investment opportunities that align with the Foundation's different areas of focus. The SI Program also requires a Program staff member to formally sponsor each investment it makes. This close integration is a notable strength of the program, leading ultimately to a more holistic mission investing practice that operates in support of the Foundation's programs.

In addition to managing its own portfolio, the Foundation has been a key supporter of the growth and development of the broader impact investing and mission investing fields, dedicating significant staff time and resources to various field building efforts. Along with other prominent foundations in the United States, the Foundation was a key convener of the PRI Makers Network and the More for Mission Campaign, two initiatives that merged in 2012 to create Mission Investors Exchange, a membership network for foundations and affiliates interested in using mission investing to meet their philanthropic goals.[i] The Foundation was also a founding member of the Global Impact Investing Network's (GIIN) Investors' Council that provides a forum for experienced impact investors to share learnings and strengthen the practice of impact investing. In addition to supporting the growth of organizations that foster knowledge sharing among impact investors, the Foundation has also provided resources for impact measurement systems and information platforms including B Lab's Global Impact Investing Rating System (GIIRS) and the Aeris Cloud (formerly CARS, Inc.).

Purpose and Objectives of the Evaluation

The Annie E. Casey Foundation engaged InSight at Pacific Community Ventures to conduct the first comprehensive third-party evaluation of the SI Program, with research support from the Center for the Advancement of Social Entrepreneurship (CASE) at Duke University's Fuqua School of Business. The evaluation focused on the social impact of the SI Program and its impact measurement practices, and had the following objectives:

- Provide a comprehensive review of the social impact that has been achieved to date through the SI Program.
- Assess the systems and processes used by the SI Program to measure and report on its impact, identifying the SI Program's strengths in impact measurement and areas for improvement.
- Surface evidence-based findings and lessons that can assist the Foundation and other investors in rigorously examining and enhancing the social impact of their investments, in order to support the continued development of the impact investing field.

The research methods for this evaluation are described in greater detail in Appendix A.

PORTFOLIO OVERVIEW

The SI Program utilizes a variety of investment vehicles to help the Foundation increase its impact while maintaining financial sustainability. These include below market-rate program-related investments (PRIs), mission-related investments (MRIs) which are expected to produce market rates of return, mission-related deposits (MRDs) to depository financial institutions that serve the Foundation's target communities, and loan guarantees. The Foundation has also created a unique sub-category of PRIs defined as Strategic PRIs.

These investments generally have a higher risk profile than PRIs that more closely align with the Foundation's investment guidelines but are expected to balance this additional risk by providing more targeted social impact.

As of December 31, 2015, the SI Program had 31 commitments across these various asset classes. The evaluation focused on 22 investments that were included in the SI Program's 2012-2013 risk rating.[ii] These investments include PRIs, Strategic PRIs, and MRIs; MRDs and guarantees are not represented in the risk rating and were, therefore, not evaluated as part of this research.[iii]

Figure 2: Investments Included in this Evaluation

INVESTMENT TYPE	INVESTEES
PRI DEBT • 13 investments / $32 million total • Investments ranging from $0.5-7 million • Average investment size: $2.5 million	• Accion Texas (ATX) [iv] • Coastal Enterprises, Inc. (CEI) • Corporation for Supportive Housing (CSH) • Greater New Haven Community Loan Fund (GNHCLF) • Impact Capital (ImpCap) • Living Cities—Catalyst Fund (LCCF) • National Federation of Community Development Credit Unions (NFCDCU) • New Jersey Community Capital (NJCC) • Northern California Community Loan Fund (NCCLF) • Nonprofit Finance Fund (NFF) • SUN Initiative Financing (SUN) • The Reinvestment Fund– East Baltimore Fund (TRF–EBF) • Ways to Work (WtW)
PRI AND MRI EQUITY • 3 investments / $7.2 million total • Investments ranging from $1.5-4 million • Average investment size: $2.4 million	• Baltimore Fund (BF) • Bay Area Equity Fund (BAEF) • Invest Northwest (INW)
STRATEGIC PRI • 6 investments / $34.8 million total • Investments ranging from $0.5-23.6 million • Average investment size: $5.8 million	• Case Commons, Inc. (CCI) • East Baltimore Development Foundation—Construction (EBDF – Construction) • East Baltimore Development Inc.—Tax Increment Financing Bond Purchase (EBDI–TIF Bond) • Jacobs Center for Neighborhood Innovation (JCNI) • Sustainable Neighborhood Development Strategies, Inc. (SNDSI) • The Reinvestment Fund—Development Partners Baltimore (TRF–DPB)

The 22 investments evaluated total $74 million, close to three quarters of the total assets committed by the SI Program as of December 31, 2012.[v] While these investments include both debt and equity, 86 percent of SI Program investments evaluated have been issued as loans, and these investments represent 90 percent of capital committed. Equity investments account for less than 15 percent of the evaluated investments, both as a count of total investments and as a share of total capital committed.

The current structure of the SI Program reflects the evolution of the portfolio since its inception. Initial investments were primarily in equity funds and MRDs. Debt PRIs overtook equity as the majority investment type in the mid-2000s, and Strategic PRIs were not introduced until 2009. The amount of capital committed nearly doubled in that year when the Foundation made its first Strategic PRI to the East Baltimore Development Foundation. The size of the portfolio dramatically increased again in 2011, this time by 70 percent, with another sizable Strategic PRI to the East Baltimore Community School. Since 2011, Strategic PRIs have comprised the greatest share of total capital committed, and debt investments have overtaken equity investments as the largest asset class. The SI Program has phased out MRDs due to their less direct connection to the creation of social impact, and these investments now represent less than one percent of the portfolio.

