

Washington Regional Association of Grantmakers



# OUR REGION, OUR GIVING 2018

## Giving in the Greater Washington Region

featuring a special look at

**Impact Investing**



Our Region, Our Giving is a snapshot of 2017 giving by members of the Washington Regional Association of Grantmakers in the Greater Washington region.

The Greater Washington region consists of suburban Maryland, the District of Columbia, and Northern Virginia.



# Giving

**\$217,614,953**

**↑  
6.7%**

WRAG collected data from our members on their 2016 and 2017 giving and assets. Overall, giving by these funders increased 6.7 percent over 2016. About half of those surveyed increased their giving in 2017 or kept it at the same level as 2016.

# Assets

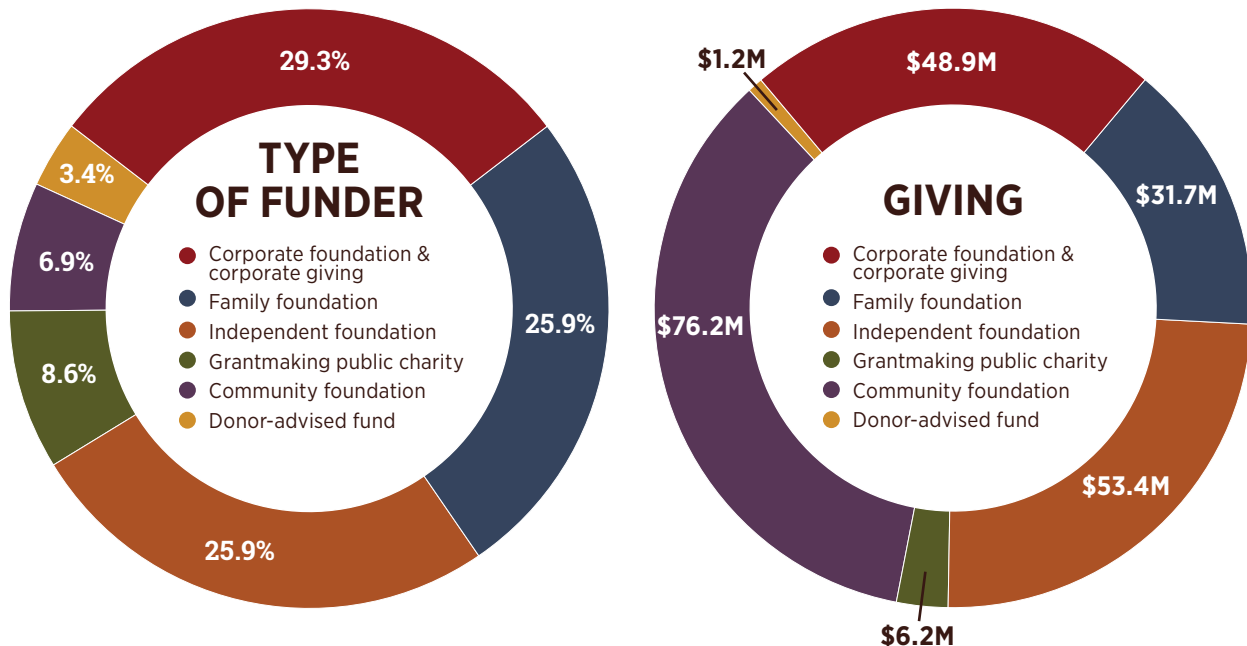
**\$3,572,042,138**

**↑  
14.1%**

Ninety percent of survey respondents experienced asset growth in 2017. Overall, assets held by these funders\* grew by 14.1 percent.

# Types of Funders & Their Giving

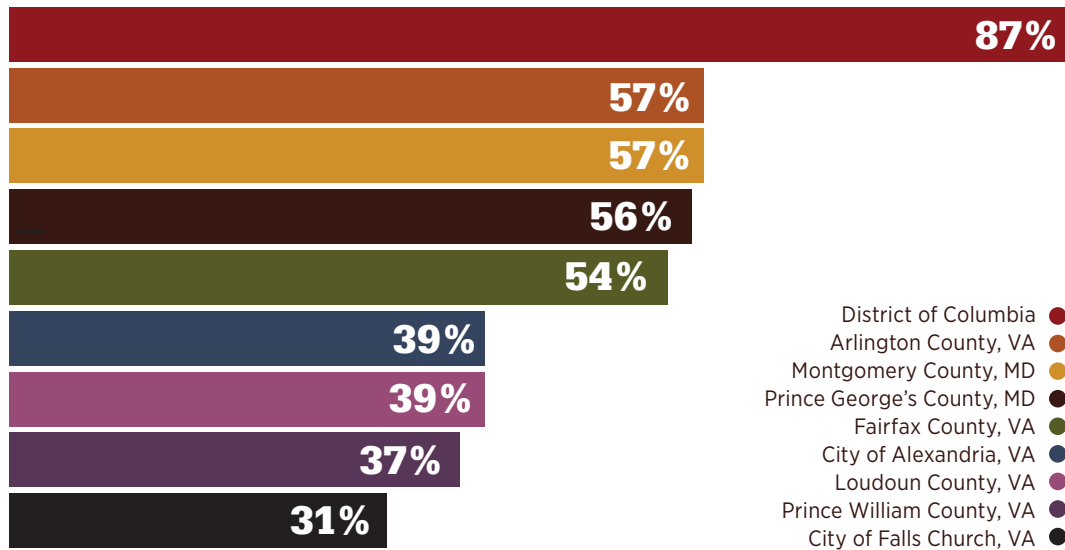
WRAG’s membership consists of a diverse range of grantmaking organizations. This report represents the following types of funders and their giving:



