

Investing for Impact
A DECISION-MAKING TOOL



THE ANNIE E. CASEY FOUNDATION

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ABOUT THE ANNIE E. CASEY FOUNDATION

The Annie E. Casey Foundation is a private philanthropy that creates a brighter future for the nation's children and youth by developing solutions to strengthen families, build paths to economic opportunity and transform struggling communities into safer and healthier places to live, work and grow. For more information, visit the Foundation's website at www.aecf.org.

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INTRODUCTION

For more than 25 years, the Annie E. Casey Foundation has been making impact investments — aimed at generating both a financial return and a positive social outcome — to advance its mission of building a brighter future for all of America’s children and youth, particularly those who face the greatest barriers. Complementing the Foundation’s grant making, its impact investments have used endowment dollars to increase the financial resources available for strengthening families, building stronger communities and ensuring access to economic opportunity. Since 1998, the Foundation has committed \$350 million to more than 130 impact investments. Across the country, these investments have supported thousands of affordable housing units and jobs that provide good wages, benefits and advancement opportunities in underserved communities, along with business ownership, education, child care and community development.

The Foundation is part of a growing global community of investors that have employed a wide range of strategies to deploy more than \$1.5 trillion in impact investments around the world. These investments come with a special responsibility to evaluate potential for two different kinds of returns. How can funders decide among many possible investments to seed worthy projects in communities while also strengthening their resources to give grants in the future? How should they think about risk, horizons and levels of return, and how to monitor performance along the way?

This decision-making tool uses practices the Foundation has honed over its years of impact investing to ensure each investment decision incorporates factors important to Casey in a systematic way. While Casey uses this tool to further its mission of advancing well-being for children, youth and families, other investors with different social missions also may find it useful to apply the process. Throughout this tool, short case studies illustrate how these factors led to successful Foundation impact investments.

Advancing Well-Being for Kids and Families:

CASEY'S IMPACT INVESTING APPROACH

The Foundation allocates 4% of its endowment for impact investments, which range in size from \$500,000 to \$10 million. The returns from these investments go back to the Foundation's endowment to continue supporting Casey's priorities and values.

The Foundation typically invests through financial intermediaries. These fund managers have expertise across impact sectors and geographies. More than a third of the Foundation's impact investees are Community Development Financial Institutions (CDFIs), which provide credit and financial services to small businesses, affordable housing developers and other entities and individuals in underserved communities.

The decision-making tool has 10 criteria that the Foundation assesses at each stage in making a new investment. The tool informs the initial appraisal of an organization, including enterprises raising and managing capital and direct service providers, by measuring the alignment of its social impact strategy with Foundation priorities and values. The decision tool helps the Foundation differentiate among organizations that have similar social impact strategies. For example, if three CDFIs with similar affordable housing strategies approach the Foundation for a loan, the tool can help compare their approaches and identify the organization with a social impact strategy that most closely matches the Foundation's mission and grant-making interests.

After the initial, rough assessment, a potential investment opportunity may be approved for in-depth research to identify risks, verify facts and estimate returns. During this phase, the Foundation seeks more detailed answers to key questions associated with each of the 10 criteria. The results of this work are incorporated into the overall analysis of the investment opportunity. As Foundation staff monitor an approved investment, they regularly refer to the 10 criteria to compare current performance with initial expectations.

How to Use the Tool:

THREE LEVELS, 10 CRITERIA, TWO WORKSHEETS

The decision tool's 10 criteria are divided into three levels.