Figure 3: Investments by Type

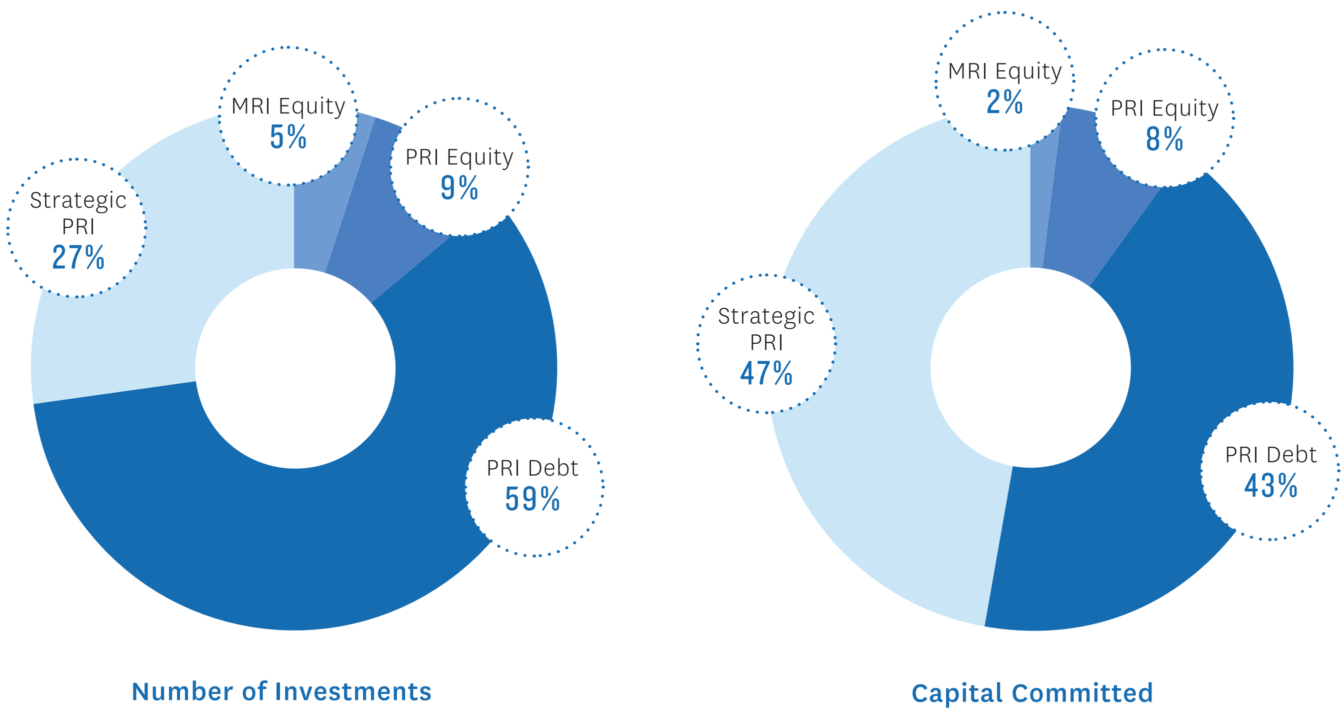
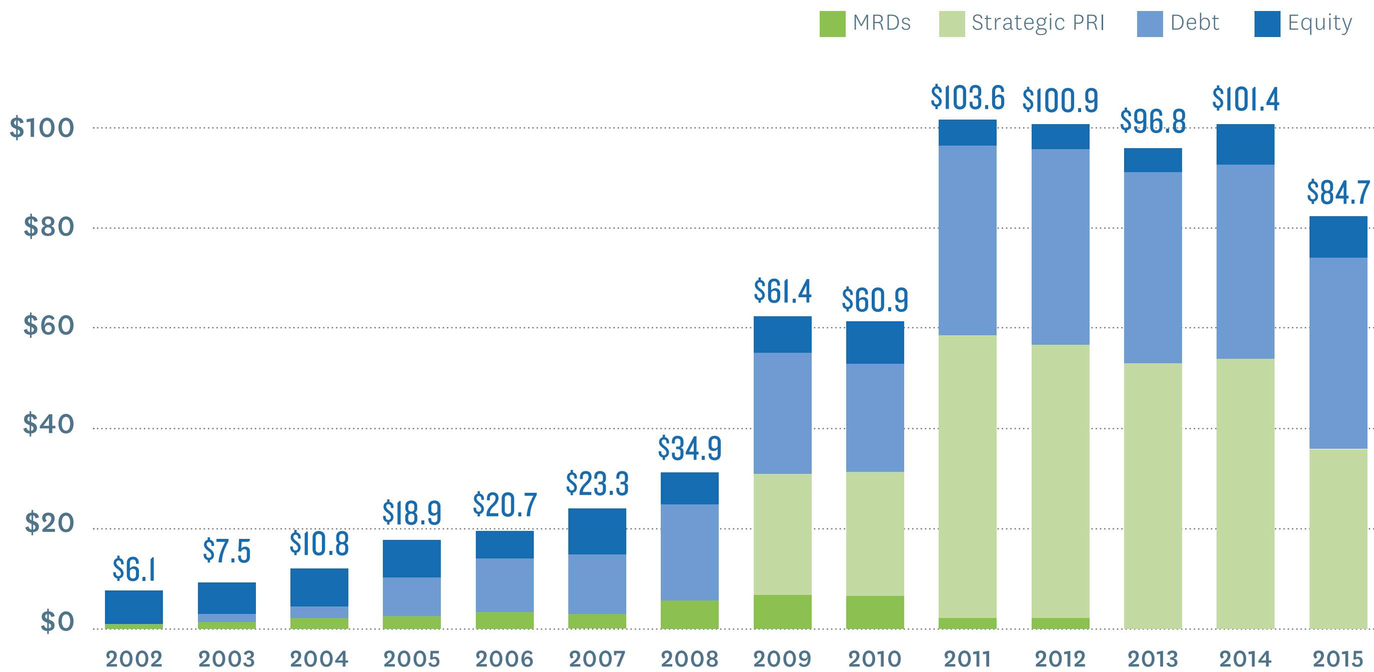


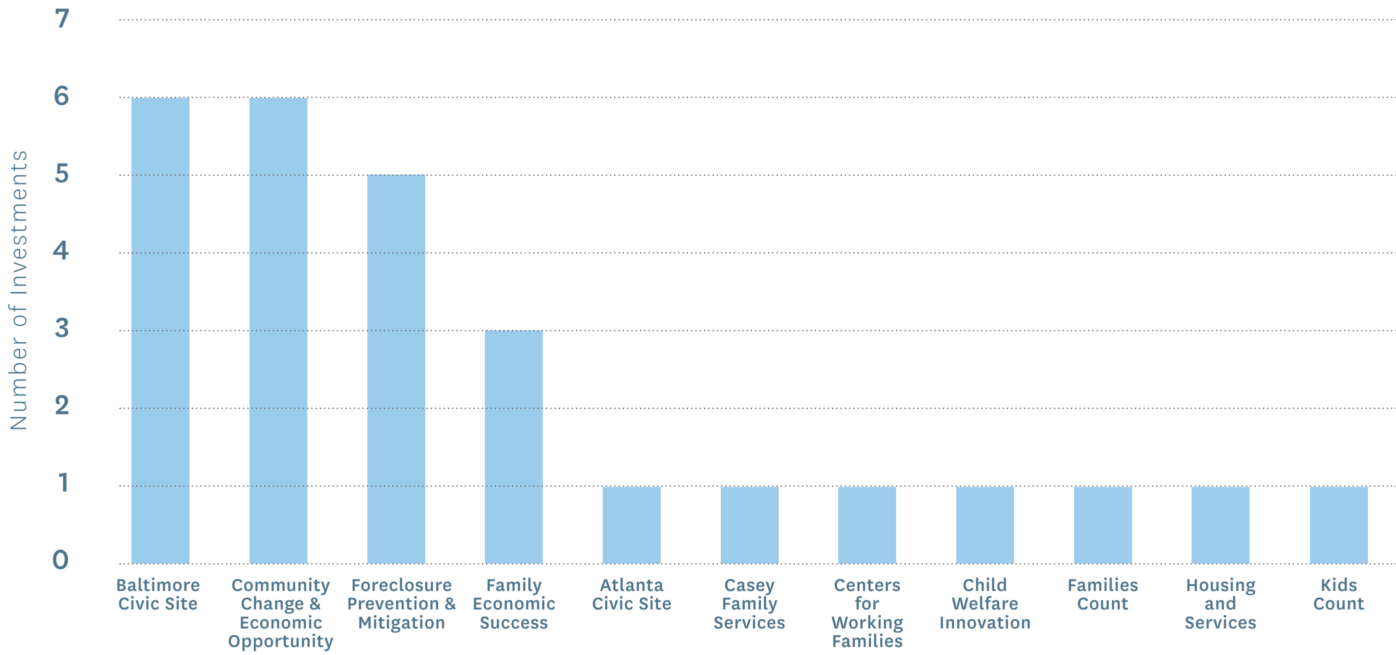
Figure 4: Social Investment Portfolio over Time[vi]



Investments within the SI Program are intended to produce social impacts that are consistent with the Foundation's mission and programmatic goals. In order to ensure programmatic alignment, the SI Program requires a Program staff member to formally sponsor each investment it makes. As such, each investment corresponds to one of the Foundation's programmatic initiatives and, in many cases, a more specific strategy within that overarching program.

Figure 5 on the following page demonstrates the number of investments that supported each specific program strategy as of December 31, 2012.[vii] The Baltimore Civic Site, Community Change and Economic Opportunity, and Foreclosure Prevention and Mitigation program strategies were the strategies most represented by the SI Program's investments. See Appendix B for a more detailed description of which Foundation programs and strategies each investment supports.

