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Business CEOs and Investment Fund Team Up to Steer DAF Dollars to Covid Response

By Alex Daniels



NUCCIO DINUZZO FOR GENERAL MOTORS

A new effort by corporate CEOs and an impact-investing nonprofit is trying to send money from donor-advised funds and elsewhere to nonprofits and businesses that are making personal-protection equipment, working to track the spread of the coronavirus, and investigating new treatments for the disease.

ImpactAssets, an impact-investing firm with more than \$1 billion under management, and Stop the Spread, a group of more than 1,300 corporate chief executives, are seeking to attract donors, including those who have opened donor-advised-fund accounts at ImpactAssets. The goal is to make it easy for affluent donors to contribute to efforts that are similar to those that big grant makers are undertaking.

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The idea took off after CEOs watched General Motors and Ventec Life Systems, a medical-equipment supplier, work together to re-fit car assembly lines to manufacture ventilators that were in desperate need at hospitals swamped with coronavirus patients. Within 30 days, the two companies were able to ship 10,000

ventilators a month to doctors in need.

That prompted the question: Were there idle manufacturing facilities across the country that could be brought back to life to produce protective gear and medical equipment? Could factories that make other goods, like Brooks Brothers suits or scuba masks, switch gears to produce personal-protective equipment?

The answer was yes, as long as they had some investment capital to get started, says Christian Peele, director of operations at Stop the Spread. To get that investment capital, the CEOs realized that impact investors would probably be interested, but so, too, might people who hold donor-advised funds. While advised funds are supposed to support charitable institutions, they have leeway to give to companies that are working to advance the social good.

Peele, who served as deputy director of operations in the Obama White House, says the effort by business and philanthropy is important to fill in gaps.

"We can't wait for the directive to come from anywhere else," she says. "This partnership allows us to start to fire on all cylinders."

Helping Schools and Nonprofits

The newly unveiled fund is one of four managed by ImpactAssets in response to Covid-19. Margret Trilli, the group's chief executive, says the fund is open to investors who don't have accounts with the nonprofit investing organization. Since the beginning of the pandemic, ImpactAssets and Stop the Spread have combined to direct \$151 million toward testing, treatment, and personal-protective gear.

ImpactAssets says it has closed five investment deals for the Covid effort. It would disclose the names but not the amount invested in two of them: the Community Purchasing Alliance, which aggregates purchases of protective gear for schools and nonprofits, and CNote, a financial-services company dedicated to "economic justice."

The Community Purchasing Alliance, a cooperative that pays for things like solar-power panels, trash hauling, and heating and air conditioning installation and maintenance for schools, will use the investment dollars to expand its reach.

The alliance found that it could use its purchasing power to supply schools and nonprofits with personal-protective equipment and hand sanitizer. Since the pandemic began, it has been able to supply 154 organizations with \$560,000 of supplies. Even with the 5 percent cut that the alliance takes, the groups are able to get a discounted price. About a third of the companies that provide the gear are led by people of color, according to Felipe Witchger, the alliance's executive director.

Witchger and ImpactAssets both declined to provide details of the investment. Witchger says it will help the cooperative purchase \$1 million worth of supplies a month and expand its reach to 250 organizations. For five years, the alliance will only need to pay interest on the investment.

Most venture-capital firms wouldn't have the patience to accept that kind of timeline, Witchger says. And private foundations, he says, typically take too long to act.

"With institutional philanthropy, it takes longer to build the relationship with them and for them to understand our model," he says.

"Whereas an impact investor like ImpactAssets is quick to understand the business, quick to see the strong financials, quick to see the upsides for them and the incredible impact."

This article is part of:

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