PLAYBOOK

How Foundations Can Invest in America

Playing to win by making investments where grants alone will not get the job done.

This playbook is intended to educate and inform, not to tell you or your foundation what to do with its assets. It does not provide, and should not be read as providing, investment advice, legal guidance, tax strategy, or any other kind of professional counsel. I am not suggesting that any foundation buy, sell, or hold anything mentioned here. When I write about a company, a fund, or a financial product, I am not making an endorsement or recommendation. The examples and stories are meant to illustrate ideas, not to serve as a blueprint for any portfolio.

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"Do what you can, with what you have, where you are."

THEODORE ROOSEVELT, AN AUTOBIOGRAPHY, 1913

Near the headwaters of the Mississippi River in Minnesota's historic "paper basket," Grand Rapids is an old mill town that faced economic turmoil when the paper mill began shedding jobs in the 1980s. The trustees of the local Blandin Foundation recognized they could not fulfill their founder's mandate to preserve the economic vitality of their town and county if they could not help local small businesses to create new jobs. While grants could support nonprofits responding to the fallout, those businesses needed affordable loans banks would not provide. So, in 1987 Blandin Foundation began making those loans themselves. Nearly 40 years later, Blandin is still filling the financing gap: loans as small as $3,000 for a storefront repaint, loan guarantees that unlock financing a bank wouldn't otherwise extend, an emergency lending partnership with the regional development authority that kept small businesses paying their people through the Covid shutdowns.

By extending financing on affordable terms to local businesses, Blandin Foundation is Investing in America. They recognized that grants alone could not achieve their philanthropic goals and found investment tools that could help.

Not every mission requires investment. Some can be achieved with grants alone, or with grants and policy advocacy. Three questions help reveal when investing is part of the job: Will private capital be required to scale the solutions you fund? Will today's private markets, left to themselves, fail to deliver investment with the depth, breadth, and speed your mission demands? Can your foundation make a difference, either by investing directly or by shaping the market so others invest? If the answers are yes, Investing in America can be a powerful way to expand the resources available to solving the issues you work on.

The Opportunity

The Investing in America framework rests on the simple idea that expanding access to fair financing lets people and organizations turn opportunity and hard work into progress for their families, their communities, and our country.

Investing in America can be a powerful tool for foundations because access to fair financing is frequently what stands between a solution that works in theory and one that reaches the scale a foundation's mission actually demands. Across issues many foundations work on, such as housing affordability, job training and workforce development, education, healthcare, nature conservation, and energy affordability, grant dollars can start a

solution. They can sometimes bridge a grantee to reliable revenues from public or private sources. But they rarely can scale one alone.

Foundations are unusually well placed to Invest in America. They can be patient, take risks other investors will not, and lend, guarantee, and invest on terms tailored to the problem rather than the quarter. The leaders of many foundations who are serious about the outcomes named in their mission statements, not just the activities named in their grant budget, eventually run into the same realization Blandin's trustees did: the change the foundation aspires to help create will only happen if the organizations doing the work can access investment capital that grants alone cannot provide.

Foundations investing to meet their mission goals is not new. Major national foundations have used investment tools alongside grants for decades. Ford Foundation pioneered the Program-Related Investment in 1968 after recognizing that the continuation of the Civil Rights movement required Black-owned businesses to be able to access loans to grow. In this century, the Walton Family Foundation seeded a platform that has since organized $1.7 billion in affordable loans for charter schools. Small, community-rooted foundations like Blandin have also developed strong investing practices.

Why now? Investing in America is easier for foundations now than ever before. Pioneering foundations have shown what is possible and blazed trails in regulation and product design, and organizations like the Global Impact Investing Network and Mission Investors Exchange help foundations learn from each other's successes and mistakes rather than each rediscovering the same lessons alone. Today, investment vehicles, expert fund managers, advisors, and collaborative platforms support foundations of every size: as the examples below show, a $1 million bank deposit or an early commitment to a fund from a foundation with less than $100 million in assets can make a real difference. Meanwhile, more companies and organizations are seeking investment to scale solutions, and the complexity of today's challenges means more of them will need investment alongside grants for foundations to achieve their missions.

