

DOING GOOD WITH FOUNDATION ASSETS

An Updated Look at Program-related Investments

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For four decades U.S. foundations have had the ability to make below-market-rate investments in activities consistent with their missions, and count these investments as part of their annual charitable distributions.¹ Program-related investments, or PRIs, provide the opportunity for a philanthropic multiplier effect, as foundations invest the dollars repaid from earlier PRIs into new charitable investments.

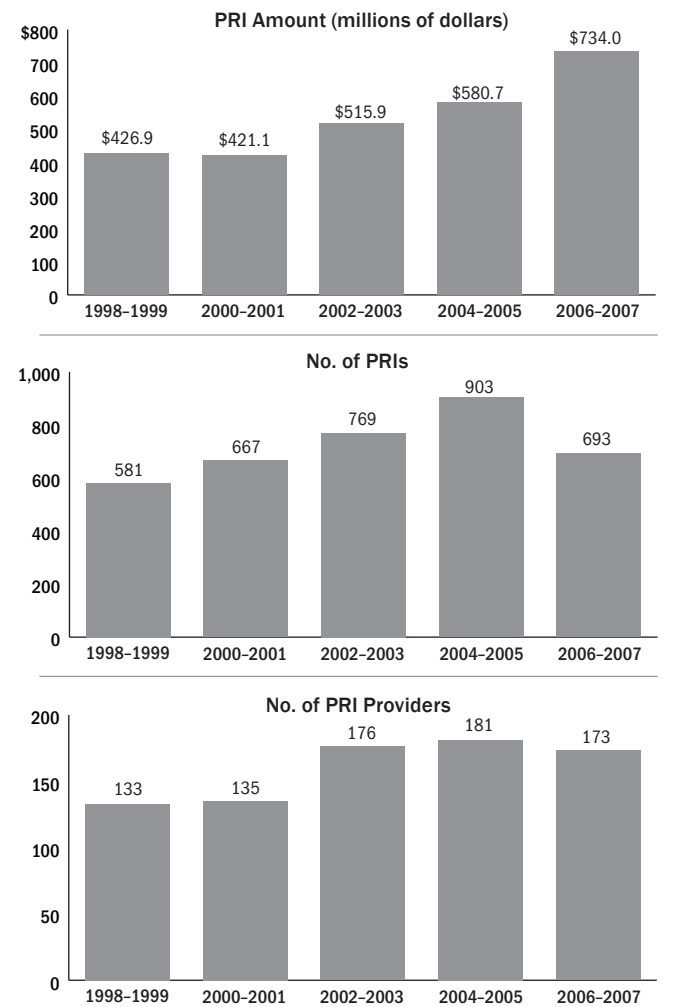
Program-related investments remain a developing tool for foundations. Of the nation's more than 75,000 grantmaking foundations, the Foundation Center has tracked 173 private and community foundations that made at least one PRI of \$10,000 or more in 2006 or 2007 (Figure 1). Their program related investments totaled \$734 million, or a small portion of the \$91.9 billion in overall charitable distributions provided by foundations during this two-year timeframe.²

The limited use of program-related investments by foundations largely reflects a number of factors including the limited number of non-profit organizations with the experience and capacity to manage financial investments, the lack of a predictable income stream to needed for repayment, limited proficiency in the use of investment tools among foundation staff, and/or reliance by foundations on more traditional approaches to philanthropy.

In spite of these challenges, the use of PRIs among small to mid-sized foundations, including community foundations, as well as the breadth of areas to which PRIs are being applied is expanding. While the development of low-cost housing and community development programs domestically, as well as microfinance initiatives internationally, have historically attracted PRIs, there is greater use of this instrument in such areas as education, arts and culture, social and health programs, and environmental sustainability. Through organizations like the PRI Makers Network (primakers.net), conferences, publications, and other activities, a number of these foundations also provide resources, opportunities for networking, and encouragement for those foundations considering PRIs.

The following analysis documents the who, what, and where of recent foundation PRI activity for those interested in learning more about this unique philanthropic tool.

FIGURE 1. Change in PRI Financing Between 1998–1999 and 2006–2007



Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more. Figures based on a sample of larger PRI providers for 1998–1999 and 2000–2001.

HISTORICAL DATA ON PROGRAM-RELATED INVESTMENTS

In the early 1990s, the Foundation Center launched the first systematic effort to collect and analyze detailed information on the program-related investments (PRIs) being made by U.S. foundations. The resulting database now includes more than 5,400 individual PRIs of \$10,000 or more valued at nearly \$3.8 billion (Table A).

The PRI database is modeled on the Foundation Center's grants database. Individual PRI records include foundation and recipient names and locations and the amount and purpose of the PRI. If available, each record also contains a description of the project being financed, the type of financial vehicle (e.g., loan, equity investment), the loan term and interest rate charged, the type of support provided (e.g., capital, program), and the beneficiary group served (e.g., economically disadvantaged, ethnic or racial minorities).

