

SPRING  
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NEWS FOR DONORS

# Noteworthy



The Denver Foundation



# The Denver Foundation

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### MISSION

The mission of The Denver Foundation is to inspire people and mobilize resources to strengthen our community. We envision a Metro Denver that is racially equitable in its leadership, prosperity, and culture.

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@TDFcommunity



# EXPLORING OUR IMPACT

In this issue of Noteworthy, we are focused on a growing area for The Denver Foundation: impact investing. The Denver Foundation has been involved in impact investing since 2013 and we are proud to have this capability.

We have an Impact Investment Pool at The Denver Foundation, which is comprised of impact investments. In this pool, we deploy dollars to make a social impact and garner a financial return. These investments are made outside of a regular grantmaking budget, and are invested with an expectation that the principal and a modest amount of interest will be paid back for reinvesting. We established the fund in 2013 with gifts from numerous donors and an initial investment of \$1 million from the foundation's operating reserve.

The Impact Investment Pool provides much-needed capital to social innovation projects that create positive social change in our community. Additionally, it offers donors and fundholders a new way to make charitable investments. The fund's investments, such as low-interest loans to nonprofits or concessionary investments in social enterprises, go to ventures that improve our community. The pool recycles its capital and invests the proceeds from completed and repaid projects into new and innovative social enterprises.

In this issue, we hope you enjoy learning more about how The Denver Foundation and our fundholders engage in impact investing in our community. Fundholders can get involved in impact investing through the Impact Investment Pool or through their donor-advised funds, like Will Paterson (pages 4-5).

If you have questions about impact investing at The Denver Foundation, please contact your relationship manager, or email [information@denverfoundation.org](mailto:information@denverfoundation.org).

**Javier Alberto Soto**, *President and CEO*

**ON THE COVER** Apprentices of Prodigy Ventures in front of the Prodigy Coffeehouse. Through personal development and hands-on learning in a Prodigy enterprise, young adults build a foundation of mindsets and skills for sustainable lives, economic mobility and, most importantly, to go forth and enrich their city.

*Photography by Kevin Mohatt*





# ALIGNING INVESTMENTS WITH MISSION

*Board approves moving \$160M to Sustainable and Responsible Investment Pool*

At the end of 2022, The Denver Foundation made the decision to move the entire balance of our discretionary funds to the Sustainable and Responsible Investment (SRI) Pool, our most mission-aligned pool with a focus on Environmental, Social, and Governance (ESG); Diversity, Equity, and Inclusion (DEI); and thematic investments meant to impact our community. This move signals a significant commitment to aligning our assets with our mission.

This year the foundation's investment committee worked with our investment consultant, NEPC, to realign the SRI Pool with the foundation's mission and strategic framework. The priority focus for the SRI Pool is to emphasize ESG, DEI, and thematic considerations, such as climate and housing, in the investment decision-making process. And in the past two years, our SRI Pool has increased its assets invested in firms owned or led by people of color or women from 0% to 49.1%.

"This is a significant move for us that shows we are leveraging all our assets toward our mission," says President and CEO Javier Alberto Soto. "It is one thing to dedicate 5% of our assets in grantmaking to mission-aligned nonprofits, but we are moving millions of dollars from our endowment in ways that align with our values."

The Denver Foundation established the SRI Pool in December 2010 as an investment option for donors interested in investing in a pool that provided both social and economic returns. Early donors seeded the pool's assets with nearly \$400,000 in contributions.

The foundation also participated initially with \$10,000 from its operating reserve. The SRI Pool has grown significantly over the last decade. The foundation continues offering donors, agency fund clients, and stakeholders various investment options that reflect their philanthropic goals. These range from our low-cost Index Pool, composed of Vanguard mutual funds, to the opportunity for your financial advisor to manage your fund's assets.

**Please reach out to your relationship manager if you have any questions about our investment pools, or visit our website at [denverfoundation.org/donor-services/investment-options](https://denverfoundation.org/donor-services/investment-options).**

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Photography by  @Armando\_Geneyro



# MULTIPLYING THE IMPACT

## Impact Investing with the Dearfield Fund

Impact investments are a powerful way to support and improve communities—a way to generate financial returns and provide a social or environmental benefit. The Denver Foundation is constantly pursuing new and innovative approaches to align donor priorities with community needs.

“Impact investing really multiplies the effects for everyone involved. Investors get the financial returns that they need, and the community feels a substantial benefit from that support. It’s a powerful tool for change and a newer way of thinking about how we support the financial, social, and racial equity goals of The Denver Foundation,” said Ben Perry, senior director of philanthropic investments at The Denver Foundation.

