



**TORONTO  
FOUNDATION**

## **Toronto Foundation's Social Impact Investment**

### **CALL FOR PROPOSALS - GUIDELINES**

**\*\*\* AMENDED Jan. 31, 2019\*\*\*  
Amendments are highlighted in green**

**Deadline: 5pm on Wednesday February 20, 2019**

*Please review these GUIDELINES and the APPLICATION  
thoroughly before beginning your application.*

#### **INTRODUCTION**

This call for proposals offers Ontario-based organizations the opportunity of one-time social impact investments that generate impact directly accruing to Ontarians. Also known as social finance or impact investing, these investments are designed to generate both a positive social impact and a financial return. **THE INVESTMENT MUST BE REPAID.**

The specifically allocated funds available for investments relating to this call for proposals total approximately \$1.6M. Based on the quality of the proposals, more funds from Toronto Foundation and/or other sources may be available. Toronto Foundation also reserves the right to allocate less funds.

Toronto Foundation provides social impact investments generally ranging from \$250,000 to \$1,000,000. It is projected that approximately 5 investments will be made as a result of this call for proposals. **TORONTO FOUNDATION DOES NOT FUND WORKING CAPITAL REQUIRED TO FUND DAY-TO-DAY OPERATIONS OR DEFICITS.**

## TIMELINE

DATE*	ACTION	DETAIL
Fri. Jan. 25, 2019	Questions due	Questions related to call for proposals are to be submitted by due date
Fri. Jan 25, 2019	Intent to apply due	Notice of intention to apply for investment
Wed. Jan. 30, 2019	Answers posted	Questions submitted by due date will be answered and posted publicly
Wed. Feb. 20, 2019	Applications due	Late applications will not be accepted
Fri. Mar. 1, 2019	Phase 1 review completed	Applicants notified of status
Wed. Mar. 20, 2019	Phase 2 review completed	Applicants notified of status
Tue. Apr. 2, 2019	Phase 3 review (first group)	First group in-person presentations for shortlisted applicants
April, 2019	Phase 4 deeper due diligence (first group)	For those approved to move forward from first group
Tue. May 14, 2019	Phase 3 review (second group, if needed)	Second group in-person presentations for shortlisted applicants (if needed)
May, 2019	Phase 4 deeper due diligence (second group)	For those approved to move forward from second group
Jun., 2019	Final approval of investments	Recommended investments are approved by the Board, and applicants are notified
Summer, 2019	Legal agreements in place	Applicants who successfully complete the due diligence process will be invited to the process of drafting and executing legal agreement(s) that outline terms of impact investment

\*Dates are subject to change with notice

## PROCESS FOR SUBMITTING QUESTIONS

- Please direct all questions to Jaymin Kim at [jkim@marsdd.com](mailto:jkim@marsdd.com) with subject line “Question: Toronto Foundation Social Impact Investment” by 5pm on Friday January 25, 2019
- Answers to all questions received will be posted on Toronto Foundation’s website on Wednesday January 30, 2019

## SUBMISSION REQUIREMENTS

- Please submit an intention to submit to Jaymin Kim at [jkim@marsdd.com](mailto:jkim@marsdd.com) by 5 pm on Friday January 25, 2019
- Submit the application by e-mail to: [jkim@marsdd.com](mailto:jkim@marsdd.com) with subject line: “Application: Toronto Foundation Social Impact Investment”
- Incomplete or late submissions will be declined

- In filling out the application, we encourage you not to use jargon and to be concise. Keep in mind that reviewers will have varying levels of familiarity with your work and sector
- Please respect word limits
- Your application should present your argument for why your organization should receive impact investment funds. It should emphasize your impact (both financial terms and social benefits), the plan of action, and clearly demonstrate how the investment will be repaid

## PROCESS FOR EVALUATION OF APPLICATIONS

Toronto Foundation will consider each application on its own merit as well as each application on a portfolio-basis, to ensure that Toronto Foundation achieves a diverse impact investment portfolio. The evaluation of the proposals will be conducted in a phased manner.

### Phase 1

The answers to these questions will be evaluated on a yes/no basis. Any applicant that does not meet all of the requirements in Phase 1 will not proceed to Phase 2.

### Phase 2

The evaluation of this phase involves a review of the applications that pass Phase 1 by designated reviewers that will evaluate each eligible application by giving highest consideration to criteria that are ranked as “high” **H** and “medium” **M**. All other questions must be answered.

Ranking	Criteria
<b>High</b>	<ul style="list-style-type: none"> <li>• Lower risk (e.g. some form of security)</li> <li>• Financial viability of the organization</li> <li>• Solid organizational capacity (management team and board)</li> <li>• Solid plan for how investment will be paid back</li> <li>• Impact issue areas align with Toronto’s Vital Signs (high priority given to Housing/Homelessness, Youth Engagement, Employment, Environment)</li> <li>• Effective governance mechanisms and procedures are in place</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>• Quantifiable and measurable impact metrics</li> <li>• Data collection and measurement system or plan in place</li> <li>• Ability to report on some (not necessarily all) financial and social impact metrics by April 2020</li> <li>• Drawdown date requested by September 2019</li> </ul>

As a part of this review there may be some follow-up questions to seek clarification on answers provided in the application.

### \*\*\*INVESTMENT GUIDANCE\*\*\*

**Equity investments** are restricted to investments with a clear term and path to repayment including an investment return. Such investments are generally in the form of limited partnerships, but could also be cashable preferred shares. The term would generally be a maximum of 7 to 10 years. Investments in common shares will not be approved.

**For debt investments**, the maximum repayment term is generally 5 years. Toronto Foundation generally is seeking market rate returns. There are numerous variables that are considered in establishing the specific return requirement on an investment, such as the term of the investment, the security offered, the credit quality of the organization and its track-record. Normally, the minimum return is in excess of the prime rate. In summary, as investment repayment risk increases, so does Toronto Foundation's expected return requirement.

#### **Phase 3**

This review involves an in-person presentation. Those applicants with the highest scores will be invited to make a 20-minute presentation plus a 10-minute Q&A session at a meeting of the selection committee. A template for the presentation will be provided in advance.

#### **Phase 4**

This review involves a deeper due diligence on the potential investment.

### **APPROVAL OF INVESTMENTS**

Recommended investments will be put forward to the Toronto Foundation's Board of Directors for final approvals, and then legal agreements will be put into place for those selected for investment.

**NOTE:** Toronto Foundation, in partnership with MaRS Centre for Impact Investing, will document and share learnings from the investments made via this Ontario Social Impact Investment program with an aim to enhance the impact investing sector.