The Play: Nine Tools Foundations Can Use to Invest in America

All foundations can Invest in America. This is not just an option for large foundations with dedicated impact investing teams. Some strategies do require dedicated expertise and only make sense for large foundations with bold ambitions. The following list runs roughly from easier to harder, beginning with options available to all and continuing with options available to those operating at a larger scale and commitment.

★ **Deposit cash where it does double duty.** Every foundation already holds operating and reserve cash somewhere, typically with a large, national bank. What if that cash could fuel lending in the communities the foundation already funds through grants? Denver-based ZOMA Foundation made a $10 million deposit with First Southwest Bank in 2025 to support the bank's work on early childhood development and community economic development across rural Colorado. The deposit gives First Southwest more capital to extend credit deeper into the same rural communities ZOMA already supports through its grantmaking.

★ **Invest through a fund.** A foundation doesn't have to find investees itself. It can back a fund manager who does, and let that manager's underwriting and relationships do the work of reaching more people than the foundation could reach alone. In Hoffman, Minnesota, farmer Andrew Barsness needed a flexible, interest-only loan to bridge the three lean years of converting his farm to organic production, financing that conventional agricultural lenders, wary of a farmer without a decades-long track record, wouldn't offer. He

got it through Mad Capital's Perennial Fund, which counted the Woodcock Foundation, a family foundation with assets under $100 million, among its earliest and most catalytic investors. Philadelphia's Spring Point Partners went a step further with Apis & Heritage, a fund financing worker buyouts of retiring owners' businesses. In addition to investing early, it helped the fund's founders raise capital from others, acting as an advocate as much as an investor. In both cases, the foundation's early commitment helped bring in other investors who trusted the manager's underwriting, reaching far more people like Andrew Barsness than the foundation's own capital could have financed alone.

★ **Guarantee someone else's investment.** An investment guarantee can unlock financing an investor wouldn't otherwise provide, often at a fraction of the cost of making the investment directly, because the foundation's money typically stays invested and is called on only if the investment it backed fails to pay back. (A guarantee that cuts three points off a grantee's $10 million loan saves the grantee $300,000 a year in interest, without a grant dollar changing hands if the loan is repaid on time.) The Community Investment Guarantee Pool, founded in 2019 by a coalition including Kresge and the Annie E. Casey Foundation and later joined by the Robert Wood Johnson Foundation, pools philanthropic guarantee commitments to back CDFIs across housing, small business, and climate lending, including a guarantee that helped Foodshed Capital expand credit access for regenerative farmers historically shut out of conventional agricultural lending. Some guarantees require the foundation to set cash aside, and every one takes legal and staff work, but the cost can be relatively small next to the financing it makes possible.

★ **Make direct investments.** When a conventional investor will not invest in a company or organization a foundation believes in, deeming it too small, too new, or too far from its comfort zone, the foundation can act as the investor itself, moving faster and taking on risk others won't. Blandin's direct loans, described above, have reached as high as $100,000 for an environmental remediation that cleared the way for new downtown apartments in Grand Rapids. Utah-based Sorenson Foundation invested directly in the housing finance innovator Homium, providing strategic guidance that helped the company focus on the potential its product had to expand home ownership.

★ **Set up an investment fund.** Years of grantmaking in a field can leave a foundation with real expertise in what actually works and the gaps that need filling. This expertise can become the basis for an investment practice, not just a grant strategy, letting the foundation back the companies and products capable of scaling the outcomes its grants were designed to produce. In 2009, Indiana-based Lumina Foundation set a public, measurable goal: raising the share of American adults holding a quality post-secondary credential from about 38% to 60% by 2025. It published its progress every year. The numbers moved, but not fast enough, and grants to existing nonprofits alone would not close the gap. The technologies that could help, such as digital credentialing platforms, advising and analytics tools, and workforce-aligned learning platforms, needed early-stage capital that grants weren't built to provide. So in 2016, after several years of investing through outside venture funds, Lumina launched its own venture arm to invest directly in those companies alongside its grants.