\*Some respondents declined to provide information on their assets. This figure also excludes corporate giving programs and other entities that don't have traditional endowments. See page 14 for the list of funders included in this report.

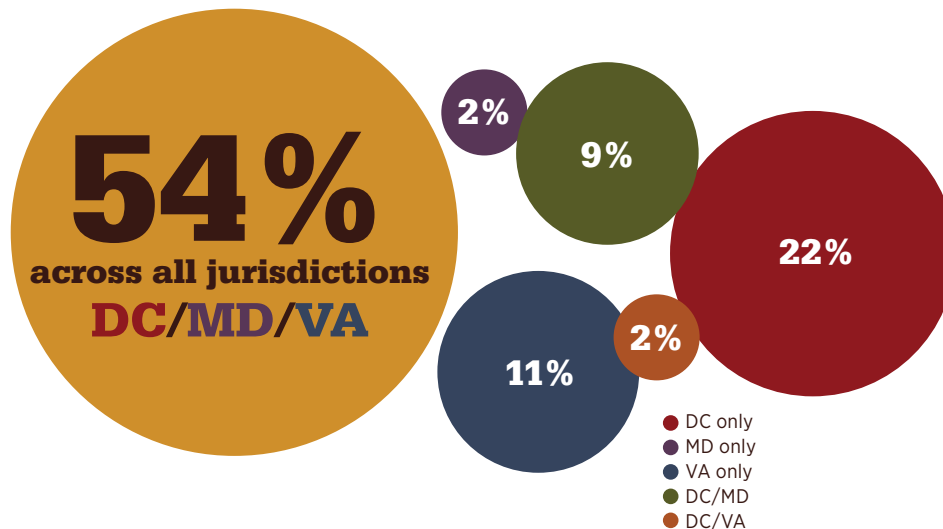
## Giving by Local Jurisdiction

WRAG members give throughout the Greater Washington region. In 2017, although nearly all funders represented in this report supported organizations in DC, many supported work in other parts of the region:



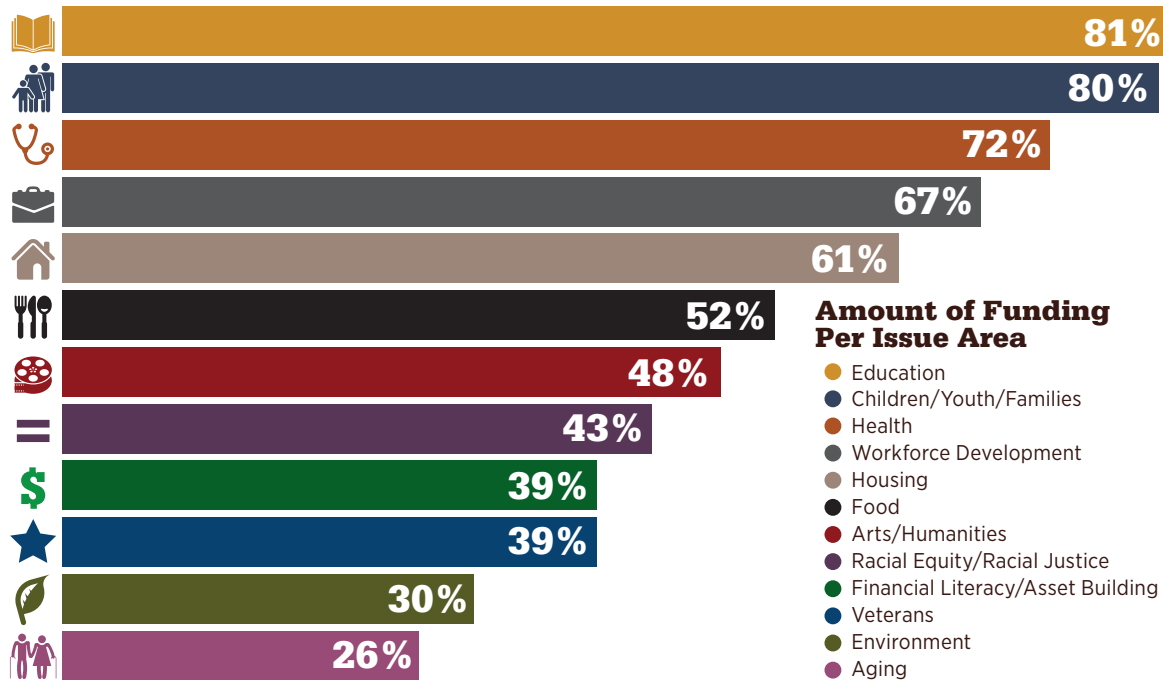
## Giving by "State"

Because challenges and opportunities in our region cross jurisdictional boundaries, WRAG members tend to fund across these boundaries, as well. Over half of survey takers reported giving across all three "states" that comprise our region.



