



natrona
collective
health trust

Our mission is to build the foundation for lifelong health among Natrona County community members by advancing the mental wellbeing of young people through trust-based philanthropy and systems change.

IMPACT INVESTING POLICY STATEMENT

Policy Number: 0033

Effective Date: 02/2025

Review Date: 12/2025

Executive Summary

The Natrona Collective Health Trust's Board of Directors and staff utilize this Impact Investing Policy Statement ("Impact IPS") to anchor and guide the Trust's impact investing strategies.

The Trust's impact investing activities complement grantmaking priorities. Impact investing is grounded in the charitable purpose and vision of the Trust, to improve the health and wellbeing of Natrona County residents using systems-change approaches and trust-based philanthropy.

This policy:

- Identifies the specific program impacts the Trust seeks in investments;
- Outlines the roles and responsibilities of Trust staff, the Finance and Audit Committee, and the Board of Directors as well as advisors and/or consultants used by the Trust in executing its impact strategy.
- Identifies acceptable financial risk parameters for the Trust's investing;
- Calls for prudent due diligence, investment structuring, and ongoing monitoring and maintenance of the Trust's impact investments.

The Trust will commence a three-year pilot phase for impact investing in March 2025 to engage in initial transactions and to develop transaction, monitoring, and maintenance procedures. The pilot phase will inform a long-term programming approach and policy.

Definitions

Impact Investing is the deployment of funds into investments that generate a measurable and beneficial social impact alongside a financial return on investment. For purposes of this policy and pilot phase the type of impact investing we will focus on is:

- I. Program Related Investment (PRIs)** – PRIs are made with the primary intention of furthering the foundation's exempt activities, and activities that PRIs support are functionally related to the exempt purposes, as outlined in this policy. The financial return of PRI's is secondary to their mission outcomes and may be lower than the Trust's other investments.

Overview and Purpose

Our Guiding Principles: Commit to Boldness + Center on Community + Be Flexible and Adaptive + Operate with Transparency + Lean into Systemic Change + Foster Inclusivity and Compassion



A. Introduction

- I. The Natrona Collective Health Trust (the “Trust”) Board of Directors approved the use of impact investing at the Trust in 2025, to complement and augment the foundation’s grantmaking and programmatic work in service of our mission: *Build the foundation for lifelong health among Natrona County community members by advancing the mental wellbeing of young people through trust-based philanthropy and systems change.*
- II. Impact investing provides Trust funds to businesses or organizations with the expectation of repayment of the capital along with minimal financial returns, and achievement of the Trust’s mission-related outcomes for Natrona County residents.

Source and Funding Amount

- I. Up to \$1,000,000 of assets can be committed for the pilot phase of impact investing.
- II. As investments are considered, the Trust staff and the Finance and Audit Committee will identify funds that are appropriate and available to be invested.
- III. Investments may be structured as program-related investments (PRIs) depending on overall spending and budgeting priorities of the Trust.

Investment Tools

A. Eligibility

- I. Investments are offered to organizations whose work benefits the health and wellbeing of Natrona County residents.
- II. Prospective investees will generally have at least two years of operating history documented by financial statements, and an operating and financial plan for the proposed project.
- III. The Trust may invest directly in an enterprise, or it can invest in enterprises via an intermediary.
- IV. Acceptable uses of direct or intermediary investment funds are to finance or to purchase real estate and equipment; complete construction projects; purchase supplies and equipment; to meet business operating expenses.

B. Individual Investment Type and Amount

- I. Amortized term loans, may include balloon payment
- II. Credit enhancements for loans made at regulated financial institutions
 - i. Guarantee of debt
 - ii. Collateral support



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- iii. Loan secured by cash deposit
- III. Purchase of assets to be leased by the investee

Individual investments will be \$80,000 - \$250,000.

All investment tools, objectives, policies and guidelines set forth in the Impact IPS are intended to promote reasonable risk control parameters to ensure prudence and care in the execution of impact investing.

Roles and Responsibilities

A. Board of Directors

- I. Consider the approval of investments recommended by the Finance and Audit Committee.
- II. Approve and monitor the Impact IPS.
- III. Monitor financial and program results via regular reports received from the Finance and Audit Committee.

B. Finance and Audit Committee

- I. Consult with staff on terms, fund availability and underwriting as potential impact investment transactions are developed.
- II. Recommend approval of investments to the Board, based on an investment memo that documents staff's underwriting and due diligence on proposed transactions.
- III. Monitor the financial and program results of impact investments held by the Trust and provide reports to the Board of Directors.
- IV. Consider the approval of proposed modifications to the terms of any investment as presented by staff.

