A Brief Guide to the Law of Mission Investing for U.S. Foundations

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Introduction

Foundations increasingly choose to invest their assets in ways that further their charitable purposes.[1] Considerable confusion remains, however, about the extent to which the directors or trustees of a foundation have the freedom to consider mission related social or environmental factors, in addition to risk and financial return, when making investment decisions. This summary offers foundation leaders a non-technical overview of the current state of the law based on extensive legal research by attorneys and interviews with practitioners at major foundations, under the guidance of an advisory board of leading experts in the field. The full report containing FSG's legal research has been published separately.[2] Our analysis concludes that U.S. foundations have considerable freedom to make investments that further their mission, even if this results in greater risk or lower return.[3]

I. Mission Investing and its Legal Constraints

The investment decisions of foundation trustees and directors are regulated by three different authorities:

- The written intent of the donor;
- Federal tax law; and
- State laws regarding the fiduciary duty of managing charitable trust or nonprofit corporation assets.[4]

Certain IRS restrictions, such as the prohibitions on self-dealing and lobbying, apply to all foundation activities, including investments. Apart from these constraints, however, the primary concern of all three authorities is the long-term preservation of the foundation's capital consistent with the donor's intentions.

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[1] See Cooch & Kramer, *Compounding Impact: Mission Investing by U.S. Foundations* (2007) FSG Social Impact Advisors at: www.FSG-Impact.org/app/content/ideas/item/485.

[2] For a full legal analysis behind the conclusions of this paper, see Stetson & Kramer, *Risk, Return and Social Impact: Demystifying the Law of Mission Investing by U.S. Foundations* (October 2008) at: http://www.fsg-impact.org/app/content/ideas/item/Law_of_Mission_Related_Investing.html.

[3] Each foundation should consult its own legal counsel and should not rely on this memo as legal authority about any specific transaction.

[4] Foundations are generally subject to the laws of the state where the corporation or trust was established. If the foundation has principal offices or substantial activities in a different state, that state's laws may also apply.

Although most foundations separate their grantmaking and investment functions, many opportunities have emerged to leverage investments across different asset classes to achieve mission related objectives.[5] Broadly speaking, foundations that wish to use their investments to further charitable objectives can do so in three ways, which we together refer to as "mission investing:"

- **Proxy voting:** Foundations can influence corporate conduct by voting their shares of stock on corporate resolutions that further their charitable priorities.
- **Screening:** Often referred to as "socially responsible investing," foundations can screen their investment portfolios either to exclude securities of companies that engage in objectionable behaviors (such as tobacco companies), or to include companies that engage in desirable behaviors (such as alternative energy companies).[6]
- **Proactive investments:** Foundations can make investments in for-profit or nonprofit organizations, such as investments in affordable housing, microfinance institutions, or the development of therapeutic drugs. They may invest directly in these organizations or through intermediaries, such as loan funds, that aggregate social investment opportunities. These investments can offer either market-rate financial returns or below-market returns, sometimes referred to as respectively as "mission related investments" and "program-related investments."

The question we address in this paper is the extent to which the law permits foundations to engage in these three types of mission investments, where the choice of investment is driven partly or entirely by the desired social impact rather than limited to the conventional analysis of financial risk and return.

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[5] For another discussion of the ways that foundations are using investments to further their missions, see Cooch and Kramer, *supra at footnote 1,* and Cooch and Kramer, *Aggregating Impact: A Funder's Guide to Mission Investment Intermediaries* (November 2007) at: www.FSG-Impact.org/app/content/ideas/item/545; S. Godeke and D. Bauer, *Philanthropy's New Passing Gear: Mission Related Investing — A Policy and Implementation Guide for Foundation Trustees* (Rockefeller Philanthropy Advisors 2008); Institute for Responsible Investment, Boston College Center for Corporate Citizenship, *Handbook on Responsible Investment Across Asset Classes* (2007); and K. Johnson, *Social Investing* (Cambridge Associates 2007).

[6] We consider screened portfolios to be "mission investments" only when the criteria for screening are related to the foundation's charitable purposes. A foundation focused on the arts that screens out tobacco companies, for example, may not be making a mission investment. Note that the legal issues may differ significantly when the social purpose of an investment is not directly related to the foundation's charitable purposes.