Figure 5: Number of Investments by Program Strategy

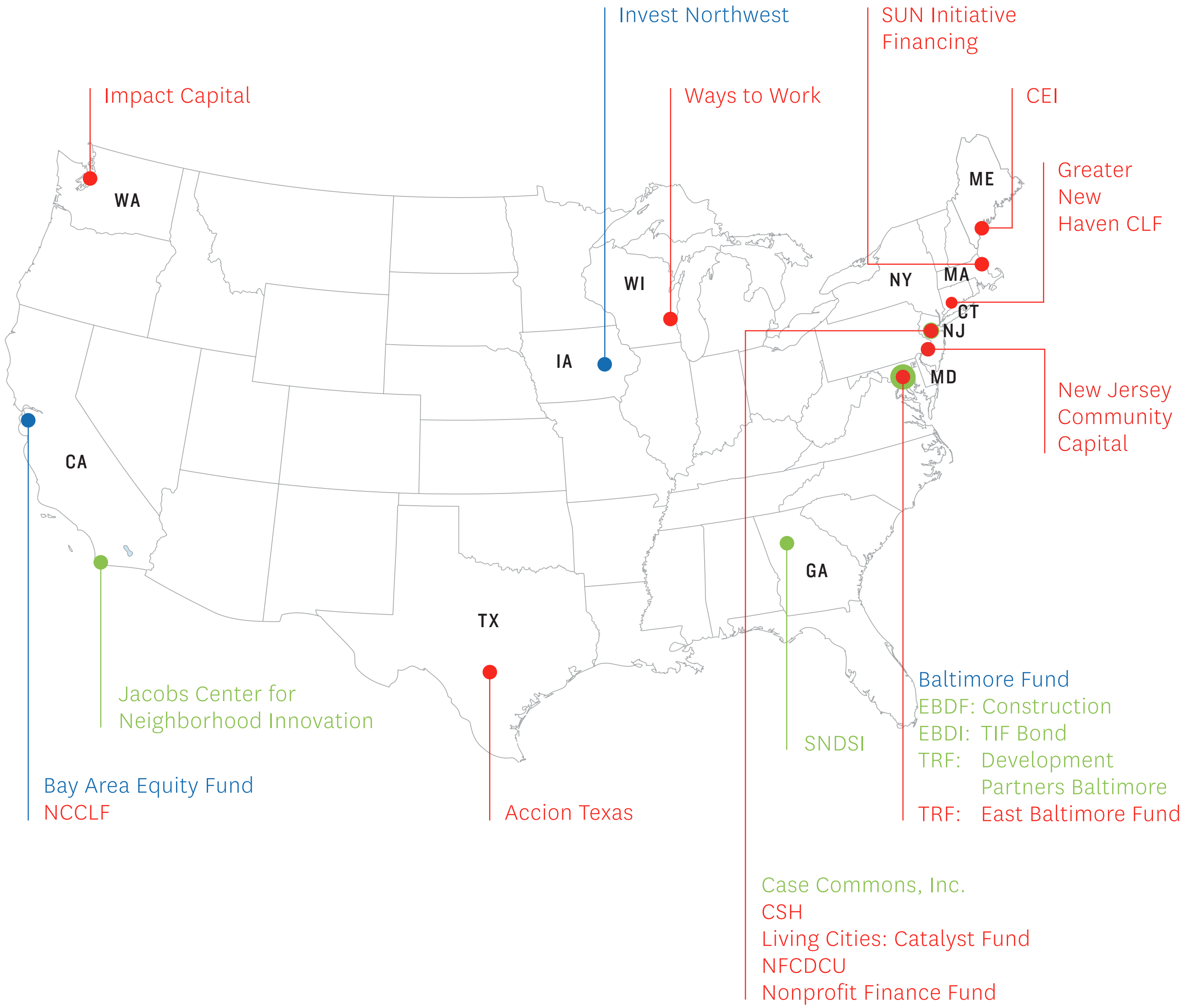


In addition to supporting specific programmatic priorities, the investments span a variety of impact areas that overlap with the Foundation's goal to improve economic and social outcomes for vulnerable children and families. The SI Program currently classifies its impact areas within the following categories: access to capital, child welfare, economic development, and housing and community development. Seventy-seven percent of investments fall within the housing and community development category.

SI Program investees also operate in a wide range of geographies, headquartered throughout the United States with 6 operating nationally and 16 targeting specific communities.

Over time, the Foundation has prioritized select cities throughout the nation as part of its place-based programmatic initiatives, and the SI Program portfolio reflects these commitments with some investments targeting the Foundation's priority geographies. Of particular note, the SI Program has used its investments to further the Foundation's long-standing commitment to the city of Baltimore. The Foundation relocated its headquarters to Baltimore in 1994 and has since declared the city one of its Civic Sites in which it aims "to improve outcomes for kids and families in high-poverty neighborhoods."[viii] Of the 22 investments evaluated as part of this research, 5 of them support projects exclusively focused on the city of Baltimore.

Figure 6: Locations of Investee Headquarters



The majority of organizations receiving investments from the SI Program are Community Development Financial Institutions (CDFIs). These organizations, which account for nearly two thirds of investees, serve as intermediaries that make loans or deposits to other entities including small businesses, affordable housing developers, and community development credit unions that serve low-income and vulnerable communities within the United States. The remaining SI Program investees include equity funds seeking to produce social and financial return, as well as nonprofit organizations.

Investment Type

- Equity
- PRI Debt
- Strategic PRI

Investment Size

- <$1mm
- $1mm-$5mm
- $5mm-$10mm
- $10mm-$15mm
- >$15mm

CASE STUDY:
CORPORATION FOR SUPPORTIVE HOUSING (CSH)

ORGANIZATION STRUCTURE

Nonprofit, Community Development Financial Institution (CDFI)

CORE ACTIVITIES / BUSINESS MODEL

- Supportive housing lending
- Training, education, and consulting services for supportive housing developers
- Advocacy for policy reform at federal, state, and local levels

SUMMARY OF IMPACT AREAS

Support the development of high-quality supportive housing to improve outcomes for vulnerable populations and build strong communities

The Foundation's Investment

INVESTMENT DETAILS

$2,000,000 in debt over 10 years at 3% interest rate

GEOGRAPHIC FOCUS

Colorado, Connecticut, Florida, Georgia, Indiana, Maryland, Ohio, Rhode Island, Virginia, Wisconsin—states where the Foundation had various programmatic initiatives in high-priority cities

POPULATION FOCUS

Vulnerable families, recently incarcerated individuals, and at-risk youth

ADDITIONAL SUPPORT PROVIDED

The Foundation provided grant funding to CSH to complement its PRI. A portion of the grant funding was used to fund the loan loss reserve, a particularly useful component given the difficulty of raising unrestricted capital for this purpose. The grant funding also enabled CSH to hold a lenders' seminar and several meetings with child welfare agencies and other potential partners in regions where they sought to utilize the Foundation's funding.

Results

SOCIAL PERFORMANCE

On track to reach majority of social impact targets as of 2014 (year three of investment):

- Invested in 6 housing projects that offer 108 supportive housing units
- 62% of housing units target the Foundation's high-priority populations: vulnerable families, recently incarcerated individuals, at-risk youth
- 33% of developments located in the Foundation's target cities

FINANCIAL PERFORMANCE

On track with repayment to the Annie E. Casey Foundation. $1.4 million of initial funds reinvested in CSH's supportive housing projects.

THE SOCIAL INVESTMENT PROGRAM'S APPROACH TO IMPACT MEASUREMENT

The SI Program not only assesses the impact of its investments retroactively but also embeds social impact measurement into its investment practices during due diligence and ongoing portfolio management. While there are opportunities for the SI Program to further improve its practices, the SI Program's impact measurement approach demonstrates a high level of sophistication and exemplifies the Foundation's commitment to understanding what ideas and approaches are most effective in improving the well-being of children and families. The stages at which the SI Program incorporates impact measurement into its investment practices are outlined in Figure 7.