# Giving by Issue Area

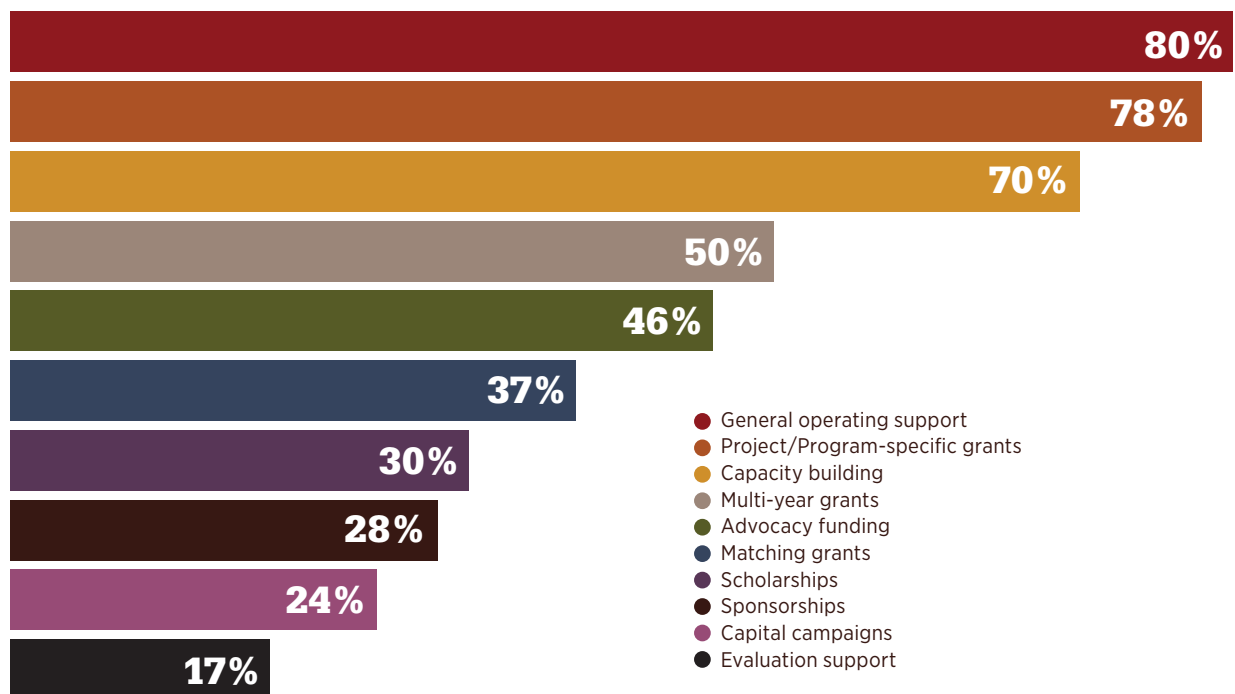
WRAG members have wide ranging grantmaking priorities. Over 80 percent of funders surveyed this year reported that they provide grant support toward the areas of education and children, youth, and families. Health, workforce development, and housing were other major priorities.



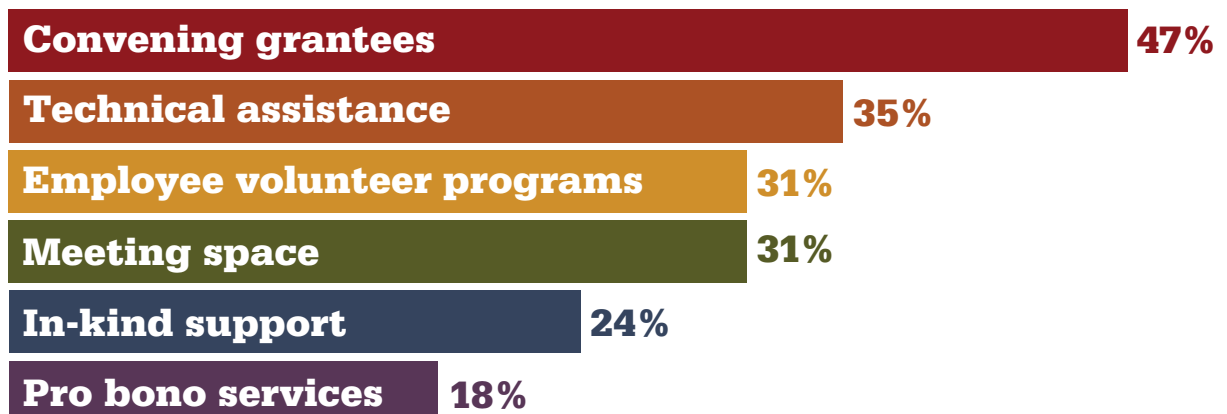
# Types of Support

In their efforts to effect change in our region, funders have a variety of tools at their disposal. We surveyed our members about the types of financial and “beyond dollars” support they provided in 2017. One especially positive finding was that 80 percent of survey respondents reported providing general operating support, suggesting that WRAG members are increasingly aware of the importance of flexible support for nonprofits to advance their missions effectively.

