# *Community Investing*
# Toolkit for the Faith Community

Social Investment Forum
Foundation

# Table of Contents

# CEO Message

The faith-based sector has long been committed to socially responsible investing (SRI), with more than five decades of active engagement in screening, shareholder advocacy and community investing.

The community investing marketplace has expanded considerably in recent years to meet the needs of investors with varying levels of risk tolerance. The Social Investment Forum, the national U.S. membership association for SRI practitioners, has documented the exponential growth in community investing, from $4 billion invested in this sector in 1995 to almost $26 billion in 2007. In fact, community investing is the fastest growing component of SRI.

In response to the increasing number of investment choices, SIF launched its "1% or More in Community Investing" campaign in 2001 with the message that an investment allocation as small as one percent can make a difference. While a number of SIF members, including financial planners and institutional investors, actively participated in the campaign, only a few religious institutions have adopted the goal to date. Recognizing the potential for the religious sector to expand its role in community investing, SIF – together with many of our members, including the Interfaith Center for Corporate Responsibility (ICCR) - explored how to take the "1% or More in Community Investing" campaign to a larger pool of faith communities and encourage them to adopt the campaign as their own.

The concept for this handbook developed out of a roundtable discussion SIF convened in 2007 that brought together 25 experts from various religious institutions via video conference. These investors asked for an introductory guide on community investing's impact, and on quick and efficient ways for faith-based investors to get involved. SIF's community investing team began this work by interviewing leading faith-based community investing experts about the products and services that worked for them, their impact and investment goals, and how they achieved the "1% or More" challenge. The interviews brought to light that investment goals as well as philanthropic and theological principles can be unified through community investing.

We continued to test the demand for the handbook by approaching faith-based investors attending the annual SRI in the Rockies conference, other investor events in the United States and at the international inter-faith conference at the European Parliament sponsored by the Conference of European Churches, the Evangelical-Lutheran Church of Finland, and Oikocredit. The handbook idea was met with widespread enthusiasm.

We hope that this handbook helps your institution to join the community investing movement. We look forward to your joining the list of organizations who allocate "1% or More in Community Investing."

Sincerely,

Lisa N. Woll

Lisa N. Woll

# What is SRI?

**Socially Responsible Investing (SRI)** is a broad-based approach to investing that recognizes that corporate responsibility and societal concerns are valid parts of investment decisions. Investors encourage corporations to improve their practices on environmental, social and governance issues. Socially responsible investors include individuals as well as institutions, such as corporations, universities, hospitals, foundations, insurance companies, public and private pension funds, nonprofit organizations, American Indian tribes and religious institutions. Institutional investors represent the largest and fastest growing segment of the SRI field. Socially responsible investing is also referred to as mission investing, responsible investing, double or triple bottom line investing, ethical investing, sustainable investing, or green investing. Today, approximately one of every nine dollars of U.S. assets under professional management is following one or more of the three core SRI strategies:

- positive and negative screening,
- shareholder engagement and advocacy, and
- community investing.

## SRI Strategies

**Screening** is the practice of evaluating investment portfolios or mutual funds based on social, environmental and corporate governance criteria. Screening may involve including strong corporate social responsibility (CSR) performers, avoiding poor performers, or otherwise incorporating CSR factors into the process of investment analysis and management. Generally, social investors seek to own profitable companies that make positive contributions to society. “Buy” lists may include enterprises with, for example, good employer-employee relations, strong environmental practices, products that are safe and beneficial, and operations that respect human rights.

**Shareholder advocacy** involves socially responsible investors taking an active role as the owners of corporate stock. These efforts include engaging in dialogue with companies and filing and co-filing shareholder resolutions on such topics as corporate governance, climate change, political contributions, gender/racial discrimination, pollution, and problem labor practices. Shareholder resolutions are then presented for a vote to all owners of a corporation. If a company does not improve its practices, some shareowners divest of holding a company’s stock.

**Community investing** directs capital from investors and lenders to communities underserved by traditional financial services institutions and provides access to credit, equity, capital and basic banking products that these communities would otherwise lack. In the United States and around the world, community investing makes it possible for local organizations to provide financial services to low-income individuals and to supply capital for small businesses and vital community services, such as affordable housing, child care and healthcare.

# History of Religious Institutions and SRI

Quaker and Methodist immigrants were the first to put socially responsible investing into practice more than 200 years ago. The Quakers condemned investing in slavery and war, while the Methodists managed money using what we now call "social screens." Traditionally, the majority of faith-based investors relied on negative screening to avoid investments in businesses that made money from gambling, tobacco, gaming or other "sin stocks" that didn't align with particular faith-based values.

The modern roots of this phenomenon can be traced to the political climate of the 1960s when awareness of issues related to social responsibility and accountability broadened across the population. Concerns about the Vietnam War, civil rights, labor-management issues, nuclear power and equality for women dominated the 1970s and further fuelled interest in SRI.

The ranks of socially concerned investors swelled dramatically throughout the 1980s as individuals, religious institutions, universities, and city and state governments focused investment strategies on pressuring the white minority government of South Africa to dismantle its racist system of apartheid. In the aftermath of the environmental and humanitarian disasters of Bhopal, Chernobyl and Exxon Valdez, and as vast amounts of new information about ozone depletion and climate change came into public view, the environment gained prominence among socially concerned investors.

The number of religious mutual funds has grown dramatically, from six in 1993 to 34 in 1998 and to 89 in 2006. From 1989 to 1999, assets in religious mutual funds rose from $1.5 billion to $4.5 billion, increasing to $17.7 billion in 2006.

Shareholder activism has been one of the key tools of socially responsible religious investors, who have engaged corporations via dialogue and shareholder resolutions on environmental, social and corporate governance (or "ESG") factors. The majority of religious investors have filed shareholder resolutions through the Interfaith Center on Corporate Responsibility (ICCR), a coalition of religious and other institutional investors.

One of the first shareholder resolutions to address a social issue was filed in 1973 by the Episcopal Church, which called on General Motors to exert pressure for peaceful change in South Africa. The religious community continues its pioneering work today by engaging with investment managers to ensure ESG analysis is integrated within stock selection. Many have become active owners, voting their company shares and engaging with corporate managers on a variety of ESG issues.

# Religious Institutions and Community Investing

The community investing (CI) field has expanded during the last decade to nearly $26 billion in total invested assets, including a 30% increase from 2005 to 2007. Initiatives like the "1% or More in Community Campaign", a collaboration of the Social Investment Forum and Green America, have encouraged individuals and institutions to direct resources toward underserved communities worldwide. Religious investors and institutions have pioneered some of the earliest initiatives in the field in the 1960's, including the creation of community investment institutions (CIIs).