LEVEL 1: MISSION FIT, 50%

The first-level criteria consider mission and grant-making fit:

- Mission alignment
- Population impact
- Program alignment, in which the investment advances a specific grant-making interest

LEVEL 2: ORGANIZATIONAL SOUNDNESS, 30%

The second-level criteria examine more traditional organizational and financial metrics:

- Management expertise
- Financial strength
- Feasibility of the project or strategy

LEVEL 3: STRATEGIC VALUE AND PRIORITIES, 20%

The third level includes additional factors aligned with the investor's priorities and values:

- Geographic coverage
- Investor's contribution to impact
- Policy and system influence
- Innovation and replication

For each criterion, a potential investment receives a score of high (3), mid (2) or low (1) based on answers to a series of key questions. During the initial assessment of an investment opportunity, staff incorporate the totals into a weighted scoring system that generates a percentage score. All Foundation impact investments must have a minimum rating of “mid” on two criteria: (1) alignment with the Foundation’s mission to strengthen families, build stronger communities and ensure access to economic opportunity in the United States; and (2) management expertise. A low cumulative score, however, does not automatically disqualify an organization from further consideration. Such scores may indicate a need for further conversations to increase staff’s understanding of an organization, its target population and the relationship of its social impact strategy with Casey’s mission and priorities.

Investors can document their ratings and conclusions on two worksheets found at the end of this tool.

Worksheet 1: Preinvestment Scorecard offers space to document initial assessment scores for the investment. **Worksheet 2: Qualitative Data for Due Diligence and Monitoring** can be used to document data gathered during the course of the investment and compare progress to the initial ratings for each criterion.



Level 1

MISSION FIT

Level 1 criteria assess a potential investment's alignment with the investor's mission, its potential impact on priority populations and its correlation with grant-making strategies. For the initial assessment of a potential investment, these criteria total 50% of an organization's score.

Investment Criterion: Mission Alignment

LOW (1)	MID (2)	HIGH (3)
The investment is not aligned with the investor's mission.	The investment's purpose indirectly supports or has some direct alignment with the investor's mission.	The investment's purpose and stated goals are directly aligned with the investor's mission.

Examples of Key Questions:

- How does the investment strategy contribute to the funder's mission?
- How will the social impact strategy achieve measurable, positive change?
- Are the contributions to the funder's mission a primary or a secondary effect of the investment strategy?

Score: _____

Minimum rating of "mid" for all investments.

Investment Criterion: Population Impact

LOW (1)	MID (2)	HIGH (3)
The project or strategy has no impact on the target population.	The project or strategy has moderate direct impact on the target population. Impact indicators are measurable.	The project or strategy has significant direct impact on populations related to the investor's mission or a specific grant-making interest. Impact indicators are measurable.

Examples of Key Questions:

- Who ultimately benefits from the investment strategy?
- What is the potential impact of the investment on the target population?
- What are the indicators that will be reported to investors?

Score: _____

Investment Criterion: Program Alignment

LOW (1)	MID (2)	HIGH (3)
The investment has little to no correlation to a grant-making strategy.	The investment has some complementary alignment or correlation to a grant making strategy.	The investment has strong correlation to and/or integration with a grant-making strategy.

Examples of Key Questions:

- Is the investment's stated goal aligned with the investor's grant-making strategy?
- Is the organization a current or potential grantee?
- Is a program officer at the investing organization sponsoring or supporting this investment?

Score: _____

Case Study

MISSION FIT: IGNITE CAPITAL

Ignite Capital, a Baltimore nonprofit that invests in social enterprises that typically cannot obtain traditional bank loans or venture capital funding, received a \$500,000 impact investment from the Casey Foundation in 2023. In 2025, Ignite Capital invested in more than 30 enterprises — from a job-training program to a property restoration company to a coffee roaster and a paper-goods store — designed to strengthen job creation, entrepreneurship and community prosperity. By investing in the firm, the Casey Foundation is contributing to the development of a more robust entrepreneurial ecosystem in Baltimore.

The Foundation’s low-interest loan to Ignite Capital is a program-related investment, which is made primarily for charitable purposes and generally delivers below-market returns. In the initial Foundation assessment, Ignite Capital received scores of “high” on all three Level 1 criteria of the decision-making tool. Its work to rebuild the economies of historically disinvested neighborhoods through entrepreneurship and asset-building opportunities in Baltimore advances the Foundation mission to build stronger communities for the benefit of children and families.