## Cash Support



## Non-Cash Support



# Philanthropy & Racial Equity: A growing priority

Since WRAG launched our “Putting Racism on the Table” initiative in 2016, a growing number of WRAG members are taking steps to examine how structural racism, white privilege, and implicit bias impact their communities, their issue priorities, and their own institutions. We first asked our members in 2017 about specific actions they have taken around racial equity. We expanded the survey to ask about additional activities in 2018. Below is a snapshot of ways WRAG members are addressing racial equity:

**73%** Sought additional learning and training opportunities for staff and leadership around racial equity  **143%**

**53%** Engaged grantees in conversations about racial equity  **194%**

**53%** Engaged other funders in conversations about racial equity


**47%** Engaged trustees in conversation about race and how it relates to the work of the organization  **114%**

**37%** Changed grantmaking priorities (e.g., issues or types of organizations funded)  **131%**

**31%** Collected demographic data from grantees about their boards, staffs, and/or clients

**31%** Made public statements about their commitment to racial equity

**22%** Changed grantmaking practices (e.g., size of grants; number of grant rounds)

**22%** Changed internal operations, policies, procedures, and/or organizational culture  **38%**

**16%** Engaged in public policy advocacy around racial equity

# 2018: A Special Focus on Impact Investing

In the past few editions of this report, we have taken a special look at our members' grantmaking priorities and strategies. This year, we surveyed our members to find out how they are using their endowment dollars – rather than their grantmaking dollars – to advance social change through the practice of impact investing.

## What is Impact Investing?

While impact investing is still an emerging field (the term was coined as recently as 2007), there is a growing consensus around its potential to unlock capital for social change. At its core, impact investing is a set of strategies that are intended to generate social and/or environmental impact alongside financial return. Foundations hold incredible wealth (just look back at page 1 of this report), but are only required to pay out five percent of their assets each year. Impact investing enables foundations to put the other 95 percent of their assets to work in the community. In addition, when foundations invest in line with their philanthropic values, they can avoid investments that, however good the return on investment may be, actively undermine their grantmaking strategy.

Foundations approach impact investing from different perspectives based on factors such as their organization's mission, objectives, geographic focus, or financial considerations. Some strategies emphasize financial return while still seeking to benefit society (Mission-Related Investments). Other approaches put impact first, accepting returns that vary from below-market rate to a simple repayment of principal (Program-Related Investments). Impact investments can be as straightforward as banking with a Community Development Financial Institution (CDFI) or as complex as infusing capital into start-up social enterprises.

## Impact Investing Strategies

### Environmental, Social, and Governance Investments (ESG)

Investments that have integrated the three ESG factors into investment analysis.

### Mission-Related Investments (MRIs)

Risk-adjusted market-rate or near market-rate impact investments made from the foundation's endowment.

### Place-Based Impact Investing

An additional framework for making investment decisions by applying a geographic lens. It centers on certain geographies that are often, but not exclusively, local.

### Program-Related Investments (PRIs)

Investments made with the primary purpose of accomplishing the mission, not the generation of income. The below-market investments can be counted towards a foundation's annual 5% distribution requirement. They are generally expected to be repaid.

### Socially Responsible Investments (SRI)

Investments that attempt to avoid certain stocks or industries through negative screening or seek out certain stocks or industries through positive screening.



## WRAG and Impact Investing

Recognizing that impact investing represented a potential avenue for funders to increase their impact in our region, WRAG has, since 2012, provided periodic learning and convening opportunities to encourage our members to consider entering the field. As the housing affordability crisis deepened in our region, WRAG and several of our members identified impact investing as a way for foundations – even those that don't make housing-related grants – to allocate dollars toward housing without changing their grantmaking priorities.

In 2016, WRAG, with Enterprise Community Loan Fund, launched the *Our Region, Your Investment* place-based impact investing initiative in an effort to bring new capital to the housing crisis. Based on the Enterprise Community Impact Note, this fixed-income investment raised over \$12 million from foundations, corporations, nonprofits, and individuals. It preserved or produced over 650 housing units around the Greater Washington region, and helped to introduce new investors to impact investing. Although this initiative has recently ended, WRAG's dedication to addressing housing affordability in our region remains a priority, and we are exploring ways to continue bringing new capital to the region's housing challenge.