The SI Program takes a flexible approach to target setting with each investee, adapting its processes to the specific focus of each investment and the investee's current impact measurement practices. In identifying appropriate impact targets, the SI Program and Program staff account for the unique ways in which an investment may support the Foundation's programmatic goals while also considering more universally applicable metrics. As the SI Program and Foundation staff evaluate prospective investments, impact targets help facilitate conversations about the expected impact of an investment and the extent to which it aligns with the Foundation's goals.

Figure 7: SI Program Impact Measurement Practices

SI PROGRAM AND INVESTEE SET IMPACT TARGETS PRIOR TO CLOSING AN INVESTMENT

Prior to making investments, the SI Program works closely with Program staff and investees to set impact targets, which are measurable social impact objectives an investment is expected to meet. Agreeing on impact targets helps ensure that both the SI Program and investees clearly understand the shared objectives for the proposed investment. Relatedly, the target-setting process allows the Foundation to better understand investees' strategies, their underlying assumptions, and the processes by which they will achieve their social objectives. Finally, target setting enables the SI Program to more effectively hold investees accountable for the use of the Foundation's capital, using progress towards impact targets as a basis for conversations regarding investment performance.

INVESTEES REPORT SOCIAL IMPACT ON AN ANNUAL BASIS

In addition to collecting quarterly financial reports, the SI Program also requires investees to report on the social impact of their investments on an annual basis. The reporting process is predominantly investee-driven as each investee selects its own method of communicating impact to the SI Program. While some investees develop a specific format for reporting their investment's social impact, many use existing documents including annual reports to communicate their impact to the SI Program. Collecting impact data on an annual basis ensures that SI Program staff are well-informed on the ways in which its investees are utilizing the Foundation's capital.

SOCIAL IMPACT IS INCORPORATED INTO INVESTMENT RISK RATING

The SI Program has developed a risk rating system that assesses not only the financial performance of its investments but also their progress towards social impact targets. In combination, the two components of an investment's overall risk rating score—investment and 'program' quality—are used to determine the risk of non-repayment of each investment, indicate the level of monitoring required for each investment, and aid in overall portfolio management. After receiving annual impact data from investees, the SI Program examines each investment's progress towards its stated impact targets and incorporates this assessment within the risk rating.

SOCIAL IMPACT DATA IS TRACKED, AGGREGATED, AND SHARED INTERNALLY

In addition to incorporating impact metrics into its internal risk rating system, the SI Program also uses the data it collects to share the portfolio's impact with other Foundation staff. The SI Program releases a quarterly dashboard that illustrates the portfolio's financial performance as well as a set of impact metrics that the Foundation aggregates and reports across the entire social investment portfolio. These metrics are updated on an annual basis and include indicators that pertain to the Foundation's various programmatic strategies and initiatives.[ix]

SI Program Investment in East Baltimore Development Initiative

THE SOCIAL INVESTMENT PROGRAM'S SOCIAL IMPACT

SI Program investees seek to advance a wide range of programs and strategies and therefore report on a variety of customized, non-standard impact metrics that reflect the specific objectives of the Foundation's investments but can be difficult to aggregate and analyze at the portfolio level. However, the majority of investees are active in three primary sectors—affordable housing, business financing, and commercial and community real estate—and report on several common indicators.

To assess investee performance and foster greater standardization in reporting across these sectors, the Evaluation team designed and administered a survey that requested both sector-level and investment-specific metrics. Sector-level metrics were derived from the Global Impact Investing Network's Impact Reporting Investment Standards (IRIS), a catalog of industry-standard impact metrics.[x]

Based on survey results, the SI Program investees have generated significant social impact that is closely aligned with the Foundation's mission to support vulnerable children and families. Key findings include:

- **The portfolio's affordable housing investments are strongly aligned with the Foundation's mission, with 94 percent of developments based in low- to moderate-income (LMI) communities and an estimated 90 percent of developments targeting families.** These developments contain 2,994 housing units, 89 percent of which are affordable units[xi], which house an estimated 8,563 residents.[xii]
- **The portfolio's business investments have positively impacted local economies, creating an estimated 10,293 jobs largely in underserved communities.** Seventy-eight percent of portfolio businesses are headquartered in LMI communities. In addition, women own or control an estimated 37 percent of the businesses financed, and minorities own or control 63 percent.
- **The SI Program's commercial and community real estate investments are centered within underserved areas**, with approximately 85 percent of the 20 reported projects located in and benefiting LMI communities.

The sector-level metrics incorporated in the survey were later condensed into a group of portfolio-level metrics that provide a snapshot of the SI Program's impact. The Evaluation team used three selection criteria to develop this set of portfolio-level metrics: relevance to investees, availability and frequency of reporting, and relevance to the Foundation's mission.

Financial Performance of the SI Program [xiii]

As of December 31, 2015, the SI Portfolio had a one- and three-year financial return of 1.5 percent and a five-year return of 2.3 percent. In 2015, the PRI loans in the portfolio performed as expected with all loans current on interest and principal payments. One PRI loan was repaid in full at maturity and three investments were partially repaid.

Since inception, 11 PRIs have been fully repaid, and 7 have been partially repaid. The Foundation has realized minimal losses through one loan and one equity investment, reflecting the relatively low levels of risk associated with the SI Program's portfolio.

Figure 8: Portfolio-level Impact Metrics

SECTOR	IMPACT METRIC	IRIS ALIGNMENT	TOTAL
Affordable Housing	Housing Units	PI5965	2,994
Affordable Housing	Affordable Housing Units‡	Aligned with PD5833	2,679
Affordable Housing	Housing Developments	Not an IRIS metric	699
Affordable Housing	Housing Developments Intended to Support Children and Families‡	Not an IRIS metric	668
Affordable Housing	Housing Developments Offering Services for Children and Families‡	Not an IRIS metric	79
Business Financing	Jobs Retained	PI5691	2,382
Business Financing	Jobs Created	PI3687	10,293
Business Financing	Jobs Supported (Created and Retained)	Aligned with PI4874	12,675
Business Financing	Businesses Financed	Aligned with PI9652	243
Business Financing	Businesses in LMI areas‡	Not an IRIS metric	189
Commercial and Community Real Estate	Commercial Space Developed (Square Feet)*	Not an IRIS metric	765,500
Commercial and Community Real Estate	Community Facility Space Developed (Square Feet)*	PI4765	52,000
Commercial and Community Real Estate	People Served Each Year by Community Facilities [xiv]	Not an IRIS metric	—

* Sum of all data available. These metrics were reported for 2 of 4 community real estate projects and 15 out of 16 commercial real estate projects.
‡ Extrapolated based on survey data and beneficiary level data.

CASE STUDY: COASTAL ENTERPRISES, INC. (CEI)

Capital *for* Opportunity *and* Change

ORGANIZATION STRUCTURE

Private, Nonprofit Community Development Corporation (CDC) and Community Development Financial Institution (CDFI)

CORE ACTIVITIES / BUSINESS MODEL

- Small business lending
- Business development support and services
- Affordable housing, sustainable real estate and community facility development
- Policy research and advocacy to foster economic growth

SUMMARY OF IMPACT AREAS

- Support businesses that create and sustain quality jobs for low-income workers
- Develop decent, safe, and affordable housing in rural Maine

The Foundation's Investment

INVESTMENT DETAILS

$2,000,000 in debt over 10 years at 3% interest rate to the Northern Heritage Development Fund (NHDF) managed by CEI. $1,250,000 earmarked for business loans, $750,000 for housing loans or investments.