INVESTMENT CRITERIA	INVESTMENT	RATING
Advances Foundation mission	<ul style="list-style-type: none"> Focus on economically distressed communities Emphasis on entrepreneurship as a pathway to community revitalization Supports resident-led economic mobility 	HIGH
Potential population impact	<ul style="list-style-type: none"> Concentration on low-income neighborhoods Targeted support for youth and young adults Inclusion of young adult entrepreneurs Clear connection to opportunity pathways for families 	HIGH
Potential program impact	<ul style="list-style-type: none"> Strong alignment with program priorities in Baltimore Scalable neighborhood-based enterprise model Pipeline of mission-aligned businesses Projected job creation and local economic growth 	HIGH

Level 2

ORGANIZATIONAL SOUNDNESS

The three criteria of Level 2 support assessment of organizational and financial data critical to investment management, including the expertise of senior managers and board members, the financial strength of the organization and the likelihood of a financial return from the social impact strategy. For the initial assessment of a potential investment, these criteria total 30% of an organization's score.

Investment Criterion: Management Expertise

LOW (1)	MID (2)	HIGH (3)
Managers of the strategy or project have little management experience generally, and no experience that is directly related to a social impact strategy aligned with the investor's mission or one of its grant-making strategies.	Management has relevant experience and a strong track record. They may be developing a new social impact strategy aligned with the investor's mission or one of its grant-making strategies. They may have a strong partnership with an organization with relevant experience.	Management is very experienced, with a relevant social impact strategy and with managing capital for repayment to investors. Financial incentives for managers are clearly aligned with investment performance.

Examples of Key Questions:

- How long has the management team been in place?
- Does the management team have relevant expertise and skill sets?
- What is the composition and skill set of the board?

Score: _____

Minimum rating of "mid" for all investments.

Investment Criterion: Financial Strength

LOW (1)	MID (2)	HIGH (3)
<ul style="list-style-type: none"> The nonprofit organization has low net worth, liquidity problems or other financial challenges. First-time funds are not affiliated with a sponsor and/or cannot provide detail on capital available to support implementation of the social impact strategy. 	<ul style="list-style-type: none"> The nonprofit organization has acceptable net worth and satisfactory cash flow. It may have financial challenges, but leaders are working to address them. Funds have some working capital, either from sponsoring entity or independently sourced. Fund size and fees may not cover all operating costs of the social impact strategy. 	<ul style="list-style-type: none"> The nonprofit organization has significant net worth, excellent cash flow and other indicators of financial strength. Funds have significant assets under management or other resources sufficient to launch and support ongoing operations of the social impact strategy.

Examples of Key Questions:

- Is the organization financially stable?
- Does the organization have sufficient financial resources to achieve its stated social impact goals?
- Does an analysis of three-year financial trends indicate any areas of weakness?

Score: _____

“Low” rating must be mitigated by mid/high management strength and project/strategy financial feasibility ratings.

Investment Criterion: Project Feasibility

LOW (1)	MID (2)	HIGH (3)
Financial analysis demonstrates that the project or strategy is unlikely to return capital.	Financial analysis demonstrates reasonable expectation for return of capital through revenue and/or profit generation.	Financial analysis demonstrates high likelihood of financial return.

Examples of Key Questions:

- What are the critical considerations for the viability of the social impact strategy?
- Is the financial modeling realistic?
- Does the organization have a track record directly relevant to the strategy?

Score: _____

A “low” rating for project feasibility must be mitigated by conservative financial assumptions and an identified source of subsidy to cover any shortfall. A “low” rating for project feasibility may indicate that a grant is a more appropriate form of funding than an impact investment.

Case Study

ORGANIZATIONAL SOUNDNESS: BRIDGE INVESTMENT GROUP

The Foundation has invested in three affordable housing funds managed by the Bridge Investment Group, a national real estate investment firm. These investments are categorized as mission-related investments, which are expected to deliver a market-rate financial return along with social impact.

All three funds are implementing an investment strategy that integrates high-quality affordable housing with social services for residents — reflecting the recognition that access to stable and affordable housing is essential for children, young people and families to thrive. Bridge reserves at least 51% of property units for residents who earn less than 80% of the area’s median income, reaching into communities that are Casey’s target population. These renters typically earn too much to qualify for government housing subsidies but not enough to afford market-rate housing.