Records of PRI activity were gathered from information provided directly by foundations, foundation publications, Foundation Center surveys, and IRS Form 990-PF information returns. A few leading PRI providers, especially those with cash-flow loan programs, report only summary or cumulative PRI figures. Because this PRI activity cannot be disaggregated into individual records, it is not included in the Foundation Center's PRI database. However, *The PRI Directory* does include entries describing their PRI activities.

TABLE A. PRI Activity for Funders in the PRI Database by Year Authorized

| | No. of Foundations | Dollar Amount of PRIs | No. of PRIs |
|-------------------|--------------------|------------------------|--------------|
| 1990 | 57 | \$ 91,919,366 | 161 |
| 1991 | 76 | 130,028,751 | 202 |
| 1992 | 74 | 117,714,091 | 181 |
| 1993 | 93 | 103,655,127 | 215 |
| 1994 | 69 | 72,893,253 | 173 |
| 1995 | 69 | 94,530,363 | 180 |
| 1996 | 62 | 76,575,398 | 197 |
| 1997 | 70 | 143,868,571 | 268 |
| 1998 | 89 | 148,067,104 | 341 |
| 1999 | 117 | 260,779,909 | 348 |
| 2000 | 100 | 174,983,668 | 327 |
| 2001 | 105 | 246,154,360 | 340 |
| 2002 | 114 | 279,783,828 | 362 |
| 2003 | 134 | 236,110,743 | 407 |
| 2004 | 134 | 324,629,102 | 484 |
| 2005 | 130 | 256,118,631 | 419 |
| 2006 | 121 | 344,219,107 | 361 |
| 2007 | 121 | 390,843,967 | 332 |
| 2008 ¹ | 37 | 200,621,891 | 120 |
| 2009 ¹ | 10 | 59,225,000 | 17 |
| Total | | \$3,752,722,230 | 5,435 |

Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more. For 1990 through 2001, includes PRIs made by a subset of larger providers.

¹Data incomplete for 2008 and 2009.

WHO PROVIDES PRIs?

Foundations of all types and sizes make program-related investments, although independent foundations are the predominant providers. In the 2006-07 period, independent foundations—including family foundations—accounted for more than four out of five PRI providers and similar shares of the number and dollar value of PRIs made (Table 1). The Utah-based ALSAM Foundation, a family foundation, ranked first among all PRI providers with three program-related investments totaling \$77.5 million (Table 2). Included among these were the two largest PRIs reported in 2006-07: a \$50 million loan to Mater Dei High School in Santa Ana, CA, and a \$27.3 million loan to the Diocese of San Diego to build a new Catholic high school in San Diego County.

TABLE 1. PRI Financing by Foundation Type, 2006–2007

| Foundation Type | No. of Foundations | % | Amount | % | No. of Grants | % |
|-----------------|--------------------|--------------|----------------------|--------------|---------------|--------------|
| Independent | 145 | 83.8 | \$624,545,100 | 85.1 | 571 | 82.4 |
| Corporate | 5 | 2.9 | 8,970,100 | 1.2 | 19 | 2.7 |
| Operating | 10 | 5.8 | 51,349,986 | 7.0 | 59 | 8.5 |
| Community | 13 | 7.5 | 49,114,554 | 6.7 | 44 | 6.3 |
| Total | 173 | 100.0 | \$733,979,740 | 100.0 | 693 | 100.0 |

Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more. Due to rounding, figures may not add up to 100 percent.

Consistent with grantmaking patterns, the largest foundations provided the bulk of PRI dollars in the 2006-07 period. Foundations with assets of \$50 million or more accounted for almost 88 percent of PRI funds. Nonetheless, foundations with assets of less than \$50 million, which provided the remaining 12 percent of PRI dollars, represented a far larger 30 percent of the number of PRIs made. For example, the New York-based Bodner Family Foundation held assets of just under \$18 million in 2007 but made 44 PRIs—the largest number reported for a single foundation in the latest two-year period (Table 3). The foundation made loans to Jewish agencies and synagogues ranging from \$30,000 to \$400,000.

PRI providers are fairly evenly distributed across the four major U.S. regions. Of the 171 foundations included in this analysis, the Northeast led with 48 PRI-makers, followed by the West (45), Midwest (39), and South (39).

Finally, program-related investments made by these foundations did not have to be large. In the 2006-07 period, PRIs included in this analysis ranged in size from the \$50 million ALSAM Foundation loan noted earlier to the Missouri-based Farber Foundation's single \$10,000 loan to the Neosho Area Business and Industrial Foundation to help attract businesses to the area with a new building. Table 4 shows that the largest number of PRIs fell in the \$100,000 to under \$500,000 range, and the median PRI amount was \$300,000. Interestingly, PRIs for

under \$50,000 accounted for less than 1 percent of PRI dollars in the latest two-year period but close to 10 percent of the number of PRIs.

WHICH PRIs ARE MOST COMMON?