Faith-based investors have made financing accessible for low-income borrowers through low-interest and fixed-rate loans that cover a broad range of community development activities. The following strategies have helped expand faith-based community investing in the United States.

1. The development of new products, services and resources to introduce community investing to religious orders and denominations not yet investing in underserved communities.
2. The adoption of community investment policies or commitments within denomination and adjudicatory bodies of religious institutions to deepen their work and extend the practice to their member congregations.
3. Individual congregations introducing the concept of community investing to their denomination.
4. Networking at conferences and events that introduce the community investing concept to those new to the field.
5. Partnerships with membership associations like the Social Investment Forum and among faith-based groups to develop tools, products and strategies useful to religious institutional investors.

The examples of faith-based CIIs covered in this section, while not exhaustive, are indicative of the range and potential of those initiatives.

Women's religious orders have been leaders in faith-based community investing. In 1978, the Adrian Dominican Sisters established a Community Investment Fund, which has made 317 investments totaling $13.4 million. Thirty-five percent of the order's community investments are in domestic loan funds, while the remaining investments are in community credit unions and international loan funds. The **Adrian Dominican** Sisters use their investments to promote "social, economic and environmental justice" and developmental activities in low-income communities globally.

**The Leviticus Fund** is another trailblazing faith-based investor, founded by church groups in and around New York City who were part of the Tri-state Coalition for Responsible Investment. **The Tri-state Coalition** had been active in shareholder advocacy and recognized the positive impact community investing could have on low-income communities. In 1968, the **Burlington Ecumenical Action Ministry** (**BEAM**) was founded by the First Unitarian Church of Vermont to investigate the root causes of poverty in Old North End, Vermont. BEAM soon identified a lack of access to capital as a factor which didn't "necessarily throw

people into poverty," but "(kept) many people in poverty." BEAM created the **Opportunities Credit Union** in 1989 to address this situation. It offered traditional banking services, micro-loans for businesses, low-interest mortgages and car loans. Opportunities Credit Union also provided financial counseling to its members and helped them establish or rebuild a sound credit history. To date, Opportunities Credit Union has made 14,000 loans worth a total of $140 million, with a 99% repayment rate. Clients of the credit union concurred that it had helped them "get (their) lives back on track," and had given them "a second chance."

**Oikocredit** is involved in similar activities, but on a larger, international scale. The 1968 World Conference of Churches in Sweden raised the issue of placing church money in investments that were in line with their social teachings. In 1975, Oikocredit was founded with the purpose of providing churches with an alternative investment option that could be used for development. Oikocredit today has 32,000 investors from churches and church organizations across denominations in the United States. The U.S. Support Agency for Oikocredit, for example, is directed by representatives from the **Reformed Church of America, Adrian Dominican Sisters, Presbyterian Church, United Methodists** and **United Church of Christ.** Oikocredit has $525 million available for lending and has invested $360 million in 420 microfinance banks across four continents, with a 90% repayment rate. Its investments have funded 635 projects worldwide, aiding people as diverse as potato farmers in Bulgaria, subsistence farmers in Peru and female entrepreneurs in Ghana.

**Christian Brothers Investment Services (CBIS)** has played an important role in expediting faith-based community investment by designing financial instruments and partnering with organizations expressly for the purpose of increasing community investing by their denominational clientele. CBIS has established the **Partners for Common Good Loan Fund (PCG)**, investing money alongside Catholic orders from Italy and 23 states in the United States. PCG has attracted more than $8 million in investments and has given loans totaling $2.7 million. PCG's investments have provided support for grassroots nonprofit organizations, micro-enterprises and sustainable businesses. It has pioneered the **Milwaukee Initiative**, which lends capital to organizations focusing on underserved communities. PCG has also allied with the **Unitarian Universalist Affordable Housing Corporation** to provide home loans and low interest capital.

The faith-based community investing field also has been enriched by organizations like the **Missionary**

**Oblates of Mary Immaculate**, which has provided support for micro-credit and for creating better money transfer systems and ratings systems.

These institutions and hundreds of others are members of the **Interfaith Center on Corporate Responsibility (ICCR)**, the leading faith-based coalition of institutional and faith-based investors that has promoted corporate social responsibility for more than 30 years. ICCR has at times functioned as a clearinghouse for its members to facilitate their individual community investment activities. After Hurricane Katrina, ICCR staff visited the Gulf region and created a plan for long-term involvement in the region. The following month, ICCR members including the **American Baptist Home Mission Society, the Good Steward Fund** and **Trinity Health** visited rural Louisiana and New Orleans, where they were hosted by the New Orleans Jesuits. ICCR members have made investments in reconstruction and are engaging in advocacy with banks and insurers to maintain stable capital flows to the region. **Jewish Funds for Justice**, in partnership with other faith-based groups, has created the Isaiah Funds, an interfaith partnership for disaster recovery. The Fund has a two-pronged strategy, partnering advocacy and organizing efforts with community investments in local community development banks and credit unions. The community investments are made in the form of low-interest (or no-interest) loans as well as grants to lenders for the purposes of increasing their liquidity, establishing financial reserves and building their internal infrastructure.

As these examples show, religious institutional investors have played a leading role in the community investing field. Faith-based community investing can focus on local, national or international communities. It can rely on funds sourced from within individual orders, denominations or institutions, or build effective partnerships across these lines.

This tradition of leadership and collaboration in community investing provides a solid foundation for religious institutions to broaden their community investing work in a manner that benefits more under-served communities in the United States and around the world.

# Building Momentum for an Increased Commitment to Community Investing

Even with all the success the religious sector has experienced with community investing, the potential exists for the religious sector to significantly expand its role. According to the ICCR, religious investors and institutions steward more than $100 billion. If just 1 percent of this total were channeled into underserved areas, one billion dollars would be available to help marginalized communities create jobs and homes, fund education, and empower human beings in body and spirit.

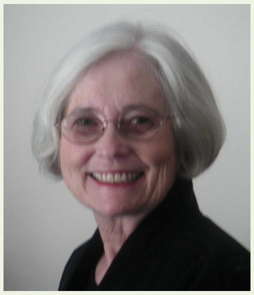
To move towards these goals, in the summer of 2007, SIF hosted a Roundtable on "Faith-based Investors and Community Investing" in Chicago and New York. Common themes emerged from the narratives and experiences of the assembled faith-based investors, including:

- The continued positive impact of the community investing initiatives of religious institutions.
- Community investing can unite investment goals with philanthropic and theological principles.
- Increasing demand exists for research and resources on financial and fiduciary issues linked to community investing.
- There is a need to create and implement strategies and partnerships to boost faith-based community investing.