Mission Investing Today

The F.B. Heron Foundation is a leader in the field of mission investing both by example and by advocacy. The board determined in 1996 to harness the foundation's investments to advance its charitable goal of community economic development. The board interpreted its fiduciary responsibility to require that it manage the foundation's assets to maximize social impact, and not to maximize financial performance alone. As former board chair William Dietel has written: "…mission stewardship challenges board members to do more than keep foundation assets from jeopardy. It asks board members to govern in a way that maximizes foundations' overall effectiveness". Since 1996, the foundation has built its staff expertise and engagement in mission investing, as well as its commitment as a leading advocate of mission investing. As of December 31, 2007, the foundation had allocated 26% of its assets to mission investments across the spectrum of asset classes, including program-related investments. Three-quarters of these mission investments offer market-rate returns, when compared to the conventional benchmark for the same asset class. The foundation anticipates increasing its allocation to mission investments to 50% over time.

It is commonly assumed that fiduciary responsibility under federal and state law requires a foundation's board to maximize the investment return on the foundation's assets. Factoring in mission related considerations by choosing screened or proactive mission investments may increase the risk or reduce the return over conventional investments, thereby raising the question of whether these investments are legally permissible.

Proxy voting poses a slightly different case. If the foundation purchases stock to maximize returns, it is always appropriate to vote the shares consistently with the foundation's mission. However, if the foundation purchases stock in order to influence the company's conduct rather than for financial returns, or if the foundation incurs unusually high expenses in analyzing shareholder resolutions, then the same concern arises about trading off capital appreciation for mission related objectives.

II. Donor Intent

Donor intent is the first issue that must be considered. If the donor has expressed in writing *either*

- that the directors or trustees may take the foundation's charitable objectives into account in making investment decisions,

  or

- that the foundation's assets may be spent down and need not be preserved permanently,

then neither federal tax law nor state law will limit the ability of trustees or directors to make investments for mission related objectives, even at a sacrifice of financial return or increase in risk.[7] This also means that mission investment decisions by a living donor are almost always permissible.[8]

In these cases the legality of mission investing is clear and no further analysis is required.

Recommendation:

Given the complicated legal questions that mission investing can trigger, we strongly encourage donors to provide written guidance if they would like to ensure that their foundations have the opportunity to make mission investments with as little legal burden as possible. These written directions need not be included in the document that first made the gift, but may be stated in subsequent instructions.

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[7] In some circumstances, four provisions of the U.S. Internal Revenue Code might limit a mission investment that is consistent with donor intent:
- If the investment constitutes "excess holdings" by controlling more than 20% of the voting stock of a company,
- If the investment generates unrelated business income tax because it is unrelated to the foundation's mission,
- If the investment funds lobbying activities, or
- If the investment constitutes self-dealing by conferring an economic benefit on the donor, trustees, directors, or other "disqualified persons" as defined by the Code.

[8] Notable exceptions include either violating the provisions of an irrevocable trust or the constraints listed in the preceding footnote.

If the donor has not explicitly authorized mission investing or spending down the assets, the next question is whether the donor intended his or her gift to the foundation to establish a permanent endowment. By merely putting money into a charitable foundation, whether a trust or nonprofit corporation, a donor does not necessarily signal that she wishes the assets to be preserved. However, any language suggesting this intent is sufficient to characterize the assets as an endowment. Even if no such language is present, many state laws will presume that the donor intended to preserve the assets permanently *unless* there is a written statement to the contrary.

If the donor has indicated, or the law presumes, that the donor intended the endowment to be permanently preserved, then the directors or trustees must manage the foundation's assets in a manner designed to preserve the original value of the gift. Under the new uniform law adopted in many states,[9] they must go even further to preserve the inflation-adjusted value of the original principal. Both federal tax law and state laws have provisions to enforce this responsibility. We consider these in turn, but first we note the importance of the process by which a foundation's investment decisions are made.

Mission Investing Today

In early 2008, Cambridge Associates, the pre-eminent investment consulting firm to the foundation field, announced its launch of a mission investing division with support from the **Heron Foundation**, **Meyer Memorial Trust**, and the **Annie E. Casey Foundation**. This marks a significant departure from past practice, when many traditional investment consultants and investment advisors to foundations were reluctant to advise their clients on mission investing. The fact that the leading investment consultant to U.S. foundations has recognized the importance of mission investing and found strong client interest in such products signals the much broader acceptance of this approach to investing by foundations today.