The Denver Foundation started the Impact Investment Pool in 2013 with gifts from numerous donors and an initial investment of \$1 million from the foundation’s operating reserve. This story explores the journey that brought The Denver Foundation, the Paterson-Harlow family, and the Dearfield Fund together.

**PICTURED** Above: *Reginald Moore, a Dearfield homeowner who lives in Littleton, Upper right: Will Paterson and Lane Harlow*

## TAKING THE FIRST STEP

Will Paterson and his wife Lane Harlow opened a donor-advised fund with The Denver Foundation almost a decade ago. Although they had some priority areas in mind that were important to them, they weren't totally sure what their long-term giving strategy would look like.



“We knew we wanted to give back, but we weren't entirely sure what that meant. Our original focus was on education, but our priorities have expanded since then.” said Paterson. “It was really an iterative process. As we became more engaged with the community and had more conversations, we decided we wanted to try to address a wider variety of issues, including many things related to equity”.

As with any investment options, there are potential risks, benefits, and tradeoffs to consider. “We found it more difficult than a traditional investment at first, having to incorporate the impact of the investment into our calculus, but it was not as complicated as we thought it would be,” said Paterson.

“I think there are some misperceptions around this type of investing. People fear that it's going to be more complicated, or that they may not get the returns that they're hoping for. We've found that The Denver Foundation makes the process very easy and accessible, and we have always gotten the returns we needed on our investments. They provided us with administrative, legal, and due diligence support, which was not nearly as complicated as we thought. While you may be able to find higher rates of return – the overall benefit of these investments is tremendous,” added Will Paterson.

After conversations with their relationship managers, Paterson and Harlow decided that they were interested in exploring impact investing. “We started by carving out a small percentage of our total investments and allocating that towards impact investing as a trial.”

“We were immediately impressed with the results and have grown our impact investments over time,” said Will Paterson. Part of that investment included working with the Dearfield Fund for Black Wealth.

## REALIZING THE IMPACT

The Dearfield Fund for Black Wealth helps Black and African-American communities build a foundation of intergenerational wealth and financial well-being, primarily through homeownership. With the help of their founders at Gary Community Ventures, the fund helps build financial well-being in Black communities across the United States.

They do this by offering Black and African-American first-time home buyers access to no-interest down-payment funds that can be used toward the purchase of a new home. Upon selling or refinancing, homeowners then return the amount they used from the Dearfield Fund plus 5% of the home's appreciation to ensure the Dearfield Fund can continue to operate.

“Addressing this racial wealth gap requires us to dismantle the structural inequities that have been imposed upon Black communities, especially when it comes to ownership and asset building,” said Santhosh Ramdoss, president and CEO, Gary Community Ventures. “The Dearfield Fund is part of a movement to create restorative capital tools that can help Black families build wealth and achieve financial mobility.”


“For centuries, homeownership has remained one of the most accessible and powerful ways for individuals and families to build wealth. The Dearfield Fund for Black Wealth provides investors with the opportunity to partner with our community to leverage business, policy, and philanthropy to break down the biggest barriers to opportunity and co-create solutions for those who need it most. Partners like The Denver Foundation and Will Paterson help increase that impact,” said Ramdoss.

## Ways to Engage

Donors can participate in impact investing through their donor-advised fund at The Denver Foundation. There are select opportunities through the year to co-invest alongside the foundation, and donors may also recommend their own impact investments (like their donor-advised fund grantmaking).

To learn more about impact investing at The Denver Foundation, please contact your relationship manager, call 303.300.1790, or visit [denverfoundation.org](https://denverfoundation.org).





**PICTURED** Steph Frances,  
Prodigy Coffeehouse founder  
and executive director

## STEEPED IN COMMUNITY

***Prodigy Coffeehouse serves a strong cup of coffee — and makes a case for the power of philanthropic investment.***

**To learn more about impact investing at The Denver Foundation, please contact your relationship manager, call 303.300.1790, or visit [denverfoundation.org](https://denverfoundation.org).**

Since opening in the Globeville neighborhood in Denver last fall, Prodigy Coffeehouse has become a weekend staple for locals and coffee lovers from all over the city. Some get their orders and go; others stay for a while, gathering with friends or posting up to work on laptops. The atmosphere is both calm and stimulating — the perfect combination for a community cafe.

Prodigy is more than a coffee shop. It's a nonprofit, community hub and engine of Prodigy Ventures, a workforce development organization that trains and employs young people who have been disconnected from traditional school and workplaces. Most Prodigy apprentices are young people of color; approximately 80% live in the neighborhoods that surround the coffeeshops.

