

Kalamazoo Community Foundation

Program Related Investment Application Procedures – Checklist

The Kalamazoo Community Foundation actively seeks opportunities to make Program Related Investments (PRI's) in order to expand the range and impact of its Community Investment and Leadership goals. The purposes for which the Foundation makes PRI's are to actively promote a Healthy, Caring Community through the use of capital.

The criteria for evaluating proposals for program related investments include the project's potential impact, its financial feasibility, and the extent to which it is related to the Foundation's program interests and goals. Both tax-exempt and for-profit organizations working in areas of Foundation interest are eligible for PRI's.

PRI Evaluation Checklist

1. Does the proposed project further the mission and goals of the Kalamazoo Community Foundation and the Foundation's Community Investment and Leadership PRI/BRI (Business Related Investments) Policies?
2. What is the specific charitable community benefit that will occur with the support of the Kalamazoo Community Foundation PRI?
3. Would approving the PRI keep total PRI/BRI's with the policy limits of Foundation assets?

If the PRI's recipient is not a 501(c)(3):

1. Will the PRI have a significant charitable effect that would not occur without the PRI in an area of the community in economic distress or would it avert an area of the community from becoming distressed?
2. Will the PRI be a catalyst for attracting other financial institutions?
3. Is there commercial or venture capital financing with appropriate terms? If so, who? If not, who has the applicant applied to?
4. Is the likelihood of PRI/BRI repayment failing within acceptable risk?
5. What is the management capability?
6. Are there earnings from the PRI financed project that will benefit Foundation trustees or officers?
7. Require separate accounting for expenditures and attainment of charitable purpose of the PRI.
8. What is the geographical area to be impacted by the PRI/BRI?

Post Board Approval/PRI Commitment Letter Checklist

1. Needs IRS determination letter, if applicable
2. Borrower's Articles of Incorporation
3. Borrower's By-Laws
4. Determination that the proposed borrower has not pledged, assigned, or given a security interest in its assets to a third party.

Commitment Letter

1. Outlines the terms of the loan transactions
2. Describes the charitable or other exempt purposes for which the loan is being made
3. Confirms the borrower's 501(c)(3) status, if applicable
4. Requires that books and records be maintained
5. Requires that annual financial and narrative reports and certificates of compliance be furnished
6. Restricts the use of the loan proceeds only for charitable and other exempt purposes described in 170(c)(B)
7. Prohibits their use for any 170(c)(2)(D) purpose, such as attempting to influence legislation or intervening in any political campaign
8. Prohibits the use of the loan proceeds for propaganda

Loan Agreement

Expands upon the commitment letter and contains default language, warranties, and representations.