The same three foundations that supported this initiative also announced a "2% Campaign", calling on foundations nationally to devote up to 2% of their assets to mission related investments in an effort to create a national pool of $10 billion for mission investing.

[9] See the recent Uniform Prudent Management of Institutional Funds Act, which as of July 31, 2008 had been adopted by 24 states and the District of Columbia. See www.upmifa.org for the current status of the Act's adoption.

III. The Importance of Process

The law does not attempt to second guess whether an investment was good or bad in hindsight. The central issue is whether the trustees or directors made their investment decisions consistently with the donor's intent, in compliance with federal tax law, and in adherence to their fiduciary duties under state laws. Both federal and state law require the exercise of care and loyalty in making foundation investments. Legal analysis therefore focuses on the process undergirding the investment decision, the information available at the time of the decision, and the thoroughness of the analysis conducted. The ultimate fate of the investment is not important to the legality of the board's decision. (Although it is hard to imagine anyone being prosecuted for making a highly successful investment!)

As a result, the process followed in making the investment decision matters greatly. An investment made with careful deliberation, due diligence, and within a reasonable overall investment policy would be much more likely to pass scrutiny than the same investment made in a careless and undisciplined manner.

The next set of legal issues to be considered are those presented by the Internal Revenue Code.

Recommendation:

We recommend that every foundation adopt a formal investment policy that spells out the objectives and procedures to be followed in making investment decisions, and that any investment decision be taken in accordance with that policy.

IV. The Internal Revenue Code

The relevant section of the Internal Revenue Code (IRC) is Section 4944, which prohibits "jeopardy investments" and provides an exception to that rule by permitting "program-related investments"(PRIs).[10] Since its enactment in 1969, this provision has been interpreted to require a foundation to avoid overly risky investments that might jeopardize the fulfillment of a foundation's charitable purposes in the short- or long-term.

The standard required under this prohibition is that of a prudent investor acting in similar circumstances. Any single investment must be considered within the overall portfolio of the foundation's investments, given that the risk of one investment can often be offset by other assets with inversely correlated risks.

Interestingly, the IRS' guidance initially issued under this provision describes investments that were perceived as risky decades ago, such as options, hedge funds, and investments in foreign or emerging markets, all of which are now routinely included in the most sophisticated investment portfolios of the largest charitable and educational endowments.[11] The section is generally regarded as antiquated and inconsistent with modern investment practices, but nonetheless remains in force and must be complied with.

Mission Investing Today

The Meyer Memorial Trust has a well-developed mission related and program-related investment strategy. Since its inception in 1984, the Trust has committed over $40 million in risk-adjusted market rate mission investments, and $27 million in debt and equity PRIs that advance its charitable objectives. In making mission investments, the Trust generally funds debt instruments with program dollars and equity investments with endowment funds. Its mission investments support projects related to economic development, affordable housing, environmental protection and the arts. Recipients have used PRI funds to start social business ventures, capitalize lending intermediaries, pay construction costs, and buy land.

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[10] As noted above, other provisions relating to self-dealing, lobbying, excess investment holdings, and unrelated business income tax may also restrict certain investments.

[11] A recent study of 300 major U.S. foundations found that, on average, 41% of their assets were held in alternative or international investments, of which a significant percentage would have fallen within the original IRS interpretation of jeopardy investments. See Commonfund Benchmarks Study 2007 Foundations Report at: www.cfund.org.

In practice, the IRS has rarely penalized a foundation for violating this section. Even if a violation were found, the penalties are relatively modest — a fine equal to 10% of the jeopardy investment which, in egregious circumstances, may be multiplied for repeated violations or failure to divest the jeopardizing investment after notice from the IRS.[12]

PRIs, which may be higher risk and/or lower return, constitute the one well-known exception to the jeopardy investment rule.[13] An investment qualifies as a PRI if it meets three conditions:

- The investment's primary purpose is to accomplish one or more of the foundation's exempt purposes,
- No significant purpose of the investment is to generate financial return, and
- No lobbying activity will be supported by it.