More recently, at a convening of the Foundation Finance Affinity Group that offered participants a primer on impact investing, WRAG identified strong member interest in learning more about impact investing. In late 2017, WRAG launched WIIN (WRAG's Impact Investor Network) in response to this desire. WIIN convenes quarterly to learn about impact investing, and to share resources, best practices, investment opportunities, and challenges. The goal of the network is to facilitate the flow of information and resources so that local funders can more confidently engage in impact investing in the region.

## WRAG Members and Impact Investing: A Landscape Scan

In summer 2018, we surveyed WRAG members to find out how they are engaging in impact investing, the strategies that they are using, the issue areas on which they are focusing, and any particular challenges that they may be facing.

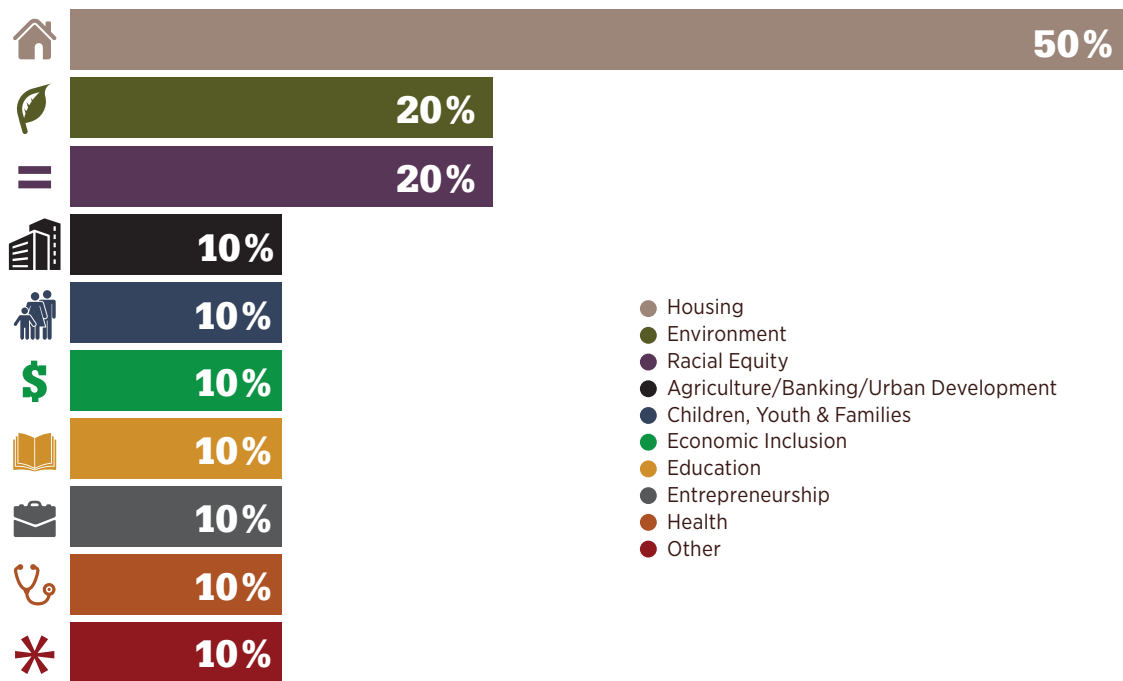
For this survey, WRAG broadly defined impact investing as any investment strategy that works to generate measurable social or environmental benefit, alongside financial return. By this definition, examples of impact investing strategies include: loan guarantees; deposits at CDFIs; and direct investments in private companies/funds. It also includes positive and negative screens on stocks, bonds, and mutual funds; in other words, the practice of intentionally avoiding investing in certain kinds of companies or industries that don't align with an institution's values (e.g., private prison companies) or seeking out investments in companies or industries that do (e.g., green energy companies).

## Key Findings

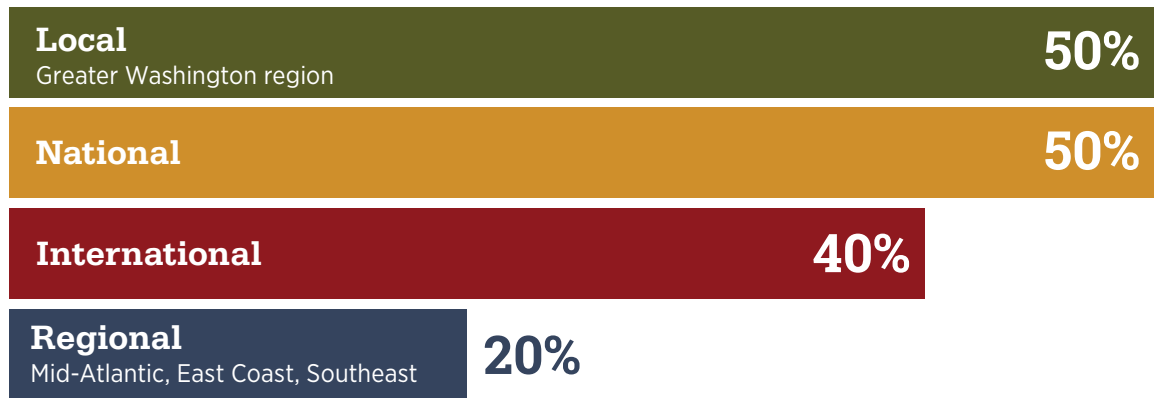
Impact investing is a relatively new, but growing practice among the local philanthropic community. Fifty-nine percent of survey respondents are currently engaged in impact investing or are actively seeking to become engaged. Of those who are already impact investing, 60 percent made their first investment within the last five years.