Prodigy staffers are trained as apprentices in the art of coffee, perfecting pulling shots and creating artful designs in the frothy milk of steaming hot lattes. They learn resume-building skills including customer service, cash handling, and food safety. And perhaps most important, through programs that support leadership, mental health, and peer-to-peer learning, they learn to advocate for and take care of themselves and others.

Since opening its flagship location in the Elyria-Swansea neighborhood in Northeast Denver in 2016, Prodigy has trained nearly 250 apprentices, many of whom have gone on to work as baristas in Prodigy's two locations; others have found jobs elsewhere in Denver's thriving cafe scene.

"Prodigy has become a valuable pipeline of talent for local employers," says Steph Frances, Prodigy's founder and executive director. "Employers know apprentices are highly skilled, persistent, reliable, and have powerful workplace mindsets that make them strong contributors to any team."

The Denver Foundation has been a partner to Prodigy since its earliest days, having awarded the nonprofit its first-ever grant, in 2016. Soon after, Prodigy was one of six organizations to receive a program-related investment through the foundation's impact investing program. The \$20,000 low-cost loan was financed by the foundation and a core group of donors.

"As an early investor, The Denver Foundation has been absolutely key to our success," says Frances. "We were a brand-new business, and the loan helped to stabilize us. It gave us the confidence to invest in our apprentices, rather than scurrying for funds here and there, or taking funds that would draw us off of our mission."

Prodigy also received a Technical Assistance grant from The Denver Foundation to support strategic planning and has since received multiple community and donor-advised grants. Frances says the foundation's faith in Prodigy has helped bring other funders through Prodigy's door.

"It got us on the radar," she says. "It showed other funders that their money would go to a place that had been vetted, organizationally and missionally."

Today, earned revenue drives 40-50% of Prodigy's budget, with foundations, individual donors, and government rounding out the other half. Since that initial loan from The Denver Foundation, the organization has not taken on any additional debt.

"As relatively small impact investors, our goal is to make strategic, targeted investments that will be catalytic, prompting social enterprise and lowering the risk for other investors to join us in the capital stack," says Ben Perry, senior director of philanthropic investments at The Denver Foundation. "Prodigy is a good example of this approach."

The foundation's current Impact Investment Pool includes a portfolio of investments supporting positive change in our community while providing some financial returns. Subsequent opportunities since exiting Prodigy Coffeehouse have included low-interest loans to local non-profit organizations, such as a recent loan to Clinica Tepeyac to support development of their new mental health clinic and affordable housing development.

Perry notes that impact investments are just one of many tools the foundation is uniquely positioned to wrap around a community issue or challenge. Others include strategic grantmaking to grassroots organizations, often in partnership with donor-advised fundholders; and advocacy and civic engagement on the issues of importance to local communities. He advises donors who are interested in getting involved with impact investing to start by clarifying their goals.

"We can help our donors define what they mean by 'impact investment,'" he says, "and to understand what impact they want to have, and to explore what are the right tools to accomplish that. We invite donors to partner with us on this philanthropic journey and, over time and with learning, to develop a portfolio of investments, grants, and volunteer leadership around the social challenges or philanthropic goals that are most important to them."



**Both Prodigy Coffeehouse locations are open seven days a week. Meeting space is available for use by the community at no charge. Prodigy offers catering, classes, and events. To learn more, please visit [prodigyventures.org](https://prodigyventures.org).**

**PICTURED** Steph Frances and some of the Prodigy team in front of Prodigy Coffeehouse  
Photography by Kevin Mohatt



# SUSTAINABLE AND RESPONSIBLE INVESTING HAPPENS HERE

“I have been a supporter of socially responsible investing for a long time. I have been thrilled to see how both the staff and donors have embraced SRI over the last decade plus. I think donors really like to know that their values are reflected in their investments in addition to their grantmaking.”

**LINDA CAMPBELL, FUNDHOLDER AND FORMER  
TRUSTEE OF THE DENVER FOUNDATION**

The Sustainable and Responsible Investment (SRI) Pool is one internal investment option that The Denver Foundation provides its donors, particularly donors who want to align their charitable investments for the long-term with their philanthropic priorities.

For more information, or to ensure your assets are invested in our SRI Pool, please contact your relationship manager.

**303.300.1790**

**[denverfoundation.org/donor-services/  
investment-options](https://denverfoundation.org/donor-services/investment-options)**



The Denver Foundation