Unfortunately, the meaning of this test — particularly whether there is "no significant purpose" for financial gain — is not easily applied. An investment that furthers the foundation's mission without any potential for profit — for example, a zero interest loan to a grantee — would certainly qualify. But clarity recedes as the investment becomes more profitable or is further removed from the foundation's specific charitable objectives. Our research considered the more than 100 private letter rulings in which foundations sought advance approval from the IRS that a specific transaction would qualify as a PRI. Private letter rulings cannot be relied upon as binding legal precedent, however, they do offer guidance as to the views of the IRS at the time of issuance, and our analysis gleaned a few particularly instructive themes.

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12 In egregious circumstances, the penalty may be increased and foundation managers, trustees and directors may be personally liable for an additional fine, especially if the foundation does not divest of the asset and if there are persistent and repeated violations. In extreme cases, the IRS has the authority to revoke the foundation's tax-exempt status, although our research uncovered no examples in which it had actually done so, and it is hard to imagine that a well-intentioned mission investment would ever trigger such a severe penalty.

13 Note that PRIs can be counted as part of the foundation's 5% required payout in the year made, and will not be considered as part of the asset base for calculating the 5% payout while the investment is outstanding. However, an amount equal to the original investment must be paid out above the usual 5% requirement in the year that the investment is recouped.

Although the language of the Tax Code states that "no significant purpose" of a PRI may consist of the generation of financial return, private letter rulings have often applied a much simpler test — whether a conventional investor would make the same investment on the same terms. Foundations often make PRI loans at low or even zero rates of interest, in part to avoid running afoul of this prohibition. While a foundation may choose to charge little or no interest to advance its charitable objectives, the law does not require such a deep discount. For example, depending on the credit-worthiness of the borrowers, even a loan at prime or prime plus one might be well below what a commercial lender would charge, if the borrower could obtain financing from a commercial lender at all. Even more interesting, on more than one occasion, investments with a market rate of return — even as high as 18-20% — have been deemed to qualify as PRIs if a conventional investor would not accept at least one of the other terms in the investment agreement, such as a restriction on resale.

Finding a material link to the charitable purposes of the foundation is just as important as the financial return. A number of IRS private letter rulings address whether specific investments sufficiently serve the investing foundation's charitable purpose. For example, an investment in a low-income housing project by a foundation dedicated to helping those in need would qualify. It is less clear, however, whether an investment by the same foundation in a mixed-use housing project would qualify if a majority of the units were unaffordable for low-income tenants.

Mission Investing Today

The W. K. Kellogg Foundation announced a $100 million allocation to mission investing in October 2007, with the goal of maximizing social return on its investments through a mix of market-rate and below market-rate investments. $75 million dollars will fund U.S.-based strategies and $25 million will fund African-based strategies consistent with the **Kellogg Foundation's** grantmaking priorities.

Recommendation:

Given the importance of process as previously outlined in Section III, our analysis concludes that an investment would qualify as a PRI if made with an unambiguous mission related objective, and with one or more provisions that are less favorable than a commercial investor would accept. As a matter of best practices, a foundation board should document in writing its careful consideration and conclusion that the PRI investment both advances the foundation's charitable purposes and has no significant profit motive.

Although IRS guidance seems clear that any below-market term is sufficient to establish the mission investment as a PRI, the ambiguity of phrases like the "primary purpose" or "no significant purpose," and the outdated examples in the regulations that run contrary to modern portfolio management techniques, lead many attorneys to be understandably cautious in approving as a PRI any transaction that has significant financial returns. The American Bar Association, joined by the Council on Foundations, has requested that the IRS modernize its guidance under this provision by updating the examples of qualifying PRIs. To date, the IRS has not responded to this request, and we are left to grapple as best we can with the almost forty-year-old provision.

All states (except New Mexico) have incorporated the provisions of IRC section 4944, including the PRI exception, into their own laws regarding the management of foundation funds. Because section 4944 relies on the same prudent investor standard of state fiduciary laws, if an investment meets the IRC test for a PRI in these states, it not only satisfies the requirements of the IRS, but also meets state tax and fiduciary law requirements, and no further analysis is necessary.

Mission Investing Today

The Annie E. Casey Foundation implemented a Social Investment Program in 2002 that includes mission related deposits, program-related investments, and mission related investments in support of the foundation's grantmaking focus on vulnerable children and families. As of October 2007, the Social Investment Portfolio was valued at over $42 million representing approximately 1.3% of the foundation's assets.