# Snapshots of the Community Investing Experience of Faith-Based Institutional Investors

Eight faith-based investors from across the United States shared their CI experiences and insights with SIF staff in 2008, detailing their rationales for undertaking community investing as well as the accompanying opportunities and challenges. Staff involved in faith-based institutional investing were interviewed about the day-to-day decisions they make in allocating investments to diverse community investment options. Snapshots from these interviews follow.

## Catholic Healthcare West



*"SRI and community investing is a key element of carrying a broader mission to promote quality of life in communities. We are a not-for-profit health system in the business of promoting health. Our community investing program supports preventive health services, affordable housing, childcare, and nutrition. It's a win-win situation for us and the community."*

—Susan Vickers, Vice President of Community Health, Catholic Healthcare West

**Who:** Sister Susan Vickers, Vice President of Community Health, and Pablo Bravo, Director of Community Grants and Investment, both for Catholic Healthcare West based in San Francisco, California

**About:** Catholic Healthcare West (CHW), founded in 1986 by two groups of Roman Catholic religious women, currently has 41 hospitals throughout California, Arizona and Nevada. CHW made an early commitment to community investing, allocating up to five percent of its eligible invested assets. Currently, Catholic Healthcare West has set aside $60 million to community investing.

CHW provides loans directly to nonprofit community based organizations. CHW also invests in and partners with Community Development Financial Institutions (CDFIs) to leverage its investment with other organizations. Typical interest rates range from zero to five percent. The organization addresses both mission-related and fiduciary issues through a Board of Directors Investment Committee.

**Community Investing Partners:** CHW's investments in CDFIs include community based credit unions, community banks and community development loan funds such as: Partners for the Common Good, Low Income Investment Fund, Northern California Community Loan Fund, Hope Community Credit Union, Self-Help Credit Union, and Mercy Loan Fund.

**Challenges:** With at least one investment in each of CHW's service areas, measuring impact continues to be a challenge. CHW looks for factors such as number of affordable housing units created, jobs created, and people served. Catholic Healthcare West is always looking for new impact areas and programs ready for investment.

## Church of the Brethren Benefit Trust

*""Identify what your niche should be. We have Brethren statements, which are succinct, identifiable guidelines. Ask yourself; are we in it for justice or just us? Our communications video tied in this theme to show investors what we're doing through the Community Development Fund. There are classes of investment that do yield single-digit percentages, but why would you not do it as a person of faith? Our community development fund earns rates of return that are pretty close to market rate. It doesn't need to be a sacrificial investment choice. Join an organization like the Social Investment Forum or ICCR to try to affiliate with people who have been around in the field and leverage their expertise."*

—Nevin Dulabaum, President of Church of the Brethren Benefit Trust

**Who:** Nevin Dulabaum, President of Church of the Brethren Benefit Trust based in Elgin, Illinois

**About:** The Church of the Brethren Benefit Trust and Brethren Foundation, a ministry of Brethren Benefit Trust, developed a Community Investment fund in 2003. Committed to socially responsible investing, the Brethren Benefit Trust invests its dollars into inner-city development and is fully focused on the three pronged SRI strategy of screening, shareholder advocacy and community investing. The organization joined forces with investor groups around the country to ensure that the Securities and Exchange Commission protected shareholder rights in the fall of 2007. Brethren Benefit Trust's total assets stand at $313 million with $890,000 invested in their Community Development Investment Fund.

All investments are made in a socially responsible manner, with investment managers screening the investments on behalf of the Church of the Brethren Benefit Trust. The community investments are both domestic and international and focus on affordable housing, micro-enterprise, small business, and assistance to non-profit facilities. Church of the Brethren Benefit Trust receives a periodic report from the investment manager on the impact of their funds. The Brethren have churches in 35 states across the country and direct their investments to the geographic regions where their churches are located.

**Community Investing Partners:** The Church of the Brethren Benefit Trust investment team funded two projects in Chicago that involved the rehabilitation of houses through an investment with ShoreBank and another through a local community development corporation. Church of the Brethren Benefit Trust collaborated with two social service agencies to make a video on community investing. The video allowed them to tell their members that their investments in the CDFI helped finance development projects in the Chicago area. In addition, the video was presented to other Church members at the national conference to emphasize the positive impact of community investing. Brethren Benefit Trust partners with community investing institutions that offer a range of equity-based investments and welcome partnerships and currently use the services of one CDFI manager.

**Challenges:** Returns from their community development fund are in the two percent range. Despite the below-market returns, these investments allow them to adhere to their investment values and diversify their risks providing steady returns in down markets.

## Jewish Funds for Justice

*"I would advise other faith-based investors to take advantage of the lessons and challenges learned from their peers who are already doing community investing. We would not have pursued a program of community investing if it weren't for the other faith-based groups that had come before us. It's important to make the case based on your particular teachings and values. People do want to invest locally, so it is easy to capitalize on this and find exciting investment opportunities. Also, it's important to understand your markets as well as the new ideas, products and approaches that have evolved. I'd spread the message that community investing is easy to do and everybody's doing it. This is a way to do high-impact philanthropy, with a spectrum of risk, and it's a great opportunity to collaborate with some worthwhile organizations out there. We draw upon and leverage Jewish values and our history as immigrants. We've seen community investing as a way to stand for justice."*

—Amanda Joseph, Vice President of Community Investing, Jewish Funds for Justice

**Who:** Amanda Joseph, Vice President of Community Investing, Jewish Funds for Justice based in Philadelphia, Pennsylvania

**About:** In 1988, Jeffrey Dekro, Senior Vice President, founded The Shefa Fund, a public community foundation focusing on the Jewish community, money, and social responsibility (Jewish Funds for Justice was formed in 2006 from a merger between Shefa and Jewish Fund for Justice). At that time, there was no organized forum to discuss community investing in the Jewish community. In 1997, Shefa obtained funding to host the founding conference for TZEDEC, the first national Jewish community investment program. Taking place in Chicago, major community development leaders and funders participated including Joan Shapiro (ShoreBank), Cliff Rosenthal (National Federation of Credit Unions), and Mark Pinsky (Opportunity Finance Network). TZEDEC was then formally launched.

Jewish Funds for Justice now offers four community investment vehicles: a core loan fund ($7.5 million) that invests in a diverse portfolio of CDFIs; a project-based, high-impact loan fund; the Isaiah Fund, LLC, an interfaith disaster redevelopment fund focused initially on post-Katrina Gulf Coast recovery; and a recently launched "private label" product in partnership with the Calvert Foundation, offering the broader Jewish community a way to participate in community investment with only a $1,000 minimum. (The other funds are oriented to high-net worth individual and institutional investors.)