GEOGRAPHIC FOCUS

NHDF invests in rural Maine, focusing on Northern, Western, and Downeast rim counties.

ADDITIONAL SUPPORT PROVIDED

In the pre-investment process and throughout the life of the loan, the Foundation's staff offered leadership development support for CEI senior staff to ensure that the organization was meeting realistic, meaningful goals in the most effective manner. The Foundation also provided accompanying grant funding to support CEI's workforce development and business counseling programs which help to maximize the impact of the PRI.

Results

SOCIAL PERFORMANCE

Achieved nearly all impact targets as of 2014 (year seven of investment):

- Created and retained 346 jobs
- Supported 109 low-income hires
- Constructed or preserved 38 units of affordable housing with an estimated 64 residents

FINANCIAL PERFORMANCE

On track with repayment to the Annie E. Casey Foundation.
$1.6 million of initial funds reinvested in NHDF target communities.

CHALLENGES

While the SI Program's impact measurement approach is well developed, systematized, and embedded throughout the investment process, the SI Program has encountered a number of challenges that reflect the current state of impact measurement as a practice. These challenges are described below in order to highlight issues that impact investing practitioners continue to grapple with when seeking to conduct rigorous impact measurement and reporting.

Designing and Implementing Measurement Systems

THE IMPACT INVESTING FIELD LACKS A SINGLE AGREED-UPON APPROACH TO IMPACT MEASUREMENT

Impact measurement is an emerging practice and, as such, there are a variety of methods for tracking and reporting on social impact. As investors and investees move to adopt new measurement systems and processes, they find that there is not one agreed-upon approach or a "silver bullet" solution for impact measurement and reporting. This fragmentation in the market creates difficulties for investors as well as investees as there remains confusion on how to conduct impact measurement. The SI Program has encountered this challenge while surveying its investees, identifying varied approaches and discrepancies in the ways each investee reports on the impact of the Foundation's capital. Some investees, for example, survey borrowers only at loan closing while others continue to collect data over time, therefore affecting the SI Program's ability to understand its actual impact over time as opposed to its projected impact. Without a shared understanding of how impact measurement should be conducted, other mission investors will continue to encounter similar challenges in assessing the impact of their respective portfolios.

As impact investing develops as a field, investors and other stakeholders are placing additional emphasis on the need for rigorous impact measurement. Increasingly, investors are implementing new and innovative methods for utilizing data to manage investment performance. HCAP Partners (formerly Huntington Capital), for example, has implemented a "gainful jobs strategy" for managing impact.[xv] Through this approach, HCAP Partners aims to promote the creation of quality jobs at its portfolio companies by working proactively with companies to establish a minimum "floor" for job quality across areas including living wage and health insurance and then by supporting businesses in ascending a "ladder" of increasingly better employment practices. Utilizing this approach requires robust impact measurement practices in order to assess the extent to which businesses are reaching these thresholds. Similarly, B Lab's Measure What Matters initiative offers *all* businesses—not just certified B Corporations—the opportunity to assess their impact using customizable online tools and then craft a plan of action in order to increase their impact in key areas. As impact measurement practices become more robust and sophisticated, it is expected that additional best practices will emerge that can help practitioners align their measurement approaches with driving impact.

BALANCING THE NEED FOR STANDARDIZATION AND CUSTOMIZATION IN IMPACT MEASUREMENT REMAINS CHALLENGING FOR INVESTORS

Impact investors continually struggle with the tension between the desire for standardization and the occasional need for customized metrics. Practitioners and other stakeholders agree that utilizing standardized metrics yields numerous benefits. First, it improves the ease and efficiency of impact measurement for investors and investees. By utilizing a common language, investors are able to lessen the burden of impact measurement, and investees are able to communicate seamlessly with different stakeholders. Additionally, standardization of metrics allows for benchmarking of social impact across business models and sectors. When investees measure their impact using common metrics, it allows practitioners to better compare outcomes. Finally, it enhances the investor's ability to identify attractive, mission-aligned investment opportunities. An investor may, for example, be interested in developing affordable housing in underserved communities. If an investee communicates their impact with standardized impact data that highlights their connection to this mission, it enables the investor to more easily identify this opportunity.

This tension between standardization and customization is particularly pertinent to the Foundation's SI Program. The SI Program has made efforts, particularly through the metrics it includes in its dashboard, to standardize its data collection efforts. Given the SI Program's close alignment with the Foundation's programmatic areas, however, staff often seek to select more customized impact metrics that reflect specific Foundation strategies.

For example, one investment in a national supportive housing provider aimed to provide housing for several of the Foundation's target populations, including recently incarcerated individuals and at-risk youth. In order to track the impact of this investment along these criteria, the SI Program had to adopt a unique metric that may not be applicable to other investments. Maintaining a balance between standardized metrics that can be compared across the portfolio and customized metrics that help the Foundation assess its progress towards its goals poses a challenge to staff leading impact measurement efforts.

While standardization of metrics represents an impact measurement best practice, it remains challenging to implement. There have been significant developments in recent years, particularly with available libraries of impact metrics (e.g. IRIS, B Lab's thematic and industry metrics, etc.) that aim to provide impact investors with a common taxonomy to assess impact across a wide variety of sectors. Since its development in 2008, IRIS has evolved to better meet the needs of its users, adapting metrics to best demonstrate the most common activities among impact investors. IRIS continues to solicit new metrics from the impact investing community and seeks public feedback and comment prior to the release of new IRIS metrics catalogs. There is still progress to be made, however, as IRIS and other metrics libraries may not always have sufficient breadth and diversity to comprehensively capture the social impact of all impact investors. This poses difficulties in seeking to use a standard set of metrics to account for a wide variety of social impacts, as these metrics are often not available, particularly for traditional community development investments (e.g. housing, community facilities, and small business finance).

SETTING ACCURATE IMPACT TARGETS IS A CHALLENGING PRACTICE THAT MAY AFFECT AN INVESTOR'S ABILITY TO MONITOR INVESTMENT PERFORMANCE

In addition to evaluating the impacts of the SI Program across various sectors, the evaluation also assessed each investee's progress towards its stated impact targets. This analysis demonstrated substantial dispersion of results with investees reporting mixed progress towards their impact targets. There is significant variance between investees' actual outcomes and their impact targets, with the majority of investees either exceeding or falling below targets by at least 50 percent. While some of this may be attributed to individual performance, mixed results may also result from the inherent difficulty in setting reasonably attainable impact targets. Despite the numerous benefits associated with integrating impact targets into an investment approach, impact target setting – both selecting appropriate metrics that reflect investment objectives and setting quantified targets for those metrics – poses several challenges to the SI Program and its investees as well as other investors seeking to track social performance.

First, there is a lack of publicly available benchmarks for expected social impacts generated by investments. Given the nascency of the impact measurement field, few benchmarks are currently available on the social performance of funds, CDFIs, and nonprofits similar to those in the SI Program's portfolio that could be used to select and assess the feasibility of proposed impact targets. Impact target setting is challenging even for investments in experienced organizations with significant track records, as the SI Program and other investors have limited externally-available information to verify that impact targets are appropriate. Several organizations in the field, however, have taken steps to aggregate and share impact data with investors. B Lab's B Analytics contains the largest set of social impact performance data for impact investments, primarily focusing on impact funds and less on traditional community investment intermediaries like CDFIs.

Separate from B Analytics, the Aeris Cloud explicitly serves the CDFI industry and its investors, offering a growing set of data on the social impact of CDFIs but predominantly focusing more broadly on financial performance and risk.[xvi]

Relatedly, setting realistically attainable impact targets is especially challenging for investments in organizations that support relatively untested business models, i.e., those that provide capital to start-up organizations and projects, as they do not have historical performance data that could inform impact target selection. In cases where an investee has a unique, untested approach, the SI Program relies more heavily on the investee to demonstrate their rationale for selecting impact metrics and to explain their calculation of and assumptions underlying the quantified targets for each metric. This can prove difficult, however, resulting in impact targets with a lesser degree of accuracy.