Program-related investments typically take the form of loans. In the 2006-07 period, more than seven out of every 10 PRIs took the form of either a standard loan, a bridge loan, or a loan to capitalize a loan fund (Table 5). However, while some in the foundation community have used the terms “PRIs” and “loans” interchangeably, program-related investments in fact encompass a far broader array of financial vehicles.

Among the other types of PRIs, equity investments captured the largest share of PRI dollars (4.1 percent) and number of PRIs (8.5 percent). The biggest equity investments reported were the Minnesota-based Cafesjian Family Foundation’s \$4.6 million loan to and equity investment in Armenia-based CS Media R/E and nearly \$2 million loan to and equity investment in Cascade

Capital Holdings, which works to stimulate capital financial markets in Armenia.

Beyond providing financial support to other institutions, foundations are also able to purchase and maintain property for charitable purposes and count these expenditures as program-related investments. In 2006-07, five “charitable use asset” PRIs were reported totaling \$3.6 million, such as the Memphis-based Mike Curb Family Foundation’s two PRIs totaling over \$1.1 million to purchase, preserve, and make further improvements on the former home of Elvis Presley and to provide space to charitable organizations at nominal rent, including leasing space to Rhodes College for programs provided by them.

WHAT DO PRIs SUPPORT?

The analyses presented in this and following sections include program-related investments made by foundations to organizations, governments, and businesses. They exclude the five charitable use asset PRIs reported in the 2006-07 period.

TABLE 2. 25 Largest PRI Providers, 2006–2007

| Foundation Name | State | Foundation Type ¹ | PRI Amount | % | No. of PRIs | % |
|--|-------|------------------------------|----------------------|--------------|-------------|--------------|
| 1. ALSAM Foundation | UT | IN | \$77,533,440 | 10.6 | 3 | 0.4 |
| 2. John D. and Catherine T. MacArthur Foundation | IL | IN | 60,326,800 | 8.2 | 26 | 3.8 |
| 3. David and Lucile Packard Foundation | CA | IN | 50,487,648 | 6.9 | 19 | 2.7 |
| 4. Ford Foundation | NY | IN | 37,500,000 | 5.1 | 16 | 2.3 |
| 5. Bill & Melinda Gates Foundation | WA | IN | 37,000,000 | 5.0 | 4 | 0.6 |
| 6. Walton Family Foundation | AR | IN | 33,083,817 | 4.5 | 6 | 0.9 |
| 7. Marty and Dorothy Silverman Foundation | NY | IN | 23,410,106 | 3.2 | 19 | 2.7 |
| 8. AVI CHAI Foundation | NY | IN | 22,950,000 | 3.1 | 27 | 3.9 |
| 9. Kalamazoo Community Foundation | MI | CM | 20,150,000 | 2.7 | 6 | 0.9 |
| 10. Marisla Foundation | CA | IN | 18,270,000 | 2.5 | 1 | 0.1 |
| 11. Cafesjian Family Foundation | MN | IN | 16,555,964 | 2.3 | 15 | 2.2 |
| 12. Building Hope | DC | OP | 12,948,648 | 1.8 | 10 | 1.4 |
| 13. Soros Economic Development Fund | NY | OP | 12,705,250 | 1.7 | 5 | 0.7 |
| 14. Rhode Island Foundation | RI | CM | 11,960,109 | 1.6 | 6 | 0.9 |
| 15. University Financing Foundation | GA | OP | 11,937,321 | 1.6 | 6 | 0.9 |
| 16. Layne Foundation | CA | IN | 11,313,429 | 1.5 | 5 | 0.7 |
| 17. F. B. Heron Foundation | NY | IN | 10,200,000 | 1.4 | 28 | 4.0 |
| 18. Gordon and Betty Moore Foundation | CA | IN | 10,000,000 | 1.4 | 1 | 0.1 |
| 19. Annie E. Casey Foundation | MD | IN | 9,600,000 | 1.3 | 13 | 1.9 |
| 20. Meyer Memorial Trust | OR | IN | 9,515,000 | 1.3 | 14 | 2.0 |
| 21. Libra Foundation | ME | IN | 9,324,377 | 1.3 | 5 | 0.7 |
| 22. Helen Bader Foundation | WI | IN | 7,687,413 | 1.0 | 13 | 1.9 |
| 23. Thompson Educational Foundation | MI | IN | 7,090,500 | 1.0 | 2 | 0.3 |
| 24. Heinz Endowments | PA | IN | 6,700,000 | 0.9 | 4 | 0.6 |
| 25. Rasmuson Foundation | AK | IN | 6,612,468 | 0.9 | 2 | 0.3 |
| Subtotal for Top 25 | | | \$534,862,290 | 72.9 | 256 | 36.9 |
| All Other Foundations | | | 199,117,450 | 27.1 | 437 | 63.1 |
| Total | | | \$733,979,740 | 100.0 | 693 | 100.0 |

Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more. Due to rounding, figures may not add up to 100 percent.