### ISSUE AREAS

WRAG members currently focus their impact investments across a wide range of issue areas, with many focused on housing.



### GEOGRAPHIC FOCUS OF INVESTMENTS



## IMPACT INVESTING STRATEGIES

**40%** Positive or negative screens on stocks, bonds, mutual funds

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**40%** Direct investments in private companies/funds  
*(e.g., investments in established companies that are less risky than start-ups)*

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**30%** Deposits at a Community Development Financial Institution (CDFI)

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**30%** Private debt/loan funds  
*(e.g., providing money to businesses through loans or lines of credit)*

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**10%** Investments in products/funds offered by CDFIs

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**10%** Utilizing investment management firms owned and operated  
by people of color

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**10%** Guarantees

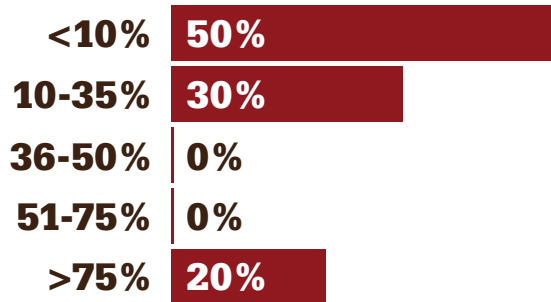
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**10%** Venture Capital  
*(e.g., investments in start-ups)*

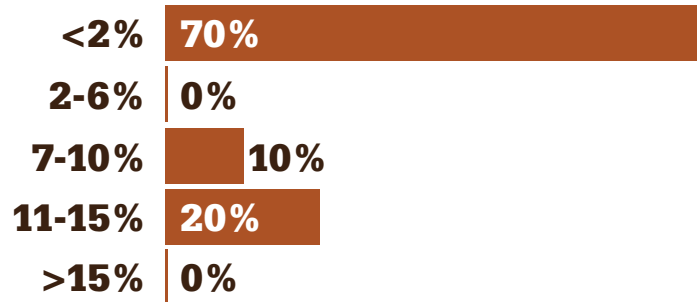
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Eighty percent of survey respondents have allocated 35 percent or less of their investment portfolio to impact investing strategies. When positive or negative stock screens are excluded as an impact investing strategy, no one reported an allocation greater than 15 percent. This suggests that socially-responsible investing practices are, perhaps, how institutions are first stepping into the impact investing space.