The Bridge Investment Group received high scores in the decision-making tool’s criteria for organizational strength. The firm is an experienced multifamily housing fund manager with a knowledgeable management team. Since its establishment in 2011, the firm has raised 35 funds, providing it with stable, diversified sources of income.

As of June 2025, the three funds had rehabilitated or preserved some 18,000 units of affordable housing. Nearly 30% of residents who renewed their lease reported that on-site services influenced their decision.

INVESTMENT CRITERIA	INVESTMENT	RATING
Management strength	<ul style="list-style-type: none"> ▪ Experienced and long-tenured leadership team ▪ Demonstrated track record in multifamily and affordable housing ▪ Organizational continuity despite leadership transitions ▪ Institutional depth and sector expertise 	HIGH
Financial strength of fund manager/ enterprise	<ul style="list-style-type: none"> ▪ Significant assets under management ▪ Diversified fund portfolio ▪ Established fundraising history ▪ Stable and diversified sources of income 	HIGH
Financial feasibility of proposed project/ strategy	<ul style="list-style-type: none"> ▪ New fund builds on existing platform and operational infrastructure. ▪ Prior fund performance demonstrates execution capability. ▪ Experience navigating challenging market conditions ▪ Track record of improving properties to increase value and returns 	HIGH

Level 3

STRATEGIC VALUE AND PRIORITIES

The four criteria of Level 3 include additional factors that indicate a potential investment's alignment with an investor's priorities and values: Does the investment target a geographical area where the investor has a grant-making interest? Is the investor contributing any additional support to the social impact strategy? Will the strategy influence public policy or systems? How innovative is it and what is the likelihood that others will replicate it? For the initial assessment of a potential investment, these criteria total 20% of an organization's score.

Investment Criterion: Geographic Coverage

LOW (1)	MID (2)	HIGH (3)
There is no specific investment target tied to a place where the investor has an active grant-making strategy.	At least some portion of the investment is targeted (either with allocation or best effort) to at least one place where the investor has an active grant-making strategy or where data show a specific need.	The investment is fully targeted to a place or places where the investor has an active grant-making strategy or where data show a specific need.

Examples of Key Questions:

- Where will the work take place?
- Will the investment include at least one place where the investor has an active grant-making strategy?
- Do data demonstrate a mission-aligned need where the work is focused?

Score: _____

Investment Criterion: Investor's Contribution to Impact

LOW (1)	MID (2)	HIGH (3)
The investor does not provide any additional resources or engagement beyond the investment. Terms and conditions are the same or similar to what the investee would otherwise have obtained with other investors.	The investor provides a moderate amount of additional resources beyond the investment commitment. The proposed investment provides better terms and conditions than the investee would have likely obtained with others.	The investor is deeply engaged in the development of the investment and/or provides meaningful additional resources. The proposed investment provides capital that an investee would not likely have otherwise obtained.

Examples of Key Questions:

- What additional resources — for example, technical assistance or a capacity-building grant — are being provided by the investor?
- Will the investor's investment provide better terms and conditions than other investors?
- Will the investor's investment and any additional resources contribute to intended outcomes?

Score: _____

Investment Criterion: Policy and System Influence

LOW (1)	MID (2)	HIGH (3)
The project or strategy is unlikely to achieve any influence on systems or policies.	The project or strategy is likely to achieve limited policy or system influence.	The project or strategy is highly likely to achieve significant policy or system influence.

Examples of Key Questions:

- What public policy or systems might be influenced by the organization's strategy?
- What is the likelihood that the strategy will, in fact, influence public policy or systems serving the target population?

Score: _____

Investment Criterion: Innovation and Replication

LOW (1)	MID (2)	HIGH (3)
The project or strategy demonstrates little or no innovation. The investment structure and/or impact is unlikely to be replicated or scaled.	The strategy for social outcomes is promising but may not be novel or demonstrate significant innovation. The investment structure and/or impact may or may not be replicable or scalable.	The project or strategy demonstrates an innovative, clearly articulated idea. The investment structure and/or impact is clearly replicable or scalable.