¹IN = Independent; CM = Community; OP = Operating.

TABLE 3. 25 Largest PRI Providers by Number of PRIs, 2006–2007

| Foundation Name | State | Foundation Type ¹ | PRI Amount | % | No. of PRIs | % |
|---|-------|------------------------------|----------------------|--------------|-------------|--------------|
| 1. Bodner Family Foundation | NY | IN | \$5,316,000 | 0.7 | 44 | 6.3 |
| 2. F. B. Heron Foundation | NY | IN | 10,200,000 | 1.4 | 28 | 4.0 |
| 3. AVI CHAI Foundation | NY | IN | 22,950,000 | 3.1 | 27 | 3.9 |
| 4. John D. and Catherine T. MacArthur Foundation | IL | IN | 60,326,800 | 8.2 | 26 | 3.8 |
| 5. David and Lucile Packard Foundation | CA | IN | 50,487,648 | 6.9 | 19 | 2.7 |
| 6. Marty and Dorothy Silverman Foundation | NY | IN | 23,410,106 | 3.2 | 19 | 2.7 |
| 7. Jacobs Center for Neighborhood Innovation | CA | OP | 5,863,186 | 0.8 | 18 | 2.6 |
| 8. Otto Bremer Foundation | MN | IN | 5,765,000 | 0.8 | 17 | 2.5 |
| 9. Ford Foundation | NY | IN | 37,500,000 | 5.1 | 16 | 2.3 |
| 10. Cafesjian Family Foundation | MN | IN | 16,555,964 | 2.3 | 15 | 2.2 |
| 11. Meyer Memorial Trust | OR | IN | 9,515,000 | 1.3 | 14 | 2.0 |
| 12. Annie E. Casey Foundation | MD | IN | 9,600,000 | 1.3 | 13 | 1.9 |
| 13. Helen Bader Foundation | WI | IN | 7,687,413 | 1.0 | 13 | 1.9 |
| 14. Mary Reynolds Babcock Foundation | NC | IN | 3,725,000 | 0.5 | 13 | 1.9 |
| 15. Prudential Foundation | NJ | CS | 4,650,000 | 0.6 | 12 | 1.7 |
| 16. Building Hope | DC | OP | 12,948,648 | 1.8 | 10 | 1.4 |
| 17. Daniel Veloric Foundation | PA | IN | 805,929 | 0.1 | 10 | 1.4 |
| 18. National Housing Trust Community Development Fund | DC | OP | 2,071,783 | 0.3 | 9 | 1.3 |
| 19. Grand Rapids Community Foundation | MI | CM | 1,848,445 | 0.3 | 9 | 1.3 |
| 20. Northwest Area Foundation | MN | IN | 4,975,000 | 0.7 | 8 | 1.2 |
| 21. Erich & Hannah Sachs Foundation | CA | IN | 1,750,000 | 0.2 | 8 | 1.2 |
| 22. Faith Foundation | OR | IN | 5,513,149 | 0.8 | 7 | 1.0 |
| 23. Joe W. & Dorothy Dorsett Brown Foundation | LA | IN | 2,199,319 | 0.3 | 7 | 1.0 |
| 24. Ervin G. Houchens Foundation | KY | IN | 350,000 | 0.0 | 7 | 1.0 |
| 25. Walton Family Foundation | AR | IN | 33,083,817 | 4.5 | 6 | 0.9 |
| Subtotal for Top 25 | | | \$339,098,207 | 46.2 | 375 | 54.1 |
| All Other Foundations | | | 394,881,533 | 53.8 | 318 | 45.9 |
| Total | | | \$733,979,740 | 100.0 | 693 | 100.0 |

Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more. Due to rounding, figures may not add up to 100 percent.

¹IN = Independent; CS = Corporate; CM = Community; OP = Operating.

TABLE 4. Distribution of PRIs by PRI Size Range, 2006–2007

| PRI Size Range | No. of PRIs | % | PRI Amount | % |
|--------------------------------|-------------|--------------|----------------------|--------------|
| \$10 million and over | 9 | 1.3 | \$180,551,300 | 24.6 |
| \$5 million–under \$10 million | 16 | 2.3 | 94,147,869 | 12.8 |
| \$1 million–under \$5 million | 184 | 26.6 | 339,894,292 | 46.3 |
| \$500,000–under \$1 million | 98 | 14.1 | 59,227,724 | 8.1 |
| \$100,000–under \$500,000 | 256 | 36.9 | 53,943,384 | 7.3 |
| \$50,000–under \$100,000 | 66 | 9.5 | 4,496,131 | 0.6 |
| \$25,000–under \$50,000 | 35 | 5.1 | 1,231,370 | 0.2 |
| \$10,000–under \$25,000 | 29 | 4.2 | 487,670 | 0.1 |
| Total | 693 | 100.0 | \$733,979,740 | 100.0 |

Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more. Due to rounding, figures may not add up to 100 percent.