**PORTION OF PORTFOLIO, INCLUDING POSITIVE AND NEGATIVE STOCK SCREENS, ALLOCATED TO IMPACT INVESTING STRATEGIES**

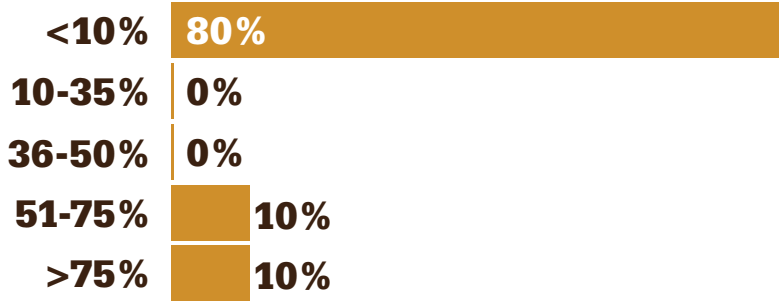


**PORTION OF PORTFOLIO, EXCLUDING POSITIVE AND NEGATIVE STOCK SCREENS, ALLOCATED TO IMPACT INVESTING**



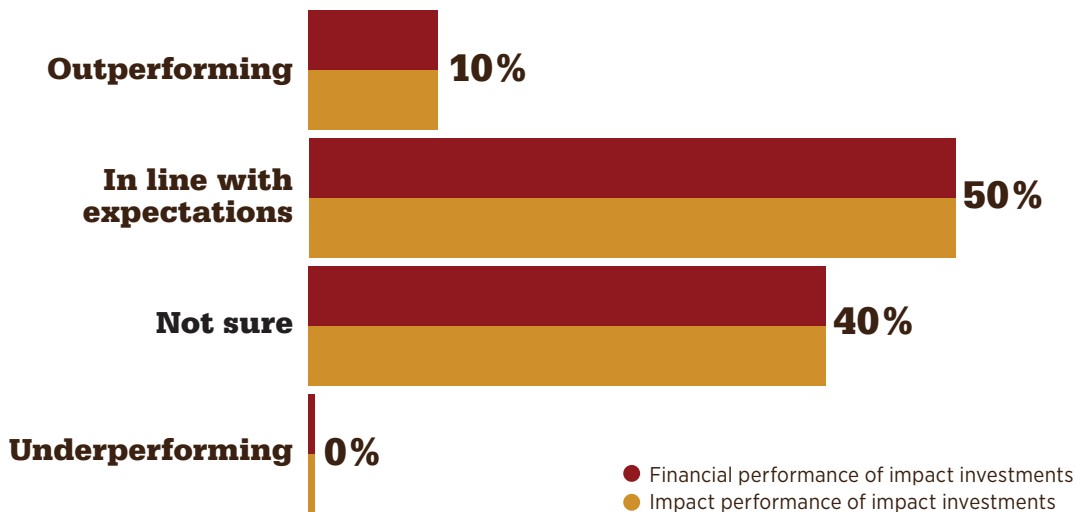
While many WRAG members have allocated a portion of their investment portfolio to impact investing, the vast majority of those allocations are currently less than 10 percent deployed, which speaks to the challenge of finding the right investment opportunity.

**PORTION OF ALLOCATION DEPLOYED (EXCLUDING STOCK SCREENS)**



**INVESTMENT PERFORMANCE**

A majority of respondents indicated that their impact investments have either met or exceeded their expectations for both social impact and financial performance. While no one reported that investments underperformed their impact or financial expectations, 40 percent commented that they were unsure of their investment performance, indicating challenges around finding relevant data and/or securing resources to interpret the data.



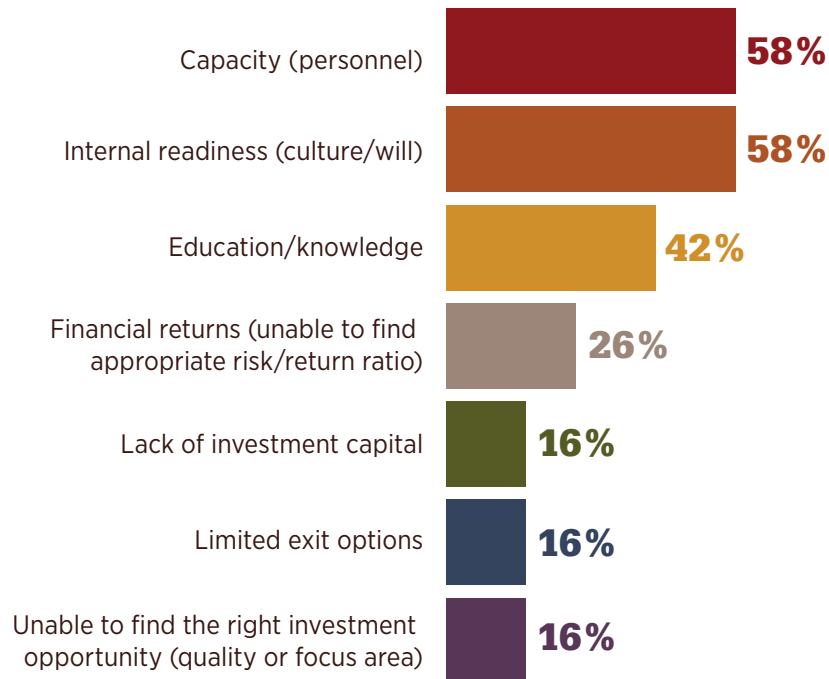
### INVESTMENT CHALLENGES

WRAG members engaging in impact investing identified a number of specific challenges they are encountering, most notably the lack of centralized resources to learn about impact investment opportunities.



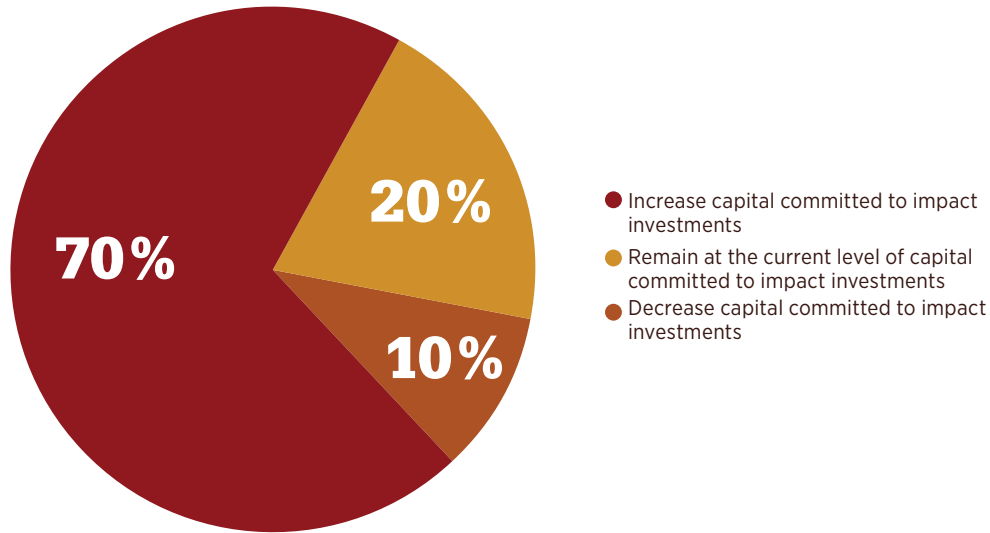
### REASONS FOR NOT ENGAGING IN IMPACT INVESTING