If the investment does *not* qualify as a PRI, it may nonetheless be legally permissible. If, for example, the investment carries the expectation of a market rate return, and the risk profile makes sense within the overall portfolio investment policy, then it should not be deemed to jeopardize the foundation's short- or long-term purposes more than any other investment. The fact that mission related considerations entered into the decision-making process should not alter the legal analysis.

Recommendation:

The law is murkier when an investment is neither market rate nor qualifies as a PRI. For example, if the foundation's purpose in making an investment is both to achieve financial gain and to advance its charitable purposes, the IRS would not deem such an investment to be a PRI. Our analysis concludes, however, that the investment would not be prohibited as a jeopardizing investment if:

(a) The investment return is reasonably expected to equal or exceed the projected rate of inflation, or

(b) The lower return or higher risk of this investment is offset by other investments in the portfolio that produce higher returns or inversely correlated risks such that the portfolio as a whole can reasonably be expected to keep pace with inflation, or

(c) The investment represents such a small portion of the total portfolio that its performance is not material to the foundation's overall ability to achieve its long-term objectives.

We conclude that a mission investment should not run afoul of section 4944, as long as the investment is thoughtfully considered within the foundation's overall investment portfolio, and genuinely advances the foundation's charitable objectives. If the financial terms are less favorable than a purely profit-seeking investor would accept, the investment should qualify as a PRI; alternatively, if the terms are commercially reasonable and the investment fits within the foundation's overall asset allocation strategy, the investment should not jeopardize the foundation's short- or long-term performance.

One last hurdle remains, however. An investment must still satisfy state law regarding the fiduciary duty of nonprofit corporation directors or the trustees of a charitable trust, even if it is in compliance with the Internal Revenue Code.

V. State Laws

Fiduciary duty is generally defined by state law and, while these state laws vary, they usually rely on the same well-developed legal doctrines. These doctrines require that a fiduciary exercise her responsibilities with care and loyalty. In the investment context, these doctrines are embodied in the "prudent investor" standard, which forms the core of state law applicable to foundation investment management. Most states have adopted one or more of the Uniform Laws[14] that regulate the investment of charitable assets. Depending on the state, and whether the foundation operates as a trust or corporation, slightly different legal standards may apply, but the increasing reliance on the prudent investor rule lends harmony to these standards.

The prudent investor rule requires a foundation director or trustee to exercise loyalty and care in investing assets for the benefit of the charitable institution, taking due consideration of diversification and considering any single investment in the context of the overall portfolio of the foundation. Many foundation managers have interpreted this to require the maximization of investment returns. When applied to mission investments, the profit maximizing school of thought reasons that if the fiduciaries take social and environmental considerations into account, and thereby reduce the investment return below market-rate alternatives, they are not fulfilling their obligations to the foundation.

Mission Investing Today

The Jessie Smith Noyes Foundation determined to harmonize its investments thoroughly with its mission early in the 1990s, interpreting its fiduciary responsibility to require that it invest consistently with its grantmaking priorities. The foundation focuses on the environment and reproductive health.

In order to invest proactively to advance its charitable purposes, the foundation established its own venture capital fund, the Blue Dot Fund, which invests in green technology and clean business strategies. The foundation no longer invests in hedge funds due to the lack of transparency.

[14] See the Uniform Prudent Management of Institutional Funds Act (2006); Uniform Management of Institutional Funds Act(1972); and the Uniform Prudent Investor Act (1994).

In the case of a for-profit corporation or a private trust for the benefit of an individual, the profit maximizing theory makes sense. It is hard to imagine why any fiduciary would not seek the optimum return unless she were disloyal by putting another's interests first or careless by not investigating other opportunities more diligently. Even if the fiduciary means well by deliberately choosing a sub-optimal investment in order to serve a social objective, she is depriving the shareholder or trust beneficiary of a financial benefit without his or her consent, and therefore violates the duty of loyalty.

Mission Investing Today

The David and Lucile Packard Foundation has long had a strong commitment to program-related investments, having made its first loan in 1980 under its conservation program. The foundation restricts its PRIs to prior grantees, so it knows its PRI borrowers well which mitigates against the risk of these investments. The foundation's PRI budget is segregated out from its endowment, and is capped at 3% of assets.