Overall, TZEDEC/Jewish Funds for Justice has investments in about 40 CDFIs around the country. Increasingly, they are linking community investment with participatory service learning trips for teenagers and adults. For example, students interacted with Hope Community Credit Union in New Orleans and discussed issues of equity, inequity, and access to capital. In East Baltimore, where TZEDEC has invested in a major redevelopment project led by the Reinvestment Fund, participants have volunteered in the neighborhood, creating parks and play spaces.

The TZEDEC portfolio contains both market-rate and below market-rate loans and deposits in community development banks, credit unions and loan funds. The group considers financial statements, annual reports, other investors and site visits for evidence of the social impact of investments. They also take into account financial, philanthropic, geographic and political considerations.

Community Investing Partners: Jewish Funds for Justice works with a range of groups. They created TZEDEC initiatives in cities with strong CDFIs networks and active Jewish communities, including those in Washington, Philadelphia, Boston, Baltimore, and Los Angeles as well as in South Florida and the Gulf region. Their investor base includes individuals, institutions (family foundations, synagogues and Jewish federations), as well as donor-advised funds. The fund consists of promissory notes, savings accounts and money markets.  In cities where the TZEDEC initiatives do not operate, TZEDEC invests in short-term CDs in insured CDFIs, such as an insured deposit in ShoreBank in Chicago, as a mission-based cash management strategy.

**Challenge:** Since TZEDEC began, Jewish Funds for Justice estimates that the U.S. Jewish community has supported more than $30 million in community investments. This is small compared to the billions of dollars held by private Jewish family foundations and other sources, so there remains much opportunity. The future goal is to introduce Jewish institutions and family foundations to the range of mission-related investments now available, and offer a new model for innovative philanthropy. Jewish Funds for Justice tends to participate more actively in non-Jewish settings and outreach (SRI, interfaith) because it can be difficult to get on the agendas of Jewish conferences, where community investing competes with other issue areas. Also, on the investment side, while they've welcomed new due diligence tools like the Community Development Financial Institutions Assessment and Ratings System (CARS™), such tools are expensive for nonprofits.

## Mercy Investment Partnership

*"I have been in the community investing field for more than 25 years. I am always looking to invest in programs that have a combination of impacts, such as quality day care and jobs, and where there is deep ownership of a community program. Direct lending to nonprofits is the best for maximum impact. Community investing taps into people's values, fears, and concerns. It needs to be conveyed to young people through innovative publicity and creative outreach using different forms of marketing."*

—Sister Corinne Florek, coordinator of JOLT (Justice Organizers Leadership Treasurers); Director of Mercy Partnership Fund

**Who:** Sister Corinne Florek, Dominican Sister, coordinator of JOLT (Justice Organizers Leadership Treasurers), Director of Mercy Partnership Fund based in Oakland, California

**About:** In 1995, some Sisters of Mercy congregations in the United States pooled their money to start the Mercy Investment Program in order to promote social good and get better returns on their investments. The Social Responsibility Program is woven throughout the entire investment program.

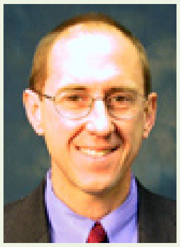
The Mercy Partnership Fund invests its assets in low-income communities both nationally and internationally, investing directly in nonprofits as much as possible for greater social impact. They have invested in women's centers, nonprofit facilities, day care centers, and businesses like Colors Restaurant in New York where a group of displaced workers formed a cooperative business.

All their community investments are below-market rate. While their allocation strategy includes lending directly to nonprofits, some investments are directed to community investing institutions such as credit unions, loan funds, and microfinance institutions. Florek believes the new model for reaching people of wealth is word of mouth. She believes that money managers need to promote community investing with their clients.

**Community Investing Partners:** The Fund uses credit unions, banks, and loan funds and is looking at exploring new kinds of community investing models that offer varying levels of risk. The Fund does not invest in bonds, equity, or mutual funds as these are components of traditional portfolios.

**Challenges:** The pool of CI funds does not yield enough to cover expenses of the Mercy Partnership; instead they are covered by profits from market rate investment funds. Community investing is still widely unknown to many people. It is important for money managers and those involved in the field to continually publicize their activities and encourage others to get involved. Community investing outreach to the faith community needs to be undertaken at the national meetings of the various faith traditions. We must "go where they are" to introduce the concept.

## General Board of Pension and Health Benefits of The United Methodist Church



*"An important investment objective for the General Board of Pension and Health Benefits (General Board) is to attain a market rate of return commensurate with the assessed risk of each investment opportunity. Through strong relationships with best-in-class CDFI partnerships, we are able to identify and fund suitable CI loans that fulfill our fiduciary mandate and attain a positive social outcome."*

——David Zellner, Chief Investment Officer,
General Board of Pensions and Health Benefits of The United Methodist Church

**Who:** David Zellner, CIO, General Board of Pensions and Health Benefits (General Board) based in Evanston, Illinois

**About:** The General Board, with a 100-year history of supporting retired clergy pension benefits, is well-recognized for socially responsible investing (SRI) through its shareholder advocacy program.

In August 1990, this United Methodist Church agency committed $25 million to community investing as a way to demonstrate its commitment to fulfilling the Church's Social Principles. From the outset of the shareholder advocacy program, the General Board has strived to attain a market rate of return by partnering with CDFI, foundations, government agencies and others to support affordable housing in underserved communities.

The General Board's SRI philosophy aligns with the UMC Social Principles, investing in companies that derive less than 10% of their revenues from gambling, tobacco, pornography, alcohol and weapons.

Approximately $1.0 billion of the General Board's $13 billion investment portfolio is dedicated to social impact investing. Representatives of the General Board collaborate with a dozen or so CDFI partners to identify and perform due diligence on suitable loan opportunities.

The term and structure of loans originated by the General Board over the years have varied, including Fannie Mae guaranteed term mortgages, securitized pools of loans and senior loan participations. While the majority of the General Board's investments have funded affordable housing developments, they have also included health centers, charter schools, and commercial facilities in underserved communities; the agency has also engaged in microfinance lending. For example, through its partnership with the Low Income Investment Fund, the General Board has helped fund the Friendship House (San Francisco), which applies traditional Native American healing techniques to help battle substance abuse.

**Community Investing Partners:** The General Board works with various mission-driven organizations (e.g. Community Development Trust, Community Reinvestment Fund, and NCB Capital Impact) that identify and help underwrite suitable social impact investments. It has also partnered with a major national foundation, a church foundation, and several national and regional financial institutions, such as ShoreBank.