WRAG members that have not engaged in impact investing strategies offered a number of reasons, including:



## LOOKING AHEAD

Despite difficulty in finding the right investment opportunities, WRAG members are optimistic, with 70 percent of respondents reporting plans to increase capital committed to impact investing strategies over the next two years:



WRAG is still learning how our community is engaging in impact investing. We are excited to see that there is notable interest in impact investing and that over the next two years, many members plan to increase the amount of capital committed to this powerful financial tool for leveraging philanthropic dollars. As we head into 2019, WRAG will continue to offer informal and formal learning opportunities through WIIN. We look forward to hearing from you on the successes and challenges that you are facing as you dive into the rapidly growing and evolving world of impact investing.

## To learn more about impact investing, please visit:

**Global Impact Investing Network** [www.thegiin.org](http://www.thegiin.org)

**Mission Investors Exchange** [www.missioninvestors.org](http://www.missioninvestors.org)

**SOCAP** [www.socialcapitalmarkets.net](http://www.socialcapitalmarkets.net)

**Toniic** [www.toniic.com](http://www.toniic.com)

# About This Report

This year's edition of *Our Region, Our Giving* was based on three sources of information: WRAG's Foundation Map, an online tool populated with grants data from WRAG members who submit that data to the Foundation Center, and two member surveys.

**The following WRAG members' 2017 giving is reflected in this report. Those marked by an asterisk (\*) also completed the survey on impact investing:**

ACT for Alexandria\*  
 Association of American Medical Colleges  
 Bank of America  
 BB&T\*  
 Diane & Norman Bernstein Foundation  
 Morton and Jane Blaustein Foundation  
 The Herb Block Foundation  
 Butler Family Fund\*  
 The Morris & Gwendolyn Cafritz Foundation\*  
 Capital One\*  
 CareFirst BlueCross BlueShield  
 Citi Community Development/Citi Foundation  
 A. James & Alice B. Clark Foundation  
 Naomi and Nehemiah Cohen Foundation\*  
 Community Foundation for Loudoun and Northern Fauquier Counties\*  
 Community Foundation for Northern Virginia  
 Consumer Health Foundation\*  
 District of Columbia Bar Foundation\*  
 Diverse City Fund\*  
 The Lois and Richard England Family Foundation\*  
 Philip L. Graham Fund\*  
 Greater Washington Community Foundation\*  
 Healthcare Initiative Foundation  
 Corina Higginson Trust\*  
 Hill-Snowdon Foundation\*  
 Horning Family Fund  
 IBM Corporation  
 Inter-American Development Bank  
 The Lever Fund  
 MARPAT Foundation



The J. Willard and Alice S. Marriott Foundation  
Nancy Peery Marriott Foundation  
Richard E. & Nancy P. Marriott Foundation\*  
Eugene & Agnes E. Meyer Foundation\*  
Mitsubishi Electric America Foundation  
Claude Moore Charitable Foundation  
Curtis & Edith Munson Foundation\*  
Northern Virginia Health Foundation\*  
William J. and Dorothy K. O'Neill Foundation  
Pink House Foundation  
PNC Financial Services Group/The PNC Foundation  
Potomac Health Foundation  
Prince Charitable Trusts  
Public Welfare Foundation\*  
PwC US  
Jane Bancroft Robinson Foundation  
Alexander and Margaret Stewart Trust\*  
United Way of the National Capital Area  
Venture Philanthropy Partners\*  
Washington Area Women's Foundation\*  
Washington Gas  
Weissberg Foundation\*  
Wells Fargo\*  
World Bank Group

**The following WRAG members only participated in the survey on impact investing:**

Booz Allen Hamilton  
Kaiser Permanente  
Mizrahi Family Charitable Trust  
Open Society Foundations - Washington Office  
Hattie M. Strong Foundation  
TEGNA Foundation

# About the Washington Regional Association of Grantmakers

The Washington Regional Association of Grantmakers (WRAG) is a membership association of grantmakers in the Greater Washington region – the District of Columbia, Northern Virginia, and suburban Maryland. Our members represent a vibrant cross-section of philanthropy, including family, community, corporate, and independent foundations, as well as corporate giving programs, governmental grantmakers, grantmaking public charities, and individual philanthropists. We provide a variety of services to our members to facilitate more effective, strategic, and responsible philanthropy to improve the health and vitality of the region and all who live here.





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