

## Mission-Related Investment (MRI)\* or Impact Investment

Any investment that may secure a financial return while advancing the organization's charitable mission

**Subject to  
Prudent  
Investor  
Standards**

Cash deposits with  
community banks  
and credit unions

Fixed-income  
investments,  
including municipal  
bonds

Public equity and  
equity funds, including  
negative and positive  
screens

Private equity and  
venture capital

**Not subject  
to Prudent  
Investor  
Standards**

### Program-Related Investment (PRI)

A below-market rate MRI that meets three criteria:

- 1) Primary purpose is to accomplish the organization's charitable objectives
  - The investment significantly furthers the organization's exempt activities
  - The investment would not have been made but for the close relationship between the investment and the organization's purpose
- 2) Generating financial return is not a significant purpose of the investment
  - A market-rate investor would not make the same investment on the same terms (*i.e.*, greater risk and/or lower return than what a market-rate investor would demand)
  - Primary focus is on the investment's charitable impact and how it aligns with the organization's charitable objectives
- 3) Not used to influence legislation or for political purposes

\*Note: There is no legal definition of MRIs. Some view MRIs and PRIs as distinct types of investments, while others regard PRIs as a subset of MRIs. There is a legal definition – in the tax code – of PRIs.



## **Nutter's Nonprofit and Social Impact practice group helps private foundations:**

- Design MRI strategies and policies
- Identify and evaluate MRI/PRI opportunities
- Structure PRI agreements with recipient organizations
- Prepare PRI legal opinions that foundation managers may rely on to avoid excise taxes
- Satisfy PRI tax reporting and compliance requirements
- Navigate requirements for PRIs to non-charitable recipient organizations