

New York Fed event calls on cultural institutions to impact-invest

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Demands for museums and theaters to wake up to socially responsible investing got a platform Friday at the New York Federal Reserve.

“We hope that today’s discussion will spark an exploration of how New York City’s cultural institutions can use their endowments to amplify their commitment to diversity, equity and inclusion,” said Laura Callanan, founding partner of Upstart Co-Lab, an organization dedicated to impact investing in the cultural sector. It co-hosted the event with the New York Fed.

Universities, foundations and social nonprofits already have aligned their missions with their investment strategy, Callanan said, the time has come for arts institutions to do the same.

According to the New York Fed, the city’s arts and cultural organizations collectively manage \$15 billion in endowment funds, which come from donations and are managed as investments. For impact-investing professionals, that represents a largely untapped pool of money.

Meanwhile for the wealthiest names in the nonprofit cultural space, the endowment can be something of a public-relations liability. Nonprofit museums and theaters have faced flak in recent years when their financial strategies seemed out of step with their stated civic missions.

Last year hundreds of artists and academics signed a letter to the Museum of Modern Art, calling on the financially flush museum to divest from private prisons. The Metropolitan Museum of Art and The Guggenheim both stopped accepting donations from the Sackler family, the family that owns Purdue Pharmaceuticals, the company accused of profiteering off of OxyContin.

At Friday's event, speakers tried to make the case for incorporating environmental, social and corporate governance methods into their endowment investment strategy.

"The impact investing question is no longer a question, it's an imperative," said Darren Walker, president of the Ford Foundation. Under Walker, in 2017 Ford committed \$1 billion to mission-related investments, the largest such commitment by a private foundation in history.

"It is no longer a hypothesis," Walker said. "It is a proven model for investing with double and triple bottom-line returns, and if we want a more inclusive city, we have to have an impact-investing platform."

Nonprofit cultural organizations have fiduciary responsibility to manage their donated money responsibly. Top impact-investing executives from some of the most well-known firms in finance — Apollo Global Management, JPMorgan and Cambridge Associates — spoke Friday, emphasizing that environmental, social and corporate governance investing need not entail a sacrifice in returns.

"As we look going forward, museums are obviously changing, we have opportunities and we have challenges" said Rick Segal, a trustee at the Whitney Museum and chief executive officer of Seavest Investment Group & Rethink Capital Partners. "The opportunities can be aided, assisted and realized through the intervention of entrepreneurs, the inclusion of new idea and the direction of new investment."