## Mennonite Mutual Aid (MMA)

*"I encourage faith-based investors to look into their traditions and try to understand the social impact of their investments. It is important to ask the question: How can our fund be a reflection of the values of the organization? Community investing attracts people to the MMA Praxis mutual fund. Community investing is the equal of engagement and screening, it has great value and story-telling potential."*

—Mark Regier, Stewardship Investing Services Manager

**Who:** Mark Regier, Stewardship Investing Services Manager based in Goshen, Indiana

**About:** MMA, the stewardship agency of the Mennonite Church USA, has invested in church mortgages for a number of decades in its capacity as a church institution. They adopted a formal community investing policy in 1998 as part of their stewardship investing philosophy, a conviction that holds in balance their commitment to productive financial returns and social responsibility. This philosophy includes community development investing, screening and shareholder advocacy. MMA's commitment to community development investing is rooted in the Anabaptist belief that the poor and dispossessed are to be given opportunities for economic hope and wholeness.

The vast majority of MMA's community investments are in below-market rate vehicles. These are housed in the separately incorporated, nonprofit entity MMA Community Development Investments, Inc. (MMA CDI Inc.), which was established to pool and manage these investments on behalf of all MMA entities. The MMA CDI has been in operation for eight years and has $13 million in assets. Approximately 30% of these assets are invested internationally, while the remaining 70% are invested domestically. The international investments are made in U.S. dollars and generally channeled through institutions based in the United States, but the field of impact is international. MMA entities and other investors can invest in two different MMA community development investment pools, below-market or near-market, each carrying different adjustable rates of return.

MMA CDI uses some market rate instruments to augment its primary below-market investments. Examples include ShoreBank CDs and market-rate microfinance products from groups such as

Developing World Markets, Deutsche Bank, Community Reinvestment Fund, and the Access Capital Strategies bond fund. MMA CDI is constantly re-evaluating how to get the deepest social impact, while meeting the investment rate of return established for each pool.

About 1.2% of each MMA Praxis Mutual Fund is dedicated to community investing. Other MMA entities within the larger organizational framework are also invested in MMA CDI Inc. MMA Praxis was one of the first Social Investment Forum members to adopt the Forum's "1% or More Community Campaign." In 2007, MMA CDI launched its OneWorld Community Investment Program in cooperation with the Calvert Foundation. The OneWorld product offers individual investors an opportunity to directly invest in international microfinance through Microvest or faith-based community development in the United States via the Calvert Foundation. Most recently, with Jewish Funds for Justice, MMA CDI helped launch The Isaiah Funds, an interfaith partnership for disaster recovery. The Isaiah Funds are a joint effort between MMA and five other religious community investors. It is the first national interfaith fund targeting long-term domestic disaster recovery.

Community Investing Partners: Calvert Foundation is a major partner, providing a host of back-office services in investment and investor management for MMA CDI. MMA has invested in CDs, loan funds, structured products like Community Reinvestment Bonds, and new microfinance products. They have worked with Freddie Mac and Fannie Mae in the past, and made fair trade investments as well as engaged in direct lending to NGOs. All these different investment avenues have worked well to date.

**Challenges:** MMA CDI faces a challenge to its own bottom-line, balancing fixed-rate investments with banks, credit unions, and loan funds against its semi-annually adjusted returns to investors, benchmarked as percentages of the three-year U.S. Treasury Rate. While MMA CDI has never suffered a loss of interest or principal from a community investment, ensuring that it has equity reserves (net assets) to adequately protect its growing investor pool is its biggest challenge. MMA would also like to see the inclusion of below-market community investments in portfolios (pension funds, insurance reserves) where current understandings of "prudent investment" seem to discourage them.

## Unitarian Universalist Association (UUA)

*"The UUA has a history of funding justice. We focus on economic justice impact investments in general and are committed to raising awareness around social impact investments. A large portion of our investments lie in affordable housing and African-American owned banks. Potential investors should think about what impact they want to have and link values-based investing to local communities."*

—Vanessa Lowe, UUA Committee on SRI

**Who:** Vanessa Lowe, Co-Chair UUA Committee on SRI, UUA based in Boston, Massachusetts

**About:** A pioneer in the field of community investing, the UUA's Community Investing Program has its roots in the black empowerment movement of the 1960s. The investment committee began investing in African-American owned banks as a direct result of a board resolution. Resolutions passed by the UUA Board and the General Assembly between 1967 and 1986 were among the earliest manifestations of the evolving trend to invest assets for the combined purposes of investment return and to advance a specific social or environmental agenda. In June 2000, the Board of Trustees established a Committee on Socially Responsible Investing and in 2003 passed a policy formally requiring that a portion of UUA funds go to in "community investing assets." The policy included the establishment of a program to match congregational and district investments by up to $10,000 to further promote community investing within the denomination.

The UUA has a mix of at-market and below-market rate investments with an average rate of return of below three percent. They have a preference for high impact, higher-risk investments including loan funds focused on affordable housing, and both domestic and international micro-enterprise development. Their investment tools include loans, certificates of deposit, and Calvert Notes.

The UUA has about $117 million in its investment portfolio and one percent of that is directed to community investing. The UUA was an original partner in the Social Investment Forum's "1% or More in Community Investing Campaign." The UUA's community development match program terms include a $2,000 minimum and a $10,000 maximum investment for a minimum three-year period. The UUA has adopted SIF's database of community investing institutions to assist congregational and district investors in finding potential investments. The UUA conducts conference call trainings and posts tools and resources about socially responsible investing and community investing on its Web site.

**Community Investing Partners:** The UUA has made investments in the Open Door Housing Fund, formerly known as the Unitarian Universalist Affordable Housing Corporation, African-American owned banks, Hope Community Credit Union, Shared Interest and Calvert Foundation as well as other domestic and international CDFIs. An investment of $10,000 for a maximum of three years is typical for the UUA. Most investments roll into a new three-year term at maturity.

**Challenges:** The old guidelines for the community investing match program did not allow for international CDFI investments. However, the UUA has expanded the match program to allow any institution found in the SIF community investing database. This change has increased investments in programs like FINCA and other international microenterprise organizations.

## United Methodist Foundation

*"The easiest way to get started with community investing was through an organization like Self-Help. We are exploring ways to combine forces, share costs, and share resources with other foundations. Our counterparts include some 60 United Methodist Foundations scattered across the country. Some do community investing and some do not. What my foundation in North Carolina is doing is representative of what United Methodist Foundations will be doing in the future."*

—Jim Mentzer, Director Planned Giving, United Methodist Foundation, Inc.

**Who:** Jim Mentzer, Director of Planned Giving, United Methodist Foundation, Inc., based in Raleigh, North Carolina

**About:** Created in 1955, from its inception, the Foundation funds were invested according to the United Methodist Book of Discipline, which describes the social principles by which United Methodists operate and govern themselves. The fund began with a "Thou shalt not" approach to socially responsible investing, which involved avoiding industries such as pornography, gambling, alcohol, defense and other "sin stocks."

More recently, however, the foundation began community investing with an investment in the Self-Help Credit Union, which offered a higher rate of return than other local lenders for money market accounts and had a good track record in assisting low-income communities in North Carolina. Foundation investments are at market-rate.

