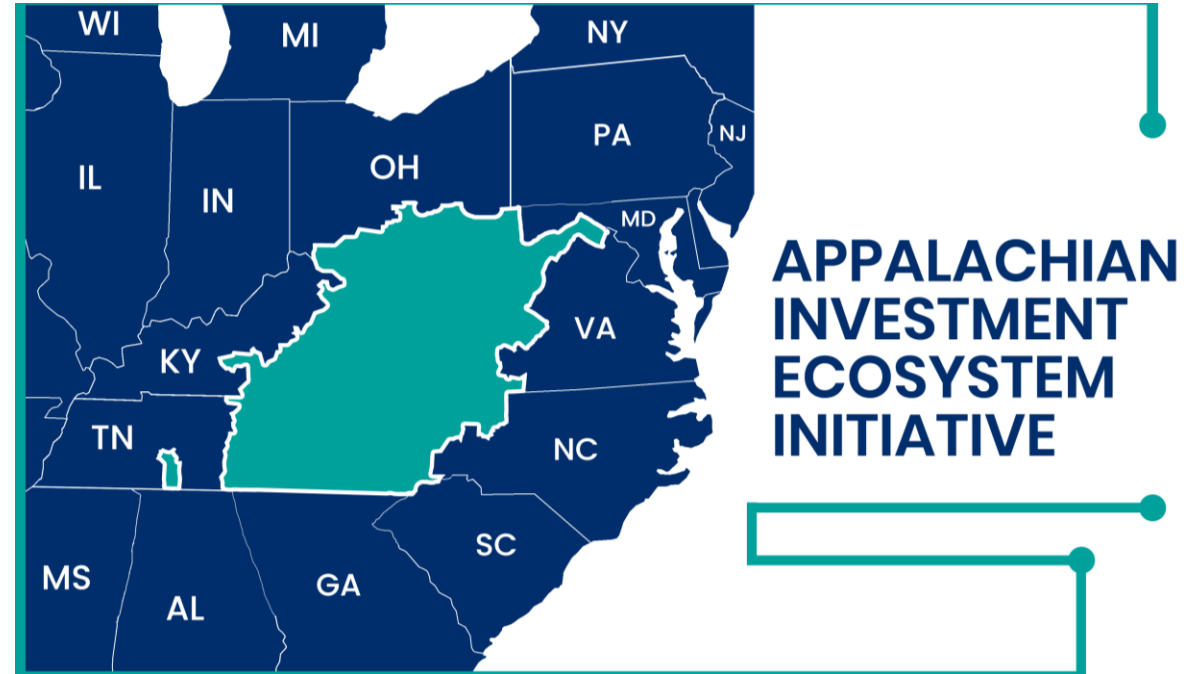


Local Impact Investing for Appalachian Foundations: Opportunities and Examples

Thinking differently about risk, return and community impact

Session 2 | November 9, 2022



About AIEI

The Appalachian Investment Ecosystem initiative (AIEI) is a multi-year effort (2019–2022) to build on years of locally led work to strengthen and fill gaps in the community investment ecosystem in Central Appalachia.

A more effective ecosystem should be able to attract and absorb capital in ways that strengthen regional capacity and advance social and economic opportunity that in turn leads to better health and well-being in the long-term.



Workshop Series Objectives

- Explore opportunities beyond grantmaking for foundation capital to make a difference in communities
- Revisit assumptions around financial return, risk, and community impact to help foundations unlock additional resources for the region
- Identify community partnerships and networks for exploring a role in the investment system



Takeaways from Session 1

- It takes an **investment ecosystem**.
- We need to be speaking a **common language** when we come together to advance a project like a downtown building revitalization.
- Most projects in the region require a range of capital resources (including non-financial capital) to make them happen – there are important roles for philanthropy in those **capital stacks**.
- Becoming a local impact investor for a place-based foundation is a **non-linear journey** – you can dip your toe in, learn from your experience, and revise your approach and tactics along the way.

Context for Session 2

Why Think Differently?