TABLE 5. Types of PRI Financial Vehicles, 2006–2007

| Type of Financial Vehicles | PRI Amount | % | No. of PRIs | % |
|--------------------------------------|----------------------|--------------|-------------|--------------|
| Loans | | | | |
| Loans for Loan Funds | \$50,270,341 | 6.8 | 42 | 6.0 |
| Bridge Loans | 9,717,500 | 1.3 | 11 | 1.6 |
| All Other Loans | 549,512,750 | 74.9 | 441 | 63.6 |
| Subtotal | \$609,500,591 | 83.0 | 494 | 71.3 |
| Equity investments | 30,366,391 | 4.1 | 59 | 8.5 |
| Business startups/expansion | 11,421,762 | 1.6 | 10 | 1.4 |
| Loan guarantees | 9,650,000 | 1.3 | 4 | 0.6 |
| Linked deposits (usually CDs) | 8,521,767 | 1.2 | 47 | 6.8 |
| Lines of credit | 7,194,705 | 1.0 | 7 | 1.0 |
| Charitable Use Assets | 3,575,402 | 0.5 | 5 | 0.7 |
| PRIs, Unspecified | 70,111,457 | 9.6 | 85 | 12.3 |
| Total¹ | \$733,979,740 | 100.0 | 693 | 100.0 |

Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more.

¹Figures based on unique total of PRIs made in 2006–2007. Individual PRIs may make use of more than one type of financial vehicle, therefore figures for specific types of vehicles total more than 100 percent.

Foundations make program-related investments across most areas of activity, and their PRI-making has diversified considerably in recent years. For example, in the 1990-92 period, community development and housing accounted for half of PRI dollars reported by a sample of funders,³ while they represented just over half that share (28.1 percent) in the 2006-07 period (Figure 2). Programmatic areas representing larger shares of PRI support compared to the start of the 1990s include education, the environment and animals, public affairs, human services, religion, and international affairs.

Education ranked as the top priority among PRI providers in 2006-07, with program-related investments targeting elementary and secondary education accounting for more than nine out of ten PRI dollars. Community development, housing, and the environment and animals followed, with each field benefiting from more than 10 percent of dollars. Table 6 lists the top 10 PRI providers in each of these fields. By number of program-related investments, community development led with about one out of five PRIs.

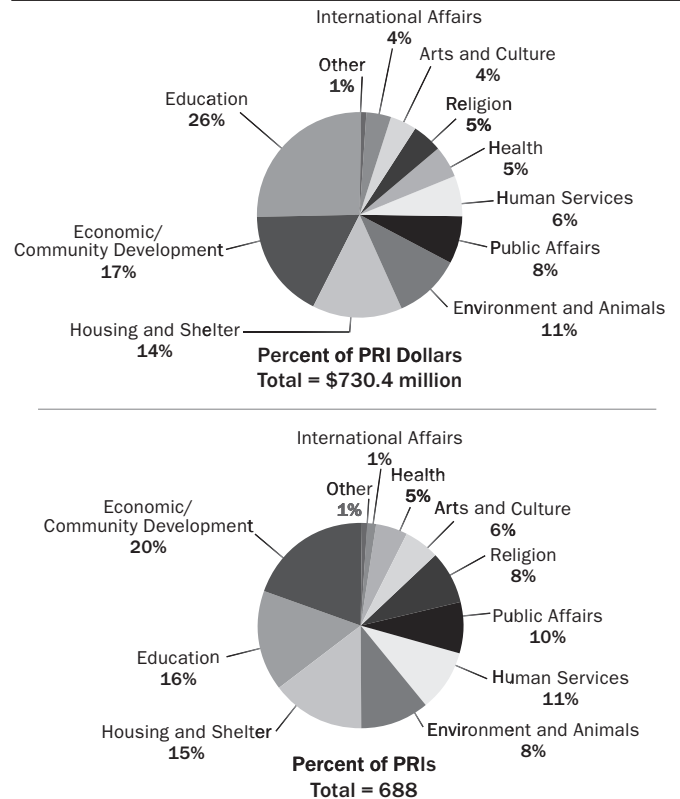
Consistent with the broadening of programmatic focus, PRI dollars provided in the 2006-07 period were also nearly twice as likely to fund specific programs and special projects as in the 1990-92 period (Figure 3). Among the largest PRIs made for specific projects in the latest period was the John D. and Catherine T. MacArthur Foundation's \$25 million loan to the Philadelphia-based Opportunity Finance Network in support of major funding for 10 premier Community Development Financial Institutions (CDFIs) that will be selected over the next five years through the Next Awards for Opportunity Finance, a new national program conducted in partnership with the Wachovia Bank Foundation. Nonetheless, support for building and renovation and land acquisition—the types of activities often associated with PRIs—represented over one-third of PRI dollars in 2006-07. An additional 39.4 percent of PRI dollars and 52 percent of the number of PRIs lacked coding for type of support.

