



PRI Opportunity Outline

This document provides an outline of a program-related investment (PRI) that Venn Foundation (Venn) would like to make if it can attract sufficient donor support. Venn is considering this PRI primarily to advance its charitable purpose and not with the significant goal of producing income, although some financial return hopefully will also result. This investment is intentionally below-market in terms of risk and financial terms.

Prospective Recipient: Family Tree, Inc. DBA Family Tree Clinic
Corporate Form: Minnesota Nonprofit Corporation, 501(c)(3) Public Charity
Recipient Leader: Alissa Light, CEO
PRI Structure: \$100,000 - \$2,000,000 below-market-rate loan

Recipient Overview

For more than 45 years, Family Tree has worked to cultivate a healthy community through comprehensive sexual health care and education. Today, Family Tree serves over 22,000 people annually, with 56% of patients identifying as LGBTQ, 70% identifying as women, and 80% as low-income. Family Tree has never turned a patient away if they could not pay. Poverty, oppression, lack of access, and discrimination are just a handful of the barriers its clients face when it comes to getting their health care needs met.

Within the next two years, Family Tree is planning to relocate its clinic and offices to a new neighborhood with significant need, so that it can be both a partner for health equity and justice in that neighborhood, as well as a statewide destination center for inclusive health care and services. Currently, the need for the clinic's trans hormone care program is significantly larger than the clinic's capacity, and there are not enough exam rooms to meet the needs of a growing patient base. Other Family Tree initiatives in women's prisons, juvenile detention centers, and with parent groups are also unable to meet growing demand. Family Tree estimates that it will serve an additional 5,000 people per year in its new facility.

PRI Overview

Family Tree is actively working to make its vision a reality. It has identified several high-potential sites centrally located in the Twin Cities, and its current building is already under contract for sale. Family Tree will earn \$2.5 million in net income from the sale, which it will re-invest in the acquisition and build-out of the new property. This will leave a short-term funding gap of about \$2 million to be financed in the interim while Family Tree raises funds from individuals and foundations through a three-year, \$5-6 million capital campaign. Traditional commercial loans will likely carry an interest rate of around 5%. Family Tree would prefer to finance as much of the remaining \$2 million as possible with a low-interest, unsecured PRI loan through Venn Foundation. If Family Tree repays the total loan in three to five years, as it plans to do via the capital campaign, a PRI of \$2 million on the advantageous terms articulated below would likely save the organization over \$300,000 in interest and also help it avoid Unrelated Business Income Tax on revenue it earns from leasing space to other tenants.

Overview of Investment Terms

Below is an overview of the PRI terms. Please note that Venn does not sell securities to investors but rather provides a unique charitable investment opportunity to its donors, who make recommendations. Donors themselves will not profit from supporting this PRI. Venn will allocate any financial return that may result back into each participating donor's Venn Account for donors to recommend be redeployed as new PRIs or as grants to other nonprofits.

1. \$100,000 - \$2,000,000 unsecured loan
2. Five-year term
 - a. Simple interest accrues and is paid annually at 1%, 1%, 1%, 2%, and 2%, in Years 1-5 respectively.
 - b. Principal to be repaid in three balloon payments at end of Year 5.

Small Admin Fee, Only if PRI Succeeds

Donor-advised fund sponsors usually charge donors an annual administrative fee of around 1%, calculated and paid monthly on the entire account balance. However, Venn only charges donors a fee if and when the PRIs they support are successful, allowing donors to reuse their charitable dollars. For this PRI loan to Family Tree, donors pay an annual 0.5% fee on the PRI principal only if the PRI is succeeding. All other PRI returns go back to donor accounts pro-rata based on their initial participation where donors can recommend redeployment as new PRIs or grants to nonprofits.

Requests for Shared Due Diligence

Venn Foundation conducts its own due diligence on every PRI opportunity before making it available for donor support so that every PRI it makes is done legally, responsibly, and with reasonable terms and conditions that will, in Venn's own judgment, increase the likelihood of success for the PRI and its primarily charitable purpose.

That said, prospective donors should not rely on Venn's internal due diligence as an endorsement that any particular PRI opportunity is appropriate for their own support or as an indication that any given PRI will ultimately succeed. Donors are responsible for independently evaluating the merits and risks of each PRI opportunity and ultimately for making the decision to recommend that their donations be used by Venn to support a particular PRI opportunity.

As a matter of policy, Venn does not share its own internal due diligence findings with prospective donors for three main reasons.

1. Diverse Standards

Venn operates in a unique investment context in which charitable impact is a primary consideration and financial expectations are purposefully below-market. In this context, donors can have very different standards for charitable impact, for assessing risk, and for determining what makes a PRI opportunity attractive or not. What each donor expects of and concludes from a due diligence process can vary greatly.

2. Sensitive Information

Due diligence often involves reviewing sensitive and protected information. It is more appropriate that the PRI recipient retain control over which parties are seeing what information than for Venn to play this role.

3. Role Definition

Venn sees its role as making a wide variety of PRI opportunities available and known to prospective donors. Venn's role is not to persuade donors to support any one PRI opportunity over another. That role is more appropriately and effectively played by PRI recipients and by other donors who are supporting the PRI.

Venn appreciates that donors may want more information about a particular PRI and PRI recipient than is provided here before making a donation or distribution recommendation. Just as is the case when donors recommend traditional grants to nonprofit organizations from a donor-advised fund, Venn encourages donors to speak directly to the PRI recipient to further evaluate the PRI opportunity themselves before making a donation or distribution recommendation decision.

Recipient Contact

Interested donors may reach out to Alissa Light, Executive Director of Family Tree Clinic, at alight@familytreeclinic.org or 651.272.3550.

Next Steps

If you would like to support Venn Foundation in making this PRI, please complete the accompanying "Pledge Form" and email it to Jeff Ochs, CEO of Venn Foundation, at jeff.ochs@vennfoundation.org.