- When foundation capital is most needed to make an investment work, it's likely because there is some uncertainty or risk that is keeping other, more traditional capital from flowing to that investment.
- As a community investor, you are being asked to step into that “fun space” between thinking **only** about impact with your grants and thinking about **only** financial return with your portfolio.



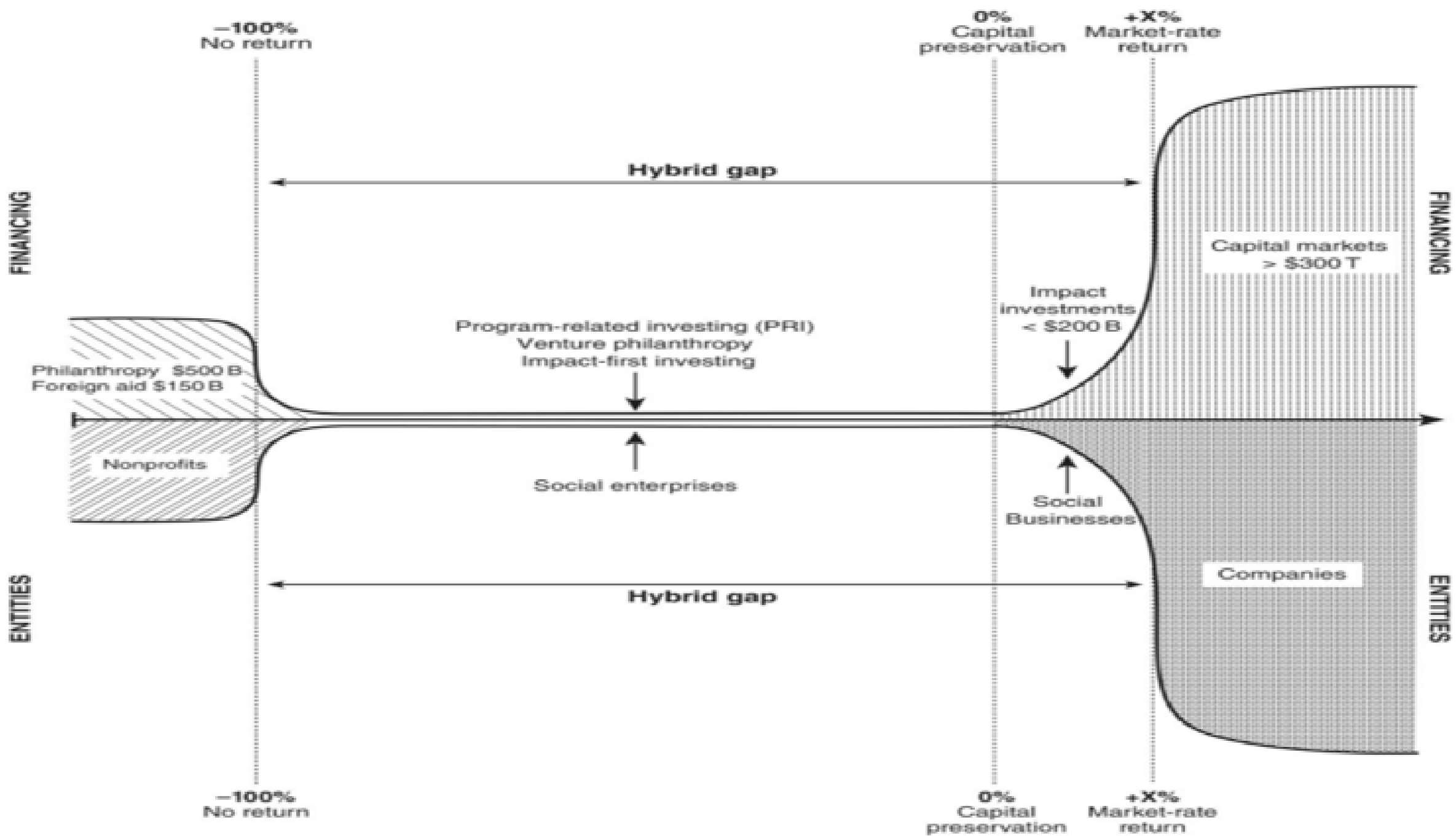
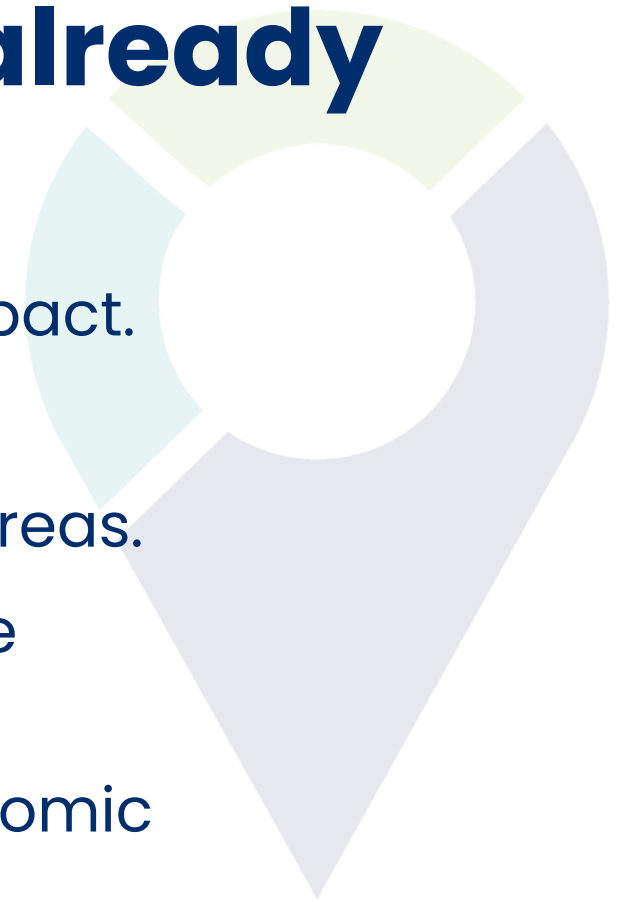