Portfolio Management and Reporting

INVESTEES' EXISTING MEASUREMENT PRACTICES MAY AFFECT THE QUALITY AND INTEGRITY OF IMPACT DATA

In order to ensure that impact data can be properly utilized to both understand performance and drive investment decisions, it is crucial that data collected is reliable and accurate. Collecting quality data not only relies on the investor's commitment to driving impact measurement but also on investees' abilities to adequately measure and report on the impact of their activities. As part of the evaluation of the SI Program's social impact, a detailed examination of the impact measurement practices of investees was conducted to help the SI Program better understand the strengths and areas for improvement in investees' existing practices. Overall, investees' measurement practices varied with many projecting results rather than tracking impact over time and few collecting beneficiary data detailing how their capital supports the Foundation's target population of vulnerable children and families.

One significant finding is that the variation in investees' impact measurement practices was largely driven by the nature of each organization's relationship with beneficiaries. This relationship was shaped by:

- Investment type: Strategic PRI recipients and equity funds have a more direct relationship with their beneficiaries. As a result, these investments were more adept at tracking impact performance over time than PRI debt recipients.
- Sector: Affordable housing, business financing, and commercial and community real estate investments have different end beneficiaries, impacting the types of data they ultimately collect. Affordable housing investments are better positioned to track data that demonstrates their ability to benefit vulnerable children and families as compared to businesses which may lack in-depth data on individual employees. As a result, the analysis of businesses financed was limited by a lack of data on job quality, particularly metrics related to employees' access to healthcare and retirement benefits. Similarly, it was difficult to determine the extent to which the portfolio's commercial and community real estate investments advanced the Foundation's mission given that these facilities typically do not collect data on their ultimate beneficiaries.

In addition to varying practices by sector, investees' existing measurement capabilities may also be hindered by a lack of human or financial capital necessary to effectively measure impact. Impact measurement and reporting requires that staff or financial resources be devoted to the collection, analysis, and reporting of impact data. Many investees, however, lack the resources or expertise needed to design and implement adequate measurement systems and then utilize them on an ongoing basis to monitor impact.

AD HOC DATA COLLECTION PROCESSES MAY LEAD TO INCONSISTENCIES AND DATA QUALITY ISSUES IN ASSESSING IMPACT

While the SI Program's existing systems demonstrated the Foundation's commitment to measuring impact, further refinement would support a more consistent approach to impact measurement. There are currently significant discrepancies and variation in how the SI Program documents impact targets and recent impact performance. Without a streamlined system for documenting impact targets and performance metrics in a consistent, standardized manner, it becomes time-consuming for staff to reference this data, potentially presenting a hurdle to assessing social performance.

Additionally, investees primarily determine the format by which impact is reported. Investees report impact data in a variety of formats, including impact reports, financial statements, annual reports, etc. SI Program staff must review these reports and transpose impact data that is relevant to the SI Program into their files. While this approach substantially minimizes the burden investees face in collecting data, it can introduce data quality and management issues.

LESSONS LEARNED

The following section includes lessons surfaced over the course of this evaluation regarding approaches that mission investors can take to achieve greater impact with their investments. These observations are grounded in extensive research of the SI Program and have been synthesized based on this evaluation's findings. Implementing these practices has significant potential to enhance a mission investor's ability to source, perform due diligence, and manage impactful investments aligned with its mission and programmatic activities. As such, these lessons are most relevant for foundations and other investors seeking to align investment capital with mission.

ALIGNMENT BETWEEN PROGRAM AND INVESTMENT STAFF IS CRITICAL TO ENSURE STRONG INVESTMENTS THAT WILL ACHIEVE BOTH MISSION-ALIGNED SOCIAL IMPACTS AND THE TARGET FINANCIAL RETURN

The SI Program is unique in that its program-aligned strategy encourages greater integration with the Foundation as a whole. Through the evaluation, this close integration emerged as a strength of the program, and other foundations are encouraged to consider how mission investing can best support their own programmatic goals. Foundations can foster greater collaboration between their mission investing initiatives and program areas through education and outreach efforts with program staff and partners. Targeted workshops can introduce foundation staff to mission investing, describe the different circumstances where PRIs or MRIs are appropriate, and illustrate opportunities for mission investing and program staff to collaborate on mission investments. By conducting more active outreach to program staff, mission investing teams can identify thematic areas where there might be greater opportunity to use mission investments as a tool to further programmatic objectives.

IMPACT MEASUREMENT IS NECESSARY TO UNDERSTAND INVESTMENT PERFORMANCE AND REQUIRES APPROPRIATE RESOURCES TO MANAGE EFFECTIVELY

Given that impact investing is differentiated from traditional investing by its explicit intent to generate social and environmental impact, it is crucial that impact investors are able to adequately measure and communicate the impact of their investments in order to validate claims that capital was deployed for social purpose.

Implementing or improving impact measurement systems and processes is a time-intensive effort, but one that produces substantial benefits for mission investing programs, including better understanding an investment's specific impacts and having more data available to inform investment decisions. Practitioners should therefore consider investing in impact measurement at both the foundation and investee level. Mission investors can increase their own capabilities by allocating additional staff resources to managing impact measurement processes, utilizing impact measurement platforms, or engaging external consultants for third-party assessment and verification of impact. Additionally, investors can enhance their investees' measurement capabilities through direct grant support, technical assistance, or by connecting them with publicly available resources such as IRIS or impact measurement guides.[xvii]

IMPACT MEASUREMENT PRODUCES GREATER BENEFITS WHEN INTEGRATED THROUGHOUT THE INVESTMENT PROCESS

While many investors view impact measurement as a means to assess what a specific investment has accomplished, impact measurement practices can be embedded throughout the investment process to maximize the program's impact and alignment with the investor's mission.

By integrating measurement practices into investment sourcing and due diligence processes, investors can better identify mission-aligned investment opportunities and also assess an investee's likelihood of delivering social impact, leading to better and more impactful investments. Following capital deployment, ongoing measurement and reporting can help investors monitor and manage impact performance as well as communicate the impact of individual investments and their overall investment portfolios.[xviii]

The following steps represent best practice for investors seeking to embed impact measurement within due diligence:

Assess potential investees' impact measurement practices during due diligence

The practice of impact measurement can serve as a proxy for an organization's ability to achieve impact given that an organization that invests resources in measuring impact is likely to be focused on achieving impact. Organizations with effective impact measurement practices are also more likely to have a clearly-defined investment thesis of change and greater willingness to be held accountable to progress against social impact targets. Assessing investee impact measurement practices can provide valuable insights into an investment's potential.

Discuss impact targets prior to making an investment

While conducting due diligence, investors should also discuss possible impact targets with prospective investees and, where possible, propose impact targets that are informed by a set of sector-specific shortlisted impact metrics (e.g. business financing, affordable housing). Some intended social impacts will be unique to a particular investment, so while it is recommended that the investors utilize a set of shortlisted impact metrics informed by IRIS or other sources to propose impact targets, some but not all targets should come from this list.

Understand methods and assumptions behind social impact targets

Staff performing due diligence should ask potential investees to explain the methods and assumptions behind their impact targets and provide supporting documentation where available. Investors can also, where feasible, refer to the performance of similar organizations or past investments to assess whether impact targets are reasonable. Both B Lab's B Analytics and the Aeris Cloud will become increasingly valuable tools for comparing social impact outcomes as more users contribute data to these systems.