Examples of Key Questions:

- What elements of the strategy are innovative?
- Is the strategy scalable?
- How feasible is replicating the strategy?

Score: _____

Case Study

STRATEGIC VALUE AND PRIORITIES: CARE ACCESS REAL ESTATE INVESTMENT TRUST

The Care Access Real Estate Investment Trust (CARE) is a diversified real estate strategy that finances, builds and renovates child care facilities across day care centers and home-based providers. Developed by Mission Driven Finance, which seeks to join philanthropy with traditional investing, CARE pools capital from multiple investors to acquire properties for home- and center-based child care. CARE has raised over \$10 million, including a \$3 million impact investment from the Casey Foundation. As of December 2025, CARE had acquired 24 properties supporting 292 child care seats.

Increasing access to quality affordable child care is an important element to ensure access to education and work for young parents. Providers face many barriers to operating affordable child care businesses, including lack of access to capital, difficulty obtaining proper licensing for their centers and challenges in managing landlord relationships to maintain affordable rent. Child care providers have among the lowest wages of any category of workers in the United States. At the same time, child care is largely unaffordable for low-income working families, who can easily spend over a quarter of total family income on child care.

Most impact investments are focused on financing child care centers with debt. CARE represents a unique strategy that leverages both commercial and residential real estate to expand access and improve the quality of care.

INVESTMENT CRITERIA	INVESTMENT	RATING
Geographic coverage	<ul style="list-style-type: none"> Concentrated initial footprint across select states Regional focus with targeted expansion plans National ambition not yet fully realized Growth dependent on additional capital and operating scale 	MID
Investor contribution	<ul style="list-style-type: none"> Anchor investment role in early capital formation Meaningful contribution toward near-term fundraising target Strengthens market confidence and attracts coinvestors Accelerates overall strategy growth and momentum 	HIGH
Potential influence	<ul style="list-style-type: none"> Among the first investment strategies dedicated to child care real estate Addresses structural barriers facing child care providers Positions the sector for greater investor participation Potential to catalyze broader ecosystem change 	HIGH
Innovation and replication	<ul style="list-style-type: none"> Distinct model integrating commercial and residential real estate Expands beyond traditional debt financing approaches Scalable structure with pathway to broader capital markets Strong opportunity to expand child care supply and affordability 	HIGH

CONCLUSION

Although the information and ratings produced by the decision-making tool discussed in this paper are largely based on qualitative findings, they complement quantitative data to keep staff focused on Foundation priorities and values when assessing, making and monitoring impact investments. Because impact investments seek both a financial return and a social impact, the Foundation's investment professionals and program officers collaborate closely throughout the investment process. Working together, they use the decision-making tool to ensure that the Foundation's impact investments contribute to improving the lives of America's children, youth and families.



Worksheet 1

PREINVESTMENT SCORECARD

Fill this form with information to assign ratings to an investment and calculate scores. The numbers in the Score column are intended as examples and can be replaced with your actual scores. Organizations also can adjust the weight column to reflect their priorities. To assign rankings, use 3 to represent High, 2 to represent Mid and 1 to represent Low.

FUND/MANAGER	
INITIAL REVIEWER	
REVIEW DATE	
INVESTMENT TYPE	
FINAL SCORE (%)	

	Criteria	Score	Additional Comments	Weight (%)
LEVEL 1	Mission alignment			
	Population impact			
	Program alignment			
LEVEL 2	Management expertise			
	Financial strength			
	Project feasibility			
LEVEL 3	Geographic coverage			
	Investor's contribution to impact			
	Policy and system influence			
	Innovation and replication			
WEIGHTED AVERAGE				
	Percentage Score			

Worksheet 2

QUALITATIVE DATA FOR DUE DILIGENCE AND MONITORING

Investment Criteria	Detail	Rating
Mission alignment		
Population impact		
Program alignment		
Management expertise		
Financial strength		
Project feasibility		
Geographic coverage		
Investor's contribution to impact		
Policy and system influence		
Innovation and replication		



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