Figure 14.1 The hybrid gap.

As community leaders, you are already risk-takers!

- You **make grants** with no assurances of community impact.
- You **convene** stakeholders around “hot button” issues.
- You **evolve** the foundation’s mission, vision, and focus areas.
- You **advocate** for the well-being of all and not just some people.
- You **tackle** the “tough stuff” in the community and economic development realm.
- If you are a community foundation, you might **push** donors to think about different, more impactful giving strategies.



Success Management vs. Risk Mitigation

- Local investing necessitates risk taking in order to achieve the community impact you desire.
- We prefer to think about how you **manage for success** in these efforts.
- You can manage for success by...
 - Working with partners who can help you assess an investment
 - Engaging the community to ensure alignment between your impact goals and what the community needs and wants
 - Adapting tools from other foundations to “learn by doing”
 - Communicating well with key stakeholders including your board

Thinking differently about risk, return and community impact

Regional Foundation Investment Stories



Clark Casteel
President,
Danville
Regional
Foundation



Baylen
Campbell,
Board Member,
Appalachian
Impact Fund



Stephanie
Randolph on
behalf of the
Alleghany
Foundation





Q & A

Next Step Resources

- Recording of session to share with staff, board members, community partners
- Websites to explore:
 - Appalachian Impact Fund – <https://www.appalachianky.org/appalachian-impact-fund/>
 - Danville Regional Foundation – <https://www.drfonline.org/>
 - Alleghany Foundation – <https://alleghanyfoundation.org/>
 - Hutchinson Community Foundation – <https://hutchcf.org/>



Preview of Session 3

New Partnerships for Community Impact

- What new partnerships do you need as you consider deploying investments alongside your grantmaking?
- Call to action for regional foundations
- Introduce some “conduits to investment” that can make this journey smoother for your foundation.



Useful Pre-Reading for Session 3

- **Building and Strengthening Investment Ecosystems** – short blog from LOCUS
- **The Appalachian Ecosystem Journey** – content developed by Andrew Crosson and Sandra Mikush



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dmarkley@locusimpactinvesting.org



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