Currently, 2.5% of the $100 million in assets of the United Methodist Foundation of North Carolina are invested in communities. The Foundation is exploring more community investing opportunities, as well as proxy voting and shareholder advocacy programs with Boston-based SRI firms. The United Methodist Foundation is 100% committed to screening its investment portfolio against investments not in keeping with their mission.

**Community Investing Partners:** To date, the United Methodist Foundation has engaged in community investing through institutions such as Self-Help. The Foundation has not yet embarked on a campaign to encourage members and congregants to consider community investing.

**Challenges:** The United Methodist Foundation's investments have recently yielded a reduced rate of return, though they remain committed to their SRI approach. Another challenge the Foundation faces is how to share community investing information with its constituents. They are exploring the creation of an e-news publication, along with updating their Web site.

# Recommendations from the Field

Religious investors have significant opportunities to expand their participation in the field of community investing through interfaith and interdenominational collaboration and communication. Working together, religious investors can set goals and broaden the base of community investment.

The experiences of active community investors can help pave the way for those ready to join the growing community investment movement. Following are recommendations from faith-based investors in how to get started:

1. **Unify your philanthropic and theological principles to engage in community investing.** Look to your organization's mission and traditions to create a unique investment plan with social impact. Begin with assessing your organization's historic and current contributions to CI and match them with your theological values around concepts of investing, lending, borrowing, charity, and self-sufficiency. For example, in keeping with the significance of the number 18 within Judaism, Jewish Funds for Justice committed 1.8% of their investment portfolio to community investing.

2. **Explore the full range of community investing products and present the findings to your investment committee.** A mix of market and below-market rate community investing vehicles can be used to achieve a desired rate of return based on individual risk tolerance and impact goals. Community development banks and credit unions often have savings, checking and money market accounts; Individual Retirement Accounts (IRAs); and Certificates of Deposit (CDs) that earn market-rate returns. The returns on these products vary depending on the type of investment, and for CDs, the investment term. The returns on investments in community development loan funds are set by the investor and the loan fund at the beginning of the investment, and deliver below-market rates usually between zero and four percent. Community investing institutions, their products and services, investment terms, impact, and geography focus are available on SIF's online Community Investing Center. (Visit www.communityinvest.org) The site also features a useful investment impact calculator tool. The UUA, for example, used these online resources to expand their community investing match program to include institutions found in the SIF community investing database.

3. **Link rate of return and social impact in community investment.** Religious investors generally use a mix of market and below market rate vehicles to address social impact goals. Many are double-bottom line investors, meaning they will not make investments unless they are in line with their desired rate of return as well as meet specified social criteria. For example, the Methodist General Board of Pensions and Health Benefits includes only market rate vehicles in their community investment portfolio. (See its listing in Section 5 for more details.) Others designate their community investments for what they consider the highest impact institutions, which may pay below-market rate returns. They look for other segments of their portfolios for the higher rates that allow for a blended return on their total portfolios.

4. **Joining faith-based member groups and networks such as ICCR and 3iG** (International Interfaith Investment Group) **dedicated to socially responsible investing increases community investing awareness.** Large umbrella organizations like ICCR and 3iG bring diverse religious organizations together for information sharing at events and conferences. They also serve as broad advisory groups helping create synergies between different denominations and organizations.

5. **Forging strategic partnerships within the faith-based investor community can boost community investing.** Religious organizations can partner with one another and with community investing institutions to assist underserved communities by designing unique financial instruments with suitably tailored investment periods, interest rates, and social impact. An example of this is the partnership for reconstruction in the US Gulf region. Partnerships and interfaith initiatives have used multiple media resources including Web sites, newsletters, and articles in newspapers featuring local community development financial institutions and their peer faith-based institutions. Mennonite Mutual Aid and Jewish Funds for Justice recently launched the Isaiah Funds, an interfaith partnership for disaster relief. Other faith-based investors have received assistance from staff of foundations, such as the F.B. Heron Foundation, who have been promoting mission-related investing.

6. **Attend Industry related conferences that focus on community development.** Conferences offer resources and networking opportunities within the community investment field. The Opportunity Finance Network Conference, regional Federal Reserve conferences, and others built around community development financial institutions were highly recommended by faith-based investors. For example, Catholic Healthcare West staff attend these conferences annually to learn about the latest developments in the CI field. The annual SRI in the Rockies conference for training and networking on emerging socially responsible investing issues also attracts numerous faith-based investment decision-makers. Visit www.sriintherockies.com for more information.

7. **Tap new industry tools that create incentives for community investing.** In the United States, the participation of faith-based investors in the community investing field has increased due to recent industry developments such as:

   - **CDARS (Certificate of Deposit Account Registry Service)** is an investment network that helps smaller community banks pool resources, exchange funds, and support local lending initiatives. More than 1,400 financial institutions in the United States have joined CDARS. Within the CDARS network, they are able to pool FDIC covered deposits of up to $100,000, helping these small banks attract larger deposits. FDIC insurance on the deposits ranges from $10,000 to $30 million. CDARS is open to all investors with deposits in a community bank. CD maturities range from four weeks to five years, depending on investment needs. Visit www.cdars.com to learn more.

   - **CDFI (Community Development Financial Institutions)** Fund, a program of the U.S. Department of Treasury that provides financing for community development financial institutions in the United States.

In December 2007, the fund saw an increase in congressional appropriations, including a $94 million allocation for the Fund to continue its provision of capital and financial services to low- and moderate-income communities. The CDFI Fund lists information on community development financial institutions across the United States.

- **Community Investment Pools**—vehicles that offer registered investment products, portfolio diversification and professional management. Examples of successful nonprofit community investment pools include Calvert Foundation, MMA Community Development Investment, and the TZEDEC Economic Development Fund.

8. **Use creative impact measurement criteria.** Due-diligence and impact measurement can track the positive changes in low-income communities as a result of community investments. Tools that measure impact include the Community Development Financial Institutions Assessment and Rating System (CARS™), Calvert Foundation's Impact Calculator, the National Community Investment Fund's (NCIF) Social Performance Metrics for banks, and the Online Community Investing Center. For example, Catholic Healthcare West looks for factors such as the number of affordable housing units created, jobs created, and people served.

9. **Collaborate with an experienced SRI investment manager or financial planner.** This SRI professional or firm can translate your investment and impact goals into positive investment returns. Ask whether your existing financial consultants and money managers have the necessary SRI expertise and evaluate whether a manager can meet the full range of your needs. See the SIF Directory of Socially Responsible Investment Services to find advisors in your area (www.socialinvest.org/directory). For example, the Church of the Brethren has an individual SRI investment manager to advise on potential community investments.