PRIs were also more likely to support for-profit enterprises and government entities than was true in the early 1990s. Figure 4 shows that about half of PRI dollars and the number of PRIs made in 2006-07 targeted nonprofit/nonsectarian institutions, which was down from roughly three-quarters in the 1990-92 period. In contrast, for-profit entities accounted for markedly larger shares of PRI dollars (13.6 percent versus 4.9 percent) and the number of PRIs (18 percent versus 3.4 percent) than in the earlier period. Governmental bodies also represented a larger share of the PRI dollars (5.9 percent versus 1.2 percent), although a similar share of number of PRIs. By comparison, religious institutions benefited from roughly consistent shares of PRI support in these two periods.

WHERE DO PRIs GO?

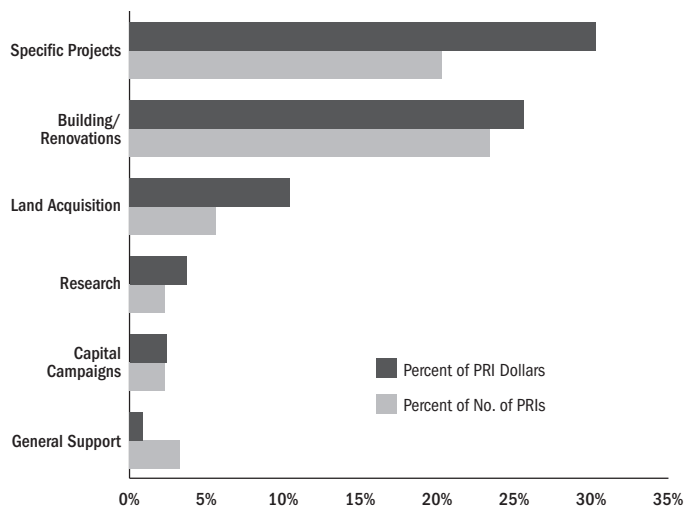
Foundations target program-related investments across the country and around the world. Domestically, PRIs made in the 2006-07 period reached 47 states, the District of Columbia, and Puerto Rico. Entities based in the West accounted for the largest share of PRI dollars received overall (Figure 5), and

FIGURE 2. PRI Financing by Major Program Areas, 2006-2007



Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more. Excludes PRI distributions for charitable use assets.

FIGURE 3. PRI Financing by Types of Support



Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more. Excludes PRI distributions for charitable use assets.

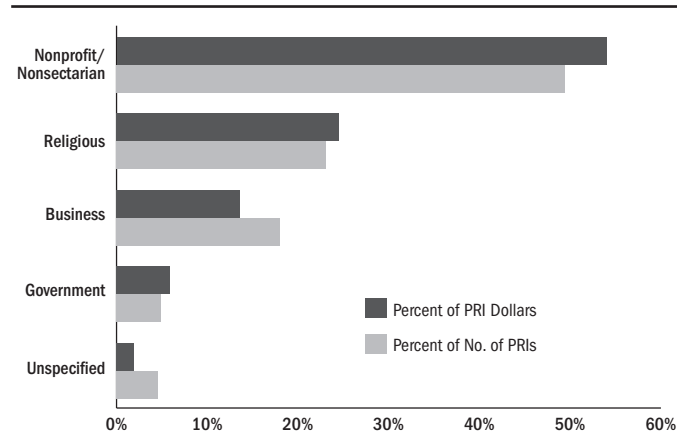
TABLE 6. 10 Largest PRI Providers for Selected Subject Areas, 2006–2007

| Economic/Community Development | State | PRI Amount | No. of PRIs | Education | State | PRI Amount | No. of PRIs |
|--|-------|---------------------|-------------|---|-------|----------------------|-------------|
| 1. John D. and Catherine T. MacArthur Foundation | IL | \$27,776,800 | 5 | 1. ALSAM Foundation | UT | \$77,281,300 | 2 |
| 2. Kalamazoo Community Foundation | MI | 18,900,000 | 4 | 2. Walton Family Foundation | AR | 26,447,869 | 4 |
| 3. Ford Foundation | NY | 10,500,000 | 5 | 3. AVI CHAI Foundation | NY | 15,000,000 | 18 |
| 4. Helen Bader Foundation | WI | 6,770,000 | 8 | 4. Marty and Dorothy Silverman Foundation | NY | 13,745,141 | 8 |
| 5. Heinz Endowments | PA | 6,700,000 | 4 | 5. Building Hope | DC | 12,948,648 | 10 |
| 6. Annie E. Casey Foundation | MD | 6,000,000 | 4 | 6. Thompson Educational Foundation | MI | 7,090,500 | 2 |
| 7. Cafesjian Family Foundation | MN | 5,048,918 | 5 | 7. Ewing Marion Kauffman Foundation | MO | 5,000,000 | 1 |
| 8. Jacobs Center for Neighborhood Innovation | CA | 4,845,852 | 12 | 8. Eli & Edythe Broad Foundation | CA | 4,400,000 | 1 |
| 9. Northwest Area Foundation | MN | 4,275,000 | 7 | 9. Rasmuson Foundation | AK | 4,000,000 | 1 |
| 10. University Financing Foundation | GA | 3,829,424 | 1 | 10. Bodner Family Foundation | NY | 3,211,000 | 27 |
| Total | | \$94,645,994 | 55 | Total | | \$169,124,458 | 74 |