C. Staff

- I. The CFO leads the Trust's impact investing activities and reports to the CEO, Finance and Audit Committee and Board of Directors.
- II. The CFO prepares the Trust's Investment Memo that documents underwriting and due diligence results as well as proposes appropriate terms and transaction structures for each transaction. The CFO presents the Investment Memos to the Finance and Audit Committee for consideration of an approval recommendation to the Board.
- III. Appropriate staff members and consultants assist the CFO on transactions, including researching, identifying and screening investment opportunities, and completing due diligence.

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- IV. The CFO will oversee and monitor existing investments and address repayment and loan impairment issues in a timely manner, including recommending investment modifications to the Finance and Audit Committee.
- V. The CFO provides regular reports on the impact portfolio to the Finance and Audit Committee.

D. Auditor/ Tax Consultant

- I. Provides guidance for bookkeeping and financial reporting practices when sought by staff and/or when identified during the audit process.

E. Consultant

- I. Assists as needed to structure and/or evaluate and underwrite transactions, or to augment staff capacity at any stage of development of a transaction.

F. Outsourced Chief Investment Officer

- I. Provides guidance and assistance as needed to monitor and assess potential impact to the endowment portfolio.

Expected Impact

- I. The Trust will establish the projected program impact of each investment it makes. The Trust generally seeks investments that advance the social drivers of health, with specific interest in projects that need capital to fund their involvement in these focus areas:
 - i. Early Childhood Development
 - ii. Adverse Childhood Experiences (ACES)
 - iii. Positive Childhood Experiences (PCES)
 - iv. Mental and Behavioral Health Services
 - v. Strengthening Generational Health
 - vi. Eliminating Health Disparities
 - vii. Improving Social Determinants of Health Conditions
- II. All investments should primarily benefit Natrona County residents.

Financial Risk, Return and Duration

- I. The Trust will establish a projected financial return goal for each transaction it undertakes. In all transactions the Trust seeks a return of the capital invested and annual



yields at various levels including below market-rate of return, consistent with and supporting the Trust's overall financial goals.

- II. Investments during the pilot phase will have a maximum term of no more than 3 years.
- III. Impact investments carry inherent risks:
 - i. Investments may be illiquid, private investments that usually are too risky to attract financing from the conventional market.
 - ii. Investments are not subject to diversification within the overall Trust endowment portfolio.
 - iii. The Trust has limited internal capacity to make and manage investments and the Trust is not staffed with professional investment personnel. Consultants will be used in situations in which expertise and assistance are required.
 - iv. Considering these inherent risks, for all transactions, the Trust will provide the Finance and Audit Committee and Board careful analysis and due diligence by staff, and/or consultants with skills relevant to the investment. At a minimum the analysis will cover four general areas:
 - a. the viability of the project for which funds are requested, including the feasibility of the project;
 - b. the feasibility and strength of proposed sources of repayment for the investment, and collateral coverage and positioning available within the project;
 - c. the organizational and management strength of the investee organization, as demonstrated in its historic financial and impact track record, and in its governance policies and practices;
 - d. external conditions affecting the viability of the investee's proposal.
- IV. Any risks identified should be addressed with acceptable mitigations.
- V. The analysis and due diligence will be fully documented for the Trust's decision-makers in an Investment Memo.
- VI. The Trust will engage appropriate professionals to structure and review legal agreements and transaction structures, and/or to provide information on technical matters using attorneys or other professional consultants as appropriate.

Investment Procedures

- I. The Trust will create and use written impact investing procedures that ensure all transactions follow this Impact IPS and all other applicable Board policies (investment, conflict of interest, etc.).
- II. Written investment procedures are approved and annually reviewed for effectiveness by the Finance and Audit Committee.

Investment Monitoring & Maintenance



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- I. At the time of investment closing, staff will put in place an agreement with each investee that allows the Trust to:
 - i. Collect payments,
 - ii. Receive information on the impacts achieved by the investment,
 - iii. Monitor financial and impact health of the investee's operation, and,
 - iv. Assure compliance with all investment covenants.
- II. The investment agreements are part of written investing monitoring procedures that:
 - i. Ensure and track receipt of payment as agreed.
 - ii. Provide appropriate regular tracking of both financial and impact performance of individual impact investments, and the portfolio of all impact investments.
 - iii. Outline steps for prudent action to protect the Trust's interests should an investee's financial or impact performance be impaired.
 - iv. Direct appropriate committee and Board oversight of the impact investing portfolio.
- III. Written monitoring and maintenance procedures are annually reviewed for effectiveness by the Finance and Audit Committee.

Exceptions to Policy

Exceptions to this policy may be considered by providing:

- I. **Justification** – An explanation of why the exception is necessary.
- II. **Scope** – The provision(s) of the policy for which the exception is requested.
- III. **Duration** – The time period for which the exception is needed.
- IV. **Risk Mitigation** – Any measures that will be taken to minimize potential risks associated with the exception.

Exceptions will be noted in the Finance and Audit Committee loan review and recommendation and considered by the full Board in its final investment approval process.

Key Reviewer/ Owner: CFO/ Finance and Audit Committee