Other nonprofits and foundations have similarly launched investment funds after years of making grants alone, such as Elemental and Prime Coalition financing clean energy innovation, and World Education Services (WES) and Jobs for the Future anchoring investment funds that finance companies that improve outcomes for workers.

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★ **Own and develop real assets directly.** Some missions depend on holding physical space on a timeline and set of terms no outside landlord or standard-return fund would offer, which means owning the asset outright, not just financing someone else's ownership of it. The Sobrato Organization in Silicon Valley, born out of the assets of a real-estate development family, integrates grantmaking, impact investment, and its own real estate development to preserve affordable housing and ensure nonprofits can access affordable commercial space. Other foundations invest in commercial buildings they can rent to local nonprofits. Jacksonville's Jessie Ball duPont Fund bought the vacant Haydon Burns Public Library downtown in 2013 and turned it into a nonprofit center housing 11 nonprofit organizations at below-market rents. In Tulsa, the George Kaiser Family Foundation bought and renovated the Archer Building for retail, residences, and artist studios.

★ **Stand up the infrastructure the market is missing.** Sometimes capital markets fail because structural barriers keep organizations that could deliver both impact and profit from connecting with investors who want to back them. In these cases, foundations can use grant support or a willingness to take risks to build the platforms that can overcome these barriers and connect investors and investees. After decades providing grants to charter schools, the Walton Family Foundation recognized that the inability of these schools to access affordable loans to buy and rehab school buildings constrained their impact. So, in 2017 the Foundation provided a $200 million grant to seed a new financial institution, the Equitable Facilities Fund, that could pool charter school loans into rated bonds big and secure enough for pension funds and other big institutional investors to buy. EFF has since financed 75 charter organizations across 24 states with $1.7 billion in loans, now bought by investors far beyond Walton itself. The Conservation Fund runs a parallel model for land: seeded with grants and working capital from partners including the Richard King Mellon Foundation, it operates a revolving loan fund that lets conservation groups buy land the moment it comes on the market, holding it just long enough for a government agency or another nonprofit to arrange the money to acquire it permanently.

★ **Coordinate investment with policy advocacy.** An investment can prove a model works, and that proof is often what it takes to unlock the policy change needed to fund it at real scale. Gary Community Ventures paired a grant and a fund investment in CHAI's tenant-equity housing model with its own policy advocacy for Colorado's Proposition 123, a 2022 ballot initiative that now directs roughly $300 million a year in state funding to affordable housing production, a scale no investment (or grant!) alone could have reached. How you approach policymakers matters: rather than asking how they can make it easier for your foundation to move money, ask how you can help them harness private capital for the problems you both want to solve. Private foundations face strict legal limits on lobbying, including ballot-measure campaigns, so the advocacy side needs to be structured with counsel. Some, like Gary, work alongside affiliated organizations that can fund advocacy directly. Other foundations instead fund the nonpartisan research and evidence that policymakers rely on.

★ **Invest in outcomes.** A newer discipline is emerging alongside direct investment and guarantees: outcomes-based investing, where a foundation puts capital behind a defined result rather than a loan or an equity stake, and is repaid based on whether that result is achieved. In Columbus, Ohio, Daniel Villta couldn't afford a traditional technical-training program without a guarantee of employment on the other end. A Career Impact Bond let him enroll in a 300-hour diesel-technician program at zero upfront cost, paying only after he landed a job repairing trucks in Virginia. He is one of more than 1,100 students financed this way through Social Finance's UP Fund, backed by institutional investors including the MacArthur Foundation.