| Environment and Animals | State | PRI Amount | No. of PRIs | Housing | State | PRI Amount | No. of PRIs |
|---|-------|---------------------|-------------|--|-------|---------------------|-------------|
| 1. David and Lucile Packard Foundation | CA | \$37,748,627 | 14 | 1. John D. and Catherine T. MacArthur Foundation | IL | \$27,350,000 | 16 |
| 2. Marisla Foundation | CA | 18,270,000 | 1 | 2. Ford Foundation | NY | 17,000,000 | 7 |
| 3. Gaylord and Dorothy Donnelley Foundation | IL | 3,950,000 | 3 | 3. Soros Economic Development Fund | NY | 11,000,000 | 2 |
| 4. Conservation Land Trust | CA | 2,816,260 | 3 | 4. Rockefeller Foundation | NY | 6,000,000 | 2 |
| 5. Meyer Memorial Trust | OR | 2,230,000 | 4 | 5. State Employees' Credit Union Foundation | NC | 3,281,652 | 2 |
| 6. Kohlberg Foundation | NY | 2,000,000 | 1 | 6. Otto Bremer Foundation | MN | 2,290,000 | 7 |
| 7. Bullitt Foundation | WA | 1,749,654 | 4 | 7. Meyer Memorial Trust | OR | 2,125,000 | 3 |
| 8. Golden Family Foundation | NY | 1,720,936 | 1 | 8. National Housing Trust Community Development Fund | DC | 2,071,783 | 9 |
| 9. Cleveland Foundation | OH | 1,000,000 | 1 | 9. Russell Family Foundation | WA | 2,014,356 | 2 |
| 10. Lemelson Foundation | OR | 900,000 | 3 | 10. California Community Foundation | CA | 2,000,000 | 1 |
| Total | | \$72,385,477 | 35 | Total | | \$75,132,791 | 51 |

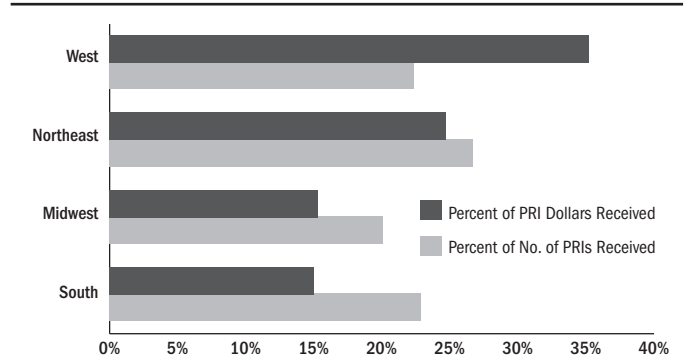
Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more. Excludes PRI distributions for charitable use assets.

FIGURE 4. PRI Financing by Recipient Auspices, 2006–2007



Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more. Excludes PRI distributions for charitable use assets.

FIGURE 5. PRI Recipients by Region, 2006–2007*



Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more. Excludes PRI distributions for charitable use assets.

*Figures exclude 41 PRIs provided to overseas recipients and 13 PRIs lacking information on recipient location.

California benefited from by far the biggest share of PRI dollars among individual states (26.3 percent). The state was also home to Mater Dei High School and the Diocese of San Diego, the two largest PRI recipients in the latest period (Table 7). Second-ranked New York received roughly half that share (13.5 percent).

PRI providers directed just under one-in-ten PRI dollars to international purposes in 2006-07, including nearly 6 percent to entities based in other countries. These shares were largely consistent with the shares recorded in the early 2000s.⁴ Germany-based ProCredit Holding received the largest non-U.S. PRI in the latest period—a \$20 million loan from the Bill & Melinda Gates Foundation to help the organization build banks to provide financial services for the poor in Africa.

level recorded in 2007.⁵ As a result, overall giving will go down, and foundations will want to identify other ways to maximize their philanthropic impact. A recent Foundation Center survey of the largest U.S. foundations found that over half planned to engage in more non-grantmaking activities as a result of the downturn, with more than one-in-ten of these grantmakers expressing an interest in increasing their use of program-related investments.⁶ The restrictions placed on traditional grantmaking by the current economic environment have provided the best incentive yet for foundations to consider whether PRIs—as well as other forms of mission-related investing—are an appropriate tool to advance their missions.

WHAT IS THE OUTLOOK FOR PRIs?