We note the traditional premise — that taking these non-financial factors into account necessarily reduces financial returns — is increasingly being questioned. In fact, there is considerable and growing evidence that taking social and environmental considerations into account may actually increase investment returns for the long-term investor.[15] If so, then considering such factors would not conflict with profit maximization.

However, even if a trade-off between financial and social returns arises, charitable foundations still represent a special case in interpreting fiduciary duty. Both charitable trust and nonprofit corporation laws explicitly authorize consideration of the charitable purposes of the foundation in making investment decisions.

[15] See the report by Goldman Sachs, GS Sustain, documenting that companies with better performance on environmental, social and governance criteria outperformed the world market index at: www.unglobalcompact.org/docs/summit2007/gs_esg_embargoed_until030707pdf.pdf. See also Generation Investment Management, an investment fund established by Al Gore and David Blood that aims to provide superior long term returns through analyzing sustainability practices at: www.generationim.com. See also the F.B. Heron Foundation which invests roughly one-quarter of its endowment in a diverse portfolio of mission investments and tracks their performance against conventional benchmarks for each asset class at: www.fbheron.org.

Furthermore, unlike the previous example, the "beneficiary" of a general purpose foundation is not any identifiable individual or institution, but all those who benefit from the advancement of the foundation's charitable purposes. Furthering the charitable purposes as defined by the donor is the foundation fiduciary's ultimate responsibility. If a foundation board, after due deliberation, chooses to sacrifice financial return (for example, by making a low-interest loan) or increase risk (for example, by taking an equity position in a social entrepreneurship venture) that will genuinely serve the charitable objectives of the foundation, then the foundation board has still obeyed the fiduciary duties of loyalty and care, even if it has not maximized the financial returns.

As noted above, if the foundation is intended or legally presumed to be a permanent endowment, the trustees or directors do have an obligation to preserve the original value of the assets and, in those states that have adopted UPMIFA, to preserve the value over time of the assets as well. As long as the portfolio as a whole is reasonably structured to meet that minimum threshold, however, making an investment that generates sub-optimal financial returns in order to serve the foundation's charitable purposes falls entirely within the fiduciary duty of a charitable endowment's trustees or directors.

Mission Investing Today

The Nathan Cummings Foundation has long interpreted its fiduciary responsibility to require shareholder activism. The foundation actively seeks to encourage the companies it invests in to consider the environmental and social impact of their activities on the theory that this reflects good risk management. The foundation also invests in sustainable forestry strategies, greenhouse gas emission reduction, and LEED-certified real estate in the belief that these are good investments that will generate strong financial returns.

VI. Conclusion

Although the investment of foundation assets is subject to the donor's written intent, the Internal Revenue Code and state laws that define fiduciary duty, considerable freedom remains for foundation directors and trustees to use the foundation's assets for a wide variety of mission investments. Whether or not an investment maximizes financial return, as long as the investment genuinely serves the foundation's charitable objectives and is made with due care and loyalty, the requirements of the law will be met.

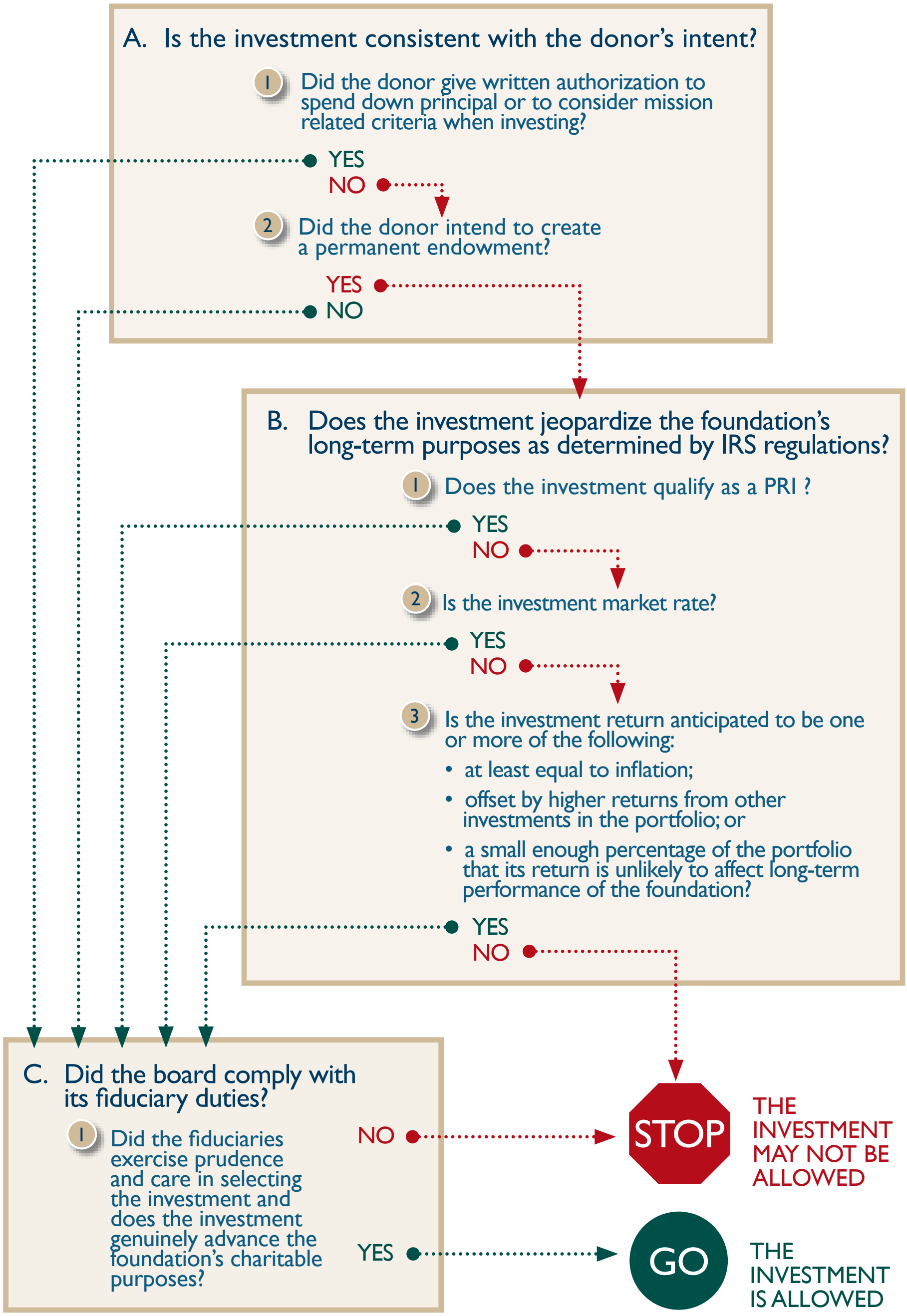
If the donor's written intent is clear that the assets need not be preserved permanently, or that the foundation may consider social and environmental issues in making investment decisions, then no questions arise under federal tax or state law regarding the consideration of mission related criteria in making investment decisions.

If the mission investment earns a risk adjusted market rate of return, or is at least anticipated to keep up with inflation, then the long-term interests of the foundation will be sufficiently protected to satisfy both federal and state law, even if the foundation's assets are intended to be permanent.

If the mission investment generates a rate of return below a risk adjusted market rate, then so long as the investment furthers the charitable purpose of the foundation, it will almost certainly qualify as a PRI under the Internal Revenue Code, and so also satisfy the legal requirements of fiduciary duty in every state (except New Mexico, which has not imported the PRI language into its law).

Even if a below market mission investment is not a PRI (or the foundation operates in New Mexico), the investment would not violate fiduciary duty under state law if the investment was made with due care, and it genuinely serves the foundation's charitable purposes. Nor would it constitute a prohibited jeopardy investment under the Internal Revenue Code unless the risk and return were material to the performance of the overall endowment and were not offset by higher returns or countervailing risks elsewhere in the portfolio.

Mission Investment Decision Tree



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FSG Social Impact Advisors is a nonprofit research and strategy consulting organization that works with foundations, corporations, and nonprofits to accelerate the pace of social progress. For more information, please visit ***www.fsg-impact.org***.

Disclaimer

As with any report of this nature, the information contained here should not be relied upon as legal advice, but rather as a general outline of the laws that a foundation must be aware of when engaging in the practice of mission investing. The specific legal constraints of your foundation's investments, as set out in its constitutive documents, by-laws, and investment policy, must be considered against the backdrop of relevant federal regulations and state laws. Internal and/or external counsel should be consulted as you consider and implement a mission investing program.

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