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Similarly, Rockefeller Foundation joined the Gordon and Betty Moore Foundation and other investors to front the cost of Blue Forest's Yuba I forest restoration project, repaid with interest by the water agency and public fire agencies that benefited from reduced wildfire risk. And Kresge and the W.K. Kellogg Foundation are LP investors in Maycomb Capital's Community Outcomes strategy, which finances programs like Education Is Freedom's expansion into Dallas County school districts, an investment repaid if participating schools hit state-defined college and career readiness targets. In each case, investors bear the risk that the intervention doesn't work and are repaid only when it demonstrably does, turning philanthropic conviction into evidence that can then attract capital with no philanthropic motive at all. Structuring an outcomes deal from scratch is hard: the parties must agree on what counts as success, line up someone willing to pay for it, and measure results credibly. But foundations no longer have to build these deals themselves. Like MacArthur, Kresge, and Kellogg, they can invest through funds such as Social Finance's UP Fund and Maycomb Capital that do this work for them.

Questions Your Board Will Likely Ask

While long-established, the practice of using investments directly to advance the foundation's mission is new to many trustees and often raises questions. Among the most likely:

"Doesn't this violate our fiduciary duty to maximize returns with our investment assets?"

Not if you use the right tool for the right purpose. Program-Related Investments (PRIs), created by the Tax Reform Act of 1969, are made primarily to advance the foundation's charitable purpose and count toward its annual payout, so they can come out of the program budget, not the endowment's return targets. Mission-related investments (MRIs) typically come from the endowment itself. The Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted in nearly every state, allows trustees to consider an asset's relationship to the foundation's charitable purpose, and IRS Notice 2015-62 confirmed that foundation managers can weigh mission alongside financial return. Both call for a documented, deliberate decision process, which your counsel should help design.

"Will we get in trouble if we earn large financial returns?"

Not if the investment qualified as a PRI when you made it. The test looks at your purpose at the time of the decision: advancing your charitable mission must be the primary purpose, and producing income or appreciation cannot be a significant one. A PRI that later performs well financially does not lose its status. Document your reasoning when you decide, and note that PRIs to for-profit companies also carry expenditure-responsibility reporting requirements that counsel can help you set up.

"Will this cannibalize our grant budget?"

This is one of the oldest fears in the field. PRIs can draw on the same payout budget as grants, but when they are repaid the money comes back to be recycled into new grants or investments. MRIs come from the endowment, not the grant budget at all. In many cases, having more tools that make grants more effective can build support for the foundation, including its grantmaking, among the family members, corporate leaders, and boards who decide the size of grant budgets.

"What if an investment fails publicly?"

Failure of an investee can be more visible than a failed grant-funded project because financial returns (or losses) are more easily quantified and compared than social impact. Many foundations manage this risk by investing

through funds rather than direct investments. Funds may have some failures among their investees but invest in a wider range of companies that should include some winners if done well. And grants fail too; those failures are just harder to see. A board that expects some investment losses, the way it accepts that some grants underdeliver, is less likely to retreat after the first one.

"How will we know if it's working?"

Measure the result, not the volume. It is tempting to keep score by how many dollars the foundation has invested, but dollars are an input. Set a public, measurable goal tied to your mission, as Lumina did, and track progress against data you cannot hide from. A goal like that keeps "we supported great work" from becoming the answer to whether you are doing enough, and it tells you when your mix of grants and investments needs to change.

"What if we don't have the staff or expertise for this?"

Most foundations don't, and they don't need to build it before starting. Many begin with tools that rely on someone else's underwriting, such as a fund, a guarantee pool, or a deposit, and build internal capacity as they learn. The harder part is usually organizational: program and investment staff often sit in separate silos with different incentives. Playing to win depends on investment teams that see the mission as part of their job and program teams that see capital as one of their tools, with someone who owns the work across both. Experienced outside help in designing the approach can save a year of trial and error.

"How much should we commit, and where does the money come from?"

There is no standard answer. Many foundations start with a modest PRI allocation from their payout budget, such as a pilot of a few loans or a single fund commitment, and decide any MRI allocation from the endowment with their investment committee. Starting small and learning quickly beats designing the perfect program on paper.