Consider social impact benchmarks for investee performance comparison

In addition to discussing impact targets with the potential investee, investors should consider possible benchmarks that could be used to compare an investee's impact against economic indicators or the performance of similar organizations. Examples include comparing the wages offered at funded companies to the regional living wage; job growth to regional job growth; and median cost of affordable housing to median housing costs.

CLEAR PROCESSES AND ROBUST SYSTEMS FOR COLLECTING, STORING, AND ANALYZING IMPACT DATA ARE VITAL COMPONENTS OF EFFECTIVE IMPACT MEASUREMENT

When adopting new impact measurement practices, it is important for investors to implement appropriate systems for managing data collection, storage, and analysis. Developing organized processes for impact measurement not only ensures that data is collected in a clear, consistent manner but also improves the accuracy of the information collected and the ease with which investment staff can utilize data. When designing systems for data management, investors should consider the following:

Map out processes for conducting impact measurement, and identify relevant participants both within and outside the organization

It is important to have a clear understanding of how the various processes for conducting impact measurement (data collection both pre- and post-investment, data storage, data analysis, etc.) interrelate. It is also crucial that all participants at both the investor and investee level understand their roles and responsibilities in the impact measurement process.

Utilize a single standardized data collection format for annual data collection purposes

A standardized, investor-driven data collection process is preferable to a client-driven approach that differs by investee reporting format as the latter may yield less useful data that is difficult to analyze and is not comparable across investments. An investor-driven process does not necessarily place additional burden on investees and can benefit both parties by:

- Creating a common framework for the investor and investee to discuss and review their impact and progress
- Improving the efficiency and ease of impact data collection, aggregation, and analysis for the investor
- Minimizing the likelihood of errors in data or reporting when collecting and aggregating impact data

Analyze impact data on an annual basis to develop a more robust understanding of both individual investee and overall portfolio performance

The annual assessment should examine the social impact of both individual investees and the portfolio as a whole. Through this assessment, mission investors will be able to gain deeper insights into whether investments are furthering the foundation's mission and then communicate the impact of the portfolio both internally and externally. Investors will also be better positioned to understand how investees are performing against impact targets.

Refine impact measurement processes through conversations with investees and internal stakeholders

Investors should seek to refine their impact measurement processes on an ongoing basis by engaging with both investees and external practitioners within the field of impact investing. Investors can engage in discussions with investees regarding the impact metrics they believe are most feasible to collect and most relevant to their social objectives. Investors should also perform ongoing reviews of data collected and identify which data does not appear relevant for decision-making and internal learning.

BY SHARING FINDINGS, MISSION INVESTORS CAN INCREASE TRANSPARENCY AND SUPPORT DEMAND FOR BETTER IMPACT DATA

As the field of impact investing grows, there is increased demand for greater transparency on performance, including the social impact of investments. With concerns that investors are not sufficiently reporting on the social impact of their investments, demonstrating evidence of impact is crucial to distinguishing impact investments from all other investments and proving that impact investing can in fact address some of the world's most pressing challenges.

Additionally, impact measurement continues to be a practice that prompts uncertainty and surfaces many questions among investors. If more organizations share their impact measurement practices with the greater field, it can contribute to and advance the field's understanding of how to best track social impact. Finally, increased transparency around impact data will help organizations such as IRIS and B Lab contribute to the development of standardized metrics and suitable benchmarks for investors.

With increased calls by investors and practitioners for better data, information, and transparency within impact investing, willingness on the part of foundations to share the performance of their mission investing portfolios will elevate the practice of both impact measurement and impact investing. Beyond enabling investors to share their successes with a broad set of audiences, the sharing of performance data would be an exercise in transparency not yet standard among foundations within the mission investing field.

CONCLUSION

Since the inception of its Social Investment Program, the Annie E. Casey Foundation has demonstrated a strong commitment to mission investing. The SI Program has worked closely alongside the Foundation's programmatic areas to deploy additional and new forms of capital to improve the lives of vulnerable children and families. This evaluation demonstrates that the SI Program's investments have driven considerable impact for the Foundation's target populations, particularly through its affordable housing and business investments. In addition to the impact its investments have delivered, the SI Program has also advanced the mission investing field by playing a central role in the development of practitioner networks and information platforms, and through its continued willingness to share best practices and learnings from its own experiences with others.

The challenges and opportunities uncovered through the evaluation of the SI Program are representative of those that other mission investors undoubtedly face, particularly in conducting impact measurement. As such, this report can serve as a resource for practitioners interested in better understanding and maximizing their impact, particularly for those seeking to develop measurement systems and processes to do so. Implementing a robust set of impact measurement practices may require additional time and resources, but it is essential to differentiating impact investments from traditional investments focused on financial return alone. Investing in measurement enables mission investors to better monitor and understand the social performance of their investments, leading them to make better-informed decisions that ultimately maximize the impact of their portfolios in alignment with their mission.

APPENDIX A

RESEARCH METHODS AND APPROACH

RESEARCH METHOD	DESCRIPTION
Stakeholder Interviews	Interviews with SI Program team members, Foundation leadership, program staff, investees, and recipients of their capital. Stakeholder interviews provided insights into the SI Program's history, operations, and goals, as well as the impact of the SI Program's funding on investees and their beneficiaries.
Document and Literature Review	Review of internal documentation on the SI Program, including historical program formation documents, operating guidelines, investment recommendations, investee-submitted impact reports, and other relevant documents. Literature review of impact investing and impact measurement reports including the G8 Social Impact Investment Taskforce Impact Measurement Working Group Report, the guidelines from which are referenced in relation to the SI Program's impact measurement practices.
Review of Systems and Processes for Impact Measurement	Review of systems and processes for impact measurement through consultations with SI Program team members and review of key documents on processes.
Impact Audit	Impact audit of the SI Program's systems and processes for impact measurement to validate reported impact results for each SI Program investee and for the SI portfolio as a whole.
Primary Impact Data Collection	Primary impact data collection from SI Program investees. Utilized a standardized set of metrics developed based on SI Program impact metrics, investee impact reports, and other industry best practices [e.g., the Impact Reporting and Investment Standards (IRIS)].
Investee and Portfolio Analysis of Impact	Quantitative and qualitative analyses focused on individual investee and portfolio-wide impact. Examined socioeconomic characteristics of communities (low- to moderate-income, rural and urban, etc.) where capital was deployed, impacts across sectors of investment, and individual investee impact progress towards impact targets. Common characteristics of high-performing and underperforming investees were also examined.
Assessment of Investee Reporting Capabilities	Identification of investee impact reporting capabilities documenting both investees who rigorously measure impact and those whose impact measurement practices lag behind other investees.
Analysis of Impact Metrics	Creation of a set of impact metrics following an analysis of frequency and relevance to the Foundation's mission and examination of IRIS-aligned sector-specific metrics and general impact metrics.

