

2019 ANNUAL REPORT

AMPLIFYING IMPACT



“ As we grow SCF’s portfolio of investments, we strategically target our impact priorities so that the economic benefit to underserved communities and people is amplified. ”

Deborah J. La Franchi
SCF Chair and CEO



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TO ALLEVIATE POVERTY BY
SUPPORTING FINANCIAL, ECONOMIC
AND SOCIAL INCLUSION STRATEGIES
THAT EMPOWER LOW-INCOME PEOPLE
AND STRENGTHEN COMMUNITIES.



Dear Sustainable Community Fund Supporters,

SCF made great progress this year. We achieved several of our strategic priorities that enable us to amplify SCF's impact. We made five investments—our largest annual amount to date. We also deployed the most capital into investments of any prior year—\$1.44 million. But these numbers do not tell the whole story. SCF supported organizations across the country that make a real difference in people's lives. In Appalachia, we supported the development of affordable housing and service facilities that benefit low-income residents. We helped a CDFI shore up funds to assist small businesses after disasters across seven coastal states. In Michigan, we funded a program providing small-business loans to women, minorities and veterans who do not have access to other financing sources. We are so proud of the impacts our investments achieve.



We invested in organizations and programs that achieve impacts beyond the simple measure of who they lend to. We have purposefully invested in organizations that have diverse leadership reflecting the populations they serve—women, minorities, veterans, etc. Representative leadership is critical to ensure organizations give voice to and prioritize differing community needs and perspectives. We are pleased that 75% of the organizations in our portfolio are woman- or minority-led. Similarly, SCF has been actively diversifying our own board to achieve similar goals. We will continue this pursuit in our planned board expansion efforts in 2020.

SCF's recent journey has landed us at our next evolutionary step: to significantly grow our capital base. SCF can only increase our long-term impacts by increasing our capital and investment portfolio. In pursuing this goal, we achieved some core milestones in 2019. First, SCF became a Certified Community Development Financial Institution (CDFI). Not only does this enable us to pursue capital from the CDFI Fund, but it also is a widely recognized accreditation for other donors. CDFI status demonstrates to potential donors that SCF meets a range of standards required to be a CDFI. Many donors rely on this certification when considering donations to nonprofits that lend capital. Secondly, we initiated SCF's transition from being classified by the IRS as a foundation to being a public charity. SCF also requested IRS permission to capital raise in the interim as a public charity. This enables us to approach a much wider array of potential donors once granted in 2020.

These 2019 achievements position SCF well in 2020 and for years beyond. We are now able to realize our capital raising goals more effectively. With more capital, we can grow our overall number of investments. With more capital, we can increase the size of our investments to better meet our investee's needs. And most importantly, with more capital we can amplify our impacts for the underserved and low-income populations and communities we seek to benefit.

We are excited for the growth and impact potential our future holds.


Deborah J. La Franchi
President & CEO



In 2019, SCF continued to grow its investment portfolio. We executed five new investments to achieve a portfolio of 12 investments. Four of these new investments, which supported both new and prior funded programs, were built upon existing investment relationships. As aligned with one of our goals, SCF formed a new investment relationship with FAHE to invest in a high-impact organization serving Appalachia.

In total in 2019, SCF deployed over \$1.44M of investment capital. As a result, SCF attained a total portfolio of \$2.77M in deployed capital and \$3.13M with its investment commitments included. These three financial benchmarks reached their highest levels since SCF's inception. SCF continues to focus on financial inclusion investments. We target underserved populations (minorities, women, veterans, etc.) and regions (rural areas, the Deep South, Appalachia). SCF is proud that our investment portfolio is comprised of 100% impact investments.

SCF also attained its certification as a Community Development Financial Institution (CDFI) in May. SCF is certified as an "intermediary funder". This status ensures SCF's commitment to invest into other CDFIs, to help them start and grow innovative programs funding underserved populations. SCF is a catalyst, supporting CDFI industry growth, innovation and amplification of community impacts. In 2019, 100% of SCF's new investments were directed to CDFIs and 94% of our portfolio capital is in CDFIs.

| Year | Committed | Deployed | EOY total # of investment | Portfolio Total (deployed) |
|------|-------------|-------------|---------------------------|----------------------------|
| 2011 | \$ 102,500 | \$ 102,500 | 3 | \$ 102,500 |
| 2012 | \$ 132,950 | \$ 132,950 | 3 | \$ 133,209 |
| 2013 | \$ 134,959 | \$ 134,959 | 3 | \$ 133,209 |
| 2014 | \$ 146,027 | \$ 146,027 | 4 | \$ 210,278 |
| 2015 | \$ 450,000 | \$ 450,000 | 5 | \$ 589,784 |
| 2016 | \$ 370,000 | \$ 370,000 | 4 | \$ 646,524 |
| 2017 | \$ 800,000 | \$ 800,