The economic crisis has cost foundations well over one-fifth of the value of their assets, and it may take a decade or more for the real-dollar value of their endowments to regain the record

TABLE 7. 25 Largest PRI Recipients, 2006–2007

| Recipient Name | State/ Country | PRI Amount | % | No. of PRIs |
|---|-------------------|----------------------|--------------|----------------|
| 1. Mater Dei High School | CA | \$50,000,000 | 6.8 | 1 |
| 2. Opportunity Finance Network | PA | 28,000,000 | 3.8 | 2 |
| 3. Diocese of San Diego | CA | 27,281,300 | 3.7 | 1 |
| 4. Trust for Public Land | CA | 21,735,000 | 3.0 | 3 |
| 5. ProCredit Holding | Germany | 20,000,000 | 2.7 | 1 |
| 6. Brighter Choice Foundation | NY | 12,447,869 | 1.7 | 2 |
| 7. California Institute for Regenerative Medicine | CA | 12,000,000 | 1.6 | 2 |
| 8. Opportunity International | IL | 11,000,000 | 1.5 | 2 |
| 9. National Urban Reconstruction and Housing Agency | South Africa | 10,000,000 | 1.4 | 1 |
| 10. Charter School Growth Fund | CO | 10,000,000 | 1.4 | 1 |
| 11. Downtown Tomorrow | MI | 9,200,000 | 1.3 | 1 |
| 12. Fountain of Truth Church | CA | 9,000,000 | 1.2 | 1 |
| 13. Pineland Farms Natural Meats | ME | 8,545,300 | 1.2 | 2 |
| 14. University Preparatory Academy | MI | 6,800,000 | 0.9 | 1 |
| 15. Cascade Capital Holdings | Armenia | 6,690,096 | 0.9 | 2 |
| 16. Providence Preservation Society Revolving Fund | RI | 6,500,000 | 0.9 | 2 |
| 17. Pittsburgh Life Sciences Greenhouse | PA | 6,500,000 | 0.9 | 3 |
| 18. BRIDGE Housing Corporation | CA | 6,000,000 | 0.8 | 2 |
| 19. New York Acquisition Fund | NY | 6,000,000 | 0.8 | 2 |
| 20. Democracy Now Productions | NY | 6,000,000 | 0.8 | 1 |
| 21. Kalamazoo Community Foundation Real Estate Holdings | MI | 5,700,000 | 0.8 | 1 |
| 22. Enterprise Community Loan Fund | MD | 5,614,356 | 0.8 | 3 |
| 23. Conservation Fund | VA | 5,106,461 | 0.7 | 2 |
| 24. California, State of | CA | 5,000,000 | 0.7 | 1 |
| 25. StreetSquash | NY | 5,000,000 | 0.7 | 2 |
| Subtotal for Top 25 | | \$330,120,382 | 45.2 | 48 |
| All Other PRI Recipients | | 400,283,956 | 54.8 | 640 |
| Total | | \$730,404,338 | 100.0 | 688 |

Source: The Foundation Center, *The PRI Directory*, 2009. Based on PRI transactions of \$10,000 or more. Due to rounding, figures may not add up to 100 percent. Excludes PRI distributions for charitable use assets.

THE ECONOMIC CRISIS AND PRIs

Through October 2009, U.S. foundations and corporations have announced more than 2,000 grants in response to needs created by the economic crisis totaling \$235.9 million. Five of these funders are providing an additional nearly \$136 million in direct economic crisis-related support through 17 PRIs announced in 2008 and 2009.¹ The John D. and Catherine T. MacArthur Foundation has led in this effort with five economic crisis-related PRIs totaling \$64 million, including two \$15 million loans to the Self-Help Ventures Fund of the North Carolina-based Center for Community Self Help to support the creation of a new lease-purchase mortgage product, as part of the Foreclosure Prevention and Mitigation Project. However, the Ford Foundation has provided the single largest economic crisis-related PRI to date: a \$50 million loan to the REO Capital Fund, providing credit enhancement for a national loan fund which will, in turn, provide capital for the acquisition and renovation of previously foreclosed properties.

1. See foundationcenter.org/focus/economy.

Endnotes

1. Foundations were given the ability to make program-related investments as part of the Tax Reform Act of 1969. Per current IRS regulations, private non-operating foundations are required to pay out for charitable purposes each year 5 percent of a rolling value of their assets in the prior year. Foundations may carry forward distributions in excess of 5 percent for up to five years. PRIs may be counted toward this distribution requirement.
2. The Foundation Center tracks all PRI-makers identified via our grantmaker surveys and reporting by foundations on their 990-PFs, in addition to all foundations belonging to the PRI Makers Network.
3. See Renz, L., et al., *Program-related Investments: A Guide to Funders and Trends*, New York: Foundation Center, 1995.
4. See Foundation Center, *The PRI Directory: Charitable Loans and Other Program-related Investments by Foundations*, New York: Foundation Center, 2003.
5. See Lawrence, S., and R. Mukai, *Foundation Growth and Giving Estimates: Current Outlook*, New York: Foundation Center, 2009.
6. See Lawrence, S., *Foundations Address the Impact of the Economic Crisis*, New York: Foundation Center, 2009.