APPENDIX B

INVESTMENT ALIGNMENT WITH PROGRAMMATIC PRIORITES

INVESTMENT	TYPE	YEAR	DESCRIPTION	PROGRAMMATIC ALIGNMENT	SPECIFIC PROGRAM STRATEGY
Accion Texas	PRI Debt	2005	Provides small business loans to those who do not have access to capital from typical lending sources.	Making Connections	Community Change and Economic Opportunity
Northern California Community Loan Fund	PRI Debt	2005	Offers flexible financial products and advice to community-based nonprofits and enterprises to increase their financial resilience and sustainability.	Making Connections	Community Change and Economic Opportunity
Impact Capital	PRI Debt	2006	Partners with housing authorities, neighborhood organizations, tribal entities, charter schools, financial institutions, and business owners to create sustainable and equitable communities in the Pacific Northwest.	Making Connections	Community Change and Economic Opportunity
Coastal Enterprises Inc.	PRI Debt	2007	Offers small business loans, business development support, and financing for affordable housing, sustainable real estate and community facility development.	Casey Family Services; Family Economic Success	Casey Family Services; Rural Family Economic Success
Living Cities—Catalyst Fund	PRI Debt	2008	Deploys concessionary, flexible debt from socially motivated investors to improve the lives of low-income people and the communities where they live.	Civic Sites; Making Connections	Baltimore Civic Site; Community Change
Ways to Work	PRI Debt	2008	Provides low-interest loans and financial education to low-income families.	Family Economic Success	Family Economic Success
National Federation of Community Development Credit Unions	PRI Debt	2009	Coalition dedicated to strengthening credit unions that serve low-income communities. Achieves its mission through capacity building, investing, and advocacy work.	Family Economic Success	Foreclosure Prevention & Mitigation
Nonprofit Finance Fund	PRI Debt	2009	Provides loans, financial consulting and growth capital services to help nonprofits improve their capacity and strengthen their communities.	Investment intended to support 3 cohorts of "Mission Critical Grantees" (MCGs)—Kids Count grantees, Families Count honorees, Centers for Working Families	Centers for Working Families; Families Count; Kids Count

APPENDIX B

INVESTMENT ALIGNMENT WITH PROGRAMMATIC PRIORITES *(continued)*

INVESTMENT	TYPE	YEAR	DESCRIPTION	PROGRAMMATIC ALIGNMENT	SPECIFIC PROGRAM STRATEGY
SUN Initiative Financing	PRI Debt	2009	Helps families who have a steady income—but can't make their monthly mortgage payments due to hardship—remain in their homes.	Family Economic Success	Foreclosure Prevention & Mitigation
Greater New Haven Community Loan Fund	PRI Debt	2010	Provides alternative financing for affordable housing and community development in the greater New Haven area.	Family Economic Success; New Haven Civic Site	Foreclosure Prevention & Mitigation
Corporation for Supportive Housing	PRI Debt	2011	Helps build housing that lets homeless and disabled people connect to homes, health care, jobs, and the community.	Family Economic Success (also supported by Center for Effective Family Services and Systems, Jim Casey Youth Opportunities Initiative, and Casey Family Services)	Housing and Services
TRF—East Baltimore Fund	PRI Debt	2011	Uses loan and grant funds to finance the creation of quality housing, schools, supermarkets, and other commercial real estate in Baltimore.	Baltimore Civic Site	Baltimore Civic Site
New Jersey Community Capital	PRI Debt	2012	Takes a comprehensive approach to transforming New Jersey's at-risk communities by providing flexible financing to housing developments, charter schools, small businesses, early care centers, and pre-school facilities.	Family Economic Success	Foreclosure Prevention & Mitigation
Baltimore Fund	PRI Equity	2002	Designed to drive economic growth and job creation in struggling Baltimore neighborhoods through business expansion and the development of new financial and workforce linkages.	Baltimore Civic Site	Baltimore Civic Site
Bay Area Equity Fund	PRI Equity	2004	Invested in mid-to-late stage growth companies located in or near low to moderate income neighborhoods in the Bay Area, focusing on technology, healthcare and specialty consumer goods and services.	Making Connections	Community Change and Economic Opportunity

APPENDIX B

INVESTMENT ALIGNMENT WITH PROGRAMMATIC PRIORITES *(continued)*

INVESTMENT	TYPE	YEAR	DESCRIPTION	PROGRAMMATIC ALIGNMENT	SPECIFIC PROGRAM STRATEGY
Invest Northwest	MRI Equity	2006	Invested in businesses located in an eight-state region in the Midwest and Northwest that is underserved by the capital markets. The fund intended to support jobs that pay living wages and provide quality benefits, worker training, and opportunities for career advancement.	Family Economic Success	Rural Family Economic Success
Jacobs Center for Neighborhood Innovation	Strategic PRI	2005	Focused on revitalizing Southeastern San Diego's Diamond Neighborhoods. Developed the Market Creek Plaza, a development which includes a grocery store, bank, and other commercial and community facilities.	Family Economic Success	Community Change and Economic Opportunity
EBDF - Construction	Strategic PRI	2009	Founded to lead a large-scale community revitalization effort, beginning in 2002 in the Middle East neighborhood of Baltimore.	Baltimore Civic Site	Baltimore Civic Site
EBDI - TIF Bond Purchase	Strategic PRI	2009	Founded to lead a large-scale community revitalization effort, beginning in 2002 in the Middle East neighborhood of Baltimore.	Baltimore Civic Site	Baltimore Civic Site
SNDSI	Strategic PRI	2009	Implemented rental assistance program in Atlanta to address foreclosures, stabilize neighborhoods, create jobs and increase the stock of affordable rental housing.	Atlanta Civic Site	Atlanta Civic Site; Foreclosure Prevention & Mitigation
TRF - Development Partners Baltimore	Strategic PRI	2009	Acquired real estate and assembled sites of underdeveloped urban land for residential and supportive commercial use in order to provide quality housing and economically diverse neighborhoods for low and moderate income families.	Baltimore Civic Site	Baltimore Civic Site
Case Commons, Inc.	Strategic PRI	2011	Developed Casebook, a client management software system designed to help child welfare agencies more efficiently and effectively collect and track case data.	Center for Systems Innovation	Child Welfare Innovation

ENDNOTES

[i] For more on the origins of Mission Investors Exchange, see: https://www.missioninvestors.org/about-us/origins-mission-investors-exchange.

[ii] These investments were selected as the risk rating represented the most comprehensive source of impact targets and performance at the time this evaluation began.

[iii] The 2012-2013 Risk Rating also omits the following PRIs and MRIs that were approved as of 12/31/2012: East Baltimore Community School—Construction and Fundraising, McCormack Baron Salazar, Self-Help Ventures Fund. These investments are not included in this evaluation.

[iv] Accion Texas changed its name to LiftFund in January 2015, but is referred to by its original name throughout this report.

[v] As of 12/31/2012, the Foundation had committed $100,913,000 in mission investments.

[vi] Figure 4 represents investments as of 12/31/2015. Data on mission investments prior to 2002 was not available.

[vii] Some investments support multiple program strategies, and Figure 5 shows investments linked to each strategy. Therefore, the total number of investments depicted here exceeds the 22 investments evaluated in this report.

[viii] See: http://www.aecf.org/work/community-change/civic-sites.

[ix] SI Program dashboard metrics include charter school slots, childcare slots, commercial space developed (square feet), jobs created, housing units developed, affordable housing units developed, and small businesses financed.

[x] See: http://iris.thegiin.org/.

[xi] Extrapolated based on a sample of 76 percent of total housing units in the portfolio.

[xii] Extrapolated based on residents/unit.

[xiii] An examination of financial performance of the SI Program was not a focus of this research. As such, the financial performance data cited has not been verified as part of this evaluation.

[xiv] Although investees did not report this information, tracking the annual number of beneficiaries of community real estate projects is an important impact metric because it can be used as a proxy for assessing the social impact of financed community facilities in addition to the amount of community facility space developed.

[xv] See: http://ssir.org/articles/entry/managing_vs_measuring_impact_investment.

[xvi] Both the Aeris and B Analytics platforms are subscription-based. See http://b-analytics.net/ and http://www.aerisinsight.com/.

[xvii] The IRIS website hosts a number of impact measurement guides that support the use of IRIS and other impact measurement approaches. See: https://iris.thegiin.org/guidance.

[xviii] These findings are consistent with guidelines issued in 2014 by the Impact Measurement Working Group of the G8 Social Impact Investment Taskforce. These guidelines lay out best practices for impact measurement and provide a framework for how investors can better integrate measurement throughout the investment lifecycle. Measuring Impact: Guidelines for Good Impact Practice

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