10. **Adopt the "1% or More in Community Investing Campaign" as your own and encourage your denominations, member congregations, and congregants to explore and undertake the 1% challenge.** The UUA adopted the "1% or More" Campaign at the congregational level and monitored the progress of the campaign through their own CI committee. Visit www.communityinvest.org to learn about the success of fellow faith-based investors that met and exceeded the 1% challenge.

11. **Go Local.** Encourage congregations to explore local community investing institutions. Personal interaction with staff at community

development financial institutions will help navigate the course of investments over the long term. Promote community investing to individual congregations. Take the opportunity to explain that the impacts of community investing can be similar to their existing philanthropic goals. Church of the Brethren Benefit Trust funded two projects in Chicago with a local community bank, ShoreBank, and a community development corporation.

12. **Obtain word-of-mouth recommendations.** Sister Corinne Florek of the Mercy Partnership in California speaks at conferences with other faith-based colleagues about the power of CI. Recommendations from fellow faith-based investors on an array of high-impact community investment opportunities are extremely helpful.

13. **Leverage existing community investment programs.** Leverage the success of existing community investment programs to make the case to fiduciaries, congregations and other stakeholders. Use case studies of successful community investors to demonstrate the impact that existing programs have made and how they can be adapted to your community.

14. **Join the Social Investment Forum.** Faith-based investors have access to nearly 500 fellow social investment practitioners and institutions and a chance to learn about the latest products and services on www.socialinvest.org and www.communityinvest.org. As members, you have instant access to SIF's research on socially responsible investing, discounts at industry conferences, access to the SIF membership listserve and members-only access to the SIF Web site. SIF members also have an opportunity to join the Community Investing Working Group and shape the work of the community investing program.

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# Resources

Social Investment Forum Foundation. *2005 Report on Community Investing Trends in the United States.* This report documents the growth of community investing in the United States, and is available at http://www.communityinvest.org/PDF/CITrendsReport2005.pdf

Social Investment Forum Foundation. *2007 Report on Socially Responsible Investing Trends in the United States.* A biennial report on industry trends in socially responsible investing, including the latest numbers on screened portfolios, shareholder advocacy, and community investing. https://www.socialinvest.org//resources/pubs/order_form.cfm?

Calvert Social Investment Foundation. The Community Investment Impact Calculator is available online at http://www.communityinvest.org/impact/calculator.cfm.

*Case Study: Expanding Philanthropy: Mission-Related Investing at the F.B. Heron Foundation*, F. B. Heron Foundation, July 2007.

*Community Development Financial Institutions: Providing Capital, Building Communities, Creating Impact.* The Community Development Financial Institution (CDFI) Data Project. This report is a summary of 2007 data by the CDFI Data Project, a collaborative effort to ensure access and use of data to improve practice and attract resources to the CDFI field.

*Community Investment Database.* Social Investment Forum and Green America. This database features more than 500 institutional profiles. It is available at www.communityinvestingcenterdb.org

*Community Investing Center.* A list and descriptions of community investing products is available online at http://www.communityinvest.org/overview/Products.cfm

West, Robert Nelson. *Crisis and Change: My Years as President of the Unitarian Universalist Association,* 1969–1977. Skinner House Books, April 2007.

Scott, Lori and Kathy Stearns. *Due-Diligence Primer for Community Investing.* Fall 2005, available online at http://www.communityinvest.org/investors/diligence.cfm.

Swack, Michael. *Institutional Primer: Overcoming Barriers to Community Investments, A Primer for Institutional Investors on Best Practices, Methodologies and Resources.* September 2006, available online at http://www.communityinvest.org/investors/inst.cfm.

Interfaith Center on Corporate Responsibility (ICCR), www.iccr.org, is a coalition of faith- based institutional investors. Also available is the "2008 ICCR Annual Report," *Corporate Examiner* 2008, Volume. 36, No. 2–3.

MicroPlace, www.microplace.com is an online investment marketplace for everyday people to make investments in the world's working poor. MicroPlace is a wholly-owned subsidiary of eBay, Inc.

Oikocredit. Visit www.oikocredit.org to access one of the largest faith-based community investment institutions in the world with a comprehensive SRI grid.

Opportunity Finance Network, www.opportunityfinance.net, provides potential investors with access to a subscription based CDFI Assessment and Rating System (CARS™) that contains comprehensive third party analysis of community development financial institutions.

Religious Action Center of Reform Judaism (RAC). Visit www.rac.org or www.rac.org/advocacy/issues/issuesri for web pages regarding Socially Responsible ("Ethical") Investing.

Colwell, Matthew. *Sabbath Economics: Household Practices*, 2007. This sequel to The Biblical Vision of Sabbath Economics aids individuals or groups desiring to ground their finances and lifestyles in ecological and economic sustainability and justice.

Social Funds. Visit www.socialfunds.com to access the socially responsible investment industry clearinghouse for news on socially responsible investing and search the online mutual fund center.

Social Investment Forum. Information about SRI is at www.socialinvest.org. Information about the SIF's "1% or More Community Investing Campaign" is available online at www.communityinvest.org/investors/campaign.cfm.

*These matrices provide an overview of the institutions and products that make up the community investment industry. See also www.communityinvest.org/overview/Products.cfm*

# Community Development Banks & Community Development Credit Unions

| PRODUCTS AVAILABLE | DESCRIPTION | RATE OF RETURN | INVESTMENT TERM | SECURITY | SERVICES PROVIDED TO COMMUNITIES |
|---|---|---|---|---|---|
| **Checking and/or Savings** | Account in banks or credit unions. | Market-rate. | No minimum term. | All depositors federally insured up to $100,000. | Basic financial services and loan products to underserved individuals and community development projects. |
| **Certificate of Deposit (CD)** | Deposit made to a bank or credit union. | Market-rate ; below market rate also available. | One month to 10 years. | All depositors federally insured up to $100,000; with banks in CDARS program insured up to $20 million. | |
| **Individual Retirement Account (IRA)** | Tax-deferred retirement account. Permits deposits of up to $4,000 per year, for withdrawal after retirement. | Varies with IRA type (traditional, educational, Roth money market) and with investment term. | Varies with IRA type; often one-year minimum. | All depositors federally insured up to $100,000. | |
| **Money Market Account** | Combination of short-term, low yield investments (CDs and Treasury bills). | Slightly higher than a savings account. | No minimum term. | All depositors federally insured up to $100,000. | |
| **Equity Investment in a Bank** | Preferred stock in a bank. | No established return, based on performance of invested bank. | No maturity date. | Not insured. | |
| **Secondary Capital in a Credit Union** | Subordinate loan that helps credit union build balance sheet. | Varies, often below market-rate. | Term varies, but generally long term. | Not insured. | |