"This may work for large foundations, but how is this relevant for us?"

Every foundation can Invest in America, beginning with depositing cash with a bank or credit union that will use it to expand opportunity. It can ask outside investment advisors to identify investment options that carry the risk and return expectations of the investments they hold but expand opportunity. A growing set of these options is available on mainstream investment platforms.

"How can we do this if our investment advisors say it's not prudent?"

Ask them to explain why. Under UPMIFA, prudence is judged by the process trustees follow, not by the type of asset. If your advisors can't engage with the question, a growing group of advisors specialize in balancing financial prudence with mission ambition.

How I Can Help

I can help you harness investment to achieve your mission goals. I know the difference between the dead-ends and the on-ramps when it comes to picking approaches and partners and can save you months in designing and implementing your Investing in America program.

I convened the 2007 Rockefeller Foundation meeting where the term "impact investing" was coined. I led the Rockefeller Foundation's Program-Related Investment program and designed its broader impact investing initiative, launching the Global Impact Investing Network in 2009. As CEO of one of the country's largest

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Community Development Financial Institutions for nearly a decade, I worked with foundations across the country to design and launch new lending programs on emergency timelines, including a $35+ million Covid-era emergency loan fund we launched in nine days. Today I advise foundations, family offices, and investment innovators.

With the publication of the *Investing in America* book in July 2026, I have brought this experience together in an accessible, bipartisan, and optimistic story that highlights 70+ fund managers and investors making this happen across the country, including many of the foundations named here.

I help foundations raise their ambitions and speed up and deepen their investment strategies in six ways:

★ **Develop investing strategy.** Having run a foundation's PRI program from the inside, I can help design the broad approach and portfolio for investing in America, including how concessional PRIs and market-rate MRIs can work together across your assets. I work alongside your investment staff, advisers, and counsel, who handle investment selection and legal structuring. I know what others have learned pioneering these initiatives and the implementation challenges to anticipate.

★ **Build strategy for new territory.** If you're extending your investing into areas you don't know as well, such as employee ownership or workforce development, I can help build the strategy for that specific area, including identifying partners and developing impact measurement and management approaches. I've done this before, including launching new lending programs with foundation partners in days, not months, when the moment demanded it.

★ **Coach your team and trustees.** I work with the people responsible for this work on positioning and communication, internal and external, including preparing them to build internal buy-in with boards and executive leaders. As in the book, I describe this work in terms that resonate with nonfinancial audiences across the political spectrum.

★ **Map the field and make introductions.** This is especially useful for foundations that want to move boldly on this without building a traditional investing team in-house, as Woodcock did by backing a fund manager already in the field rather than starting from scratch. I bring an extensive network of fund managers, CDFIs, and platforms already active in this space, built from my early years building essential industry networks and operating across the foundation, nonprofit, private investment, and policy systems. I help you understand the landscape and introduce you to potential partners; your own investment team or adviser conducts diligence and makes investment decisions.

★ **Coordinate your investment strategy with policy.** I co-founded the Lafayette Square Institute, a policy institute built specifically to bridge government and the capital markets. I can help you identify where policy advocacy and investment can reinforce each other, the way Gary Community Ventures paired its CHAI investment with the advocacy that passed Proposition 123.

★ **Speak to your board, staff, and partners.** I can bring the examples from this playbook, and the broader Investing in America story, directly to your annual meeting, board retreat, or convening, making the case tailored to a room that includes both finance and non-finance expert audiences.

I have spent the last two decades working to harness private investment to solve social and environmental challenges. I am more inspired than ever about the ways that investment can create positive impact and by the people leading this work across the United States. I would be honored to help you begin or deepen your impact

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investing work with a briefing for your trustees or leadership team, or a short diagnostic of where investment tools could add the most to your current grant strategy.

My book is one grateful immigrant's 250th-birthday gift to the country that has given me and my family so much. My work is an ongoing act of appreciation and an opportunity to pay it forward.

Antony Bugg-Levine · *November 2026*

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