*These matrices provide an overview of the institutions and products that make up the community investment industry. See also www.communityinvest.org/overview/Products.cfm*

# Community Development Loan Funds (Domestic)

| PRODUCTS AVAILABLE | DESCRIPTION | RATE OF RETURN | INVESTMENT TERM | SECURITY | SERVICES PROVIDED TO COMMUNITIES |
|---|---|---|---|---|---|
| **Senior Loan** | Individual or institutional investor lending money to a fund financing community development Projects. | Varies with investment term and size, usually between 0 and 4%. | Term set by investor; often one year minimum. | Not insured; protected by collateral, loan loss reserves and the CII's net worth. | Funds finance high-impact community development projects and small businesses in the U.S. as well as provide technical assistance and market developers to borrowers. |
| **Subordinated Loan** | Institutional investor providing a loan that is subordinate to senior loans and helps build the CII's balance sheet. | | Term set by investor; often one year minimum | | |
| **Equity Equivalent (EQ2) Investment** | Deeply subordinated obligation by an institutional investor to help build a CII's balance sheet. Can provide bank investors with enhanced CRA credit. | | Varies with IRA type; often one-year minimum. | | |

# Community Development Pooled Funds (Domestic & International)

| PRODUCTS AVAILABLE | DESCRIPTION | RATE OF RETURN | INVESTMENT TERM | SECURITY | SERVICES PROVIDED TO COMMUNITIES |
|---|---|---|---|---|---|
| **Senior and Subordinated Loans** | Investments are spread over a number of CIIs to diversify the portfolio and lower risks. | Varies with investment term and size, usually between 0 and 4%. | Term decided by investor, often one-year minimum. | Not insured; often protected by collateral loan loss reserves, and credit enhancements. | A combination of services to underserved communities through loans to or investments in Community Investment Institutions. |

*These matrices provide an overview of the institutions and products that make up the community investment industry. See also www.communityinvest.org/overview/Products.cfm*

# International Community Development Funds

| PRODUCTS AVAILABLE | DESCRIPTION | RATE OF RETURN | INVESTMENT TERM | SECURITY | SERVICES PROVIDED TO COMMUNITIES |
|---|---|---|---|---|---|
| **Senior Loan Recipients: Microfinance Institution** (type of senior loan recipient) | Individual or institutional investor lending money to a fund financing community development Projects. | Varies by institution, usually between 0–4% depending on investment term and size. | Term set by investor; often one-year minimum. | Not insured; often protected by collateral loan loss reserves and a fund's net worth. | Investments that funds work with microfinance institutions, cooperatives, local banks, and small and medium-sized enterprises around the world to provide financing and job training to underserved people and communities. |
| **Guarantee Funds** (type of senior loan recipient) | Investment in a fund that guarantees the loans of local institutions in a country or countries. | Varies by institution, usually between 0–4% depending on investment term and size. | Term set by investor; often one-year minimum. | | |
| **Small & Medium Enterprise Funds** (type of senior loan recipient) | Investment in a fund that finances small to mid-size enterprises. | Varies by institution, usually between 0–4%. | Term set by investor; often one-year minimum. | | |
| **Fund of Funds** | Pools international funds that provide diversification. | Varies by institution, usually between 0–4%. | Term set by investor; often one-year minimum. | | |
| **Commercial Bond** | Debt and/or equity investment in a pool of top-tier microfinance institutions. | Varies by institution, usually between 0–4%. | Varies, based on offerings. | | |
| **Private Equity Funds** | Investment in a capital pool of microfinance institutions. | Varies, but often between 5–10%, depending on management fees. | Varies, based on offerings. | | |

*These matrices provide an overview of the institutions and products that make up the community investment industry. See also www.communityinvest.org/overview/Products.cfm*

# Community Development Venture Capital Funds (Domestic & International)

| PRODUCTS AVAILABLE | DESCRIPTION | RATE OF RETURN | INVESTMENT TERM | SECURITY | SERVICES PROVIDED TO COMMUNITIES |
|---|---|---|---|---|---|
| **Venture Capital Products** | Equity investments in new businesses in low-income areas in the U.S. and abroad. | No established return. Potential for higher returns when company profits, and lower returns when profit is low. | Term varies. | Not insured; often protected by collateral. | Equity investments and debt with equity characteristics to businesses; extensive managerial and entrepreneurial assistance; the creation of new jobs in low-income areas. |
| **New Markets Venture Capital Companies** | For-profit companies that invest equity in small enteprises located in lower-income areas. | | | | |
| **Rural Business Investment Companies** | For-profit companies that invest equity in small enterprises in rural, underserved areas. | | | | |

# Social Enterprises (Domestic)

| PRODUCTS AVAILABLE | DESCRIPTION | RATE OF RETURN | INVESTMENT TERM | SECURITY | SERVICES PROVIDED TO COMMUNITIES |
|---|---|---|---|---|---|
| **Social Enterprise Products** | Social purpose businesses, often tied to nonprofits, that use their profit to further their mission while providing job skills in lower-income communities. | Varies with investment details. | Term varies. | Not insured. | Provide employment and business skills in underserved communities, and raise money through the business to further social mission of the organization. |

*These matrices provide an overview of the institutions and products that make up the community investment industry. See also www.communityinvest.org/overview/Products.cfm*

# Low Income Housing Tax Credit
## (Domestic)

| PRODUCTS AVAILABLE | DESCRIPTION | RATE OF RETURN | INVESTMENT TERM | SECURITY | SERVICES PROVIDED TO COMMUNITIES |
|---|---|---|---|---|---|
| **Direct Investment** | Direct investment in institutions that have infrastructure to monitor investments. | Varies with investment specifics, often in the 7–8% range. | Tax credits are earned over a 10 year period. | Not insured. | Supports the development of rental housing for lower-income households. |
| **Proprietary Funds** | Single or majority investor funds through a syndicator. | Varies with investment specifics and syndicator loads, but often in the 7–8% range. | | | |
| **Multi-Investor Funds** | Funds through a syndicator with 2–5 investments. | Varies with investment specifics and syndicator loads, but often in the 7–8% range. | | | |

# Community Development Bond Funds (Domestic)

| PRODUCTS AVAILABLE | DESCRIPTION | RATE OF RETURN | INVESTMENT TERM | SECURITY | SERVICES PROVIDED TO COMMUNITIES |
|---|---|---|---|---|---|
| **Fixed Income Mutual Funds** | Pools of securities (mortgage– and asset-backed securities, municipal bonds, etc.) invested in low and moderate income communities. | No established return; please visit SIF's Mutual Fund Performance Chart. | Term decided by investor. | Not insured. | Support affordable housing, health care facilities, and other economic development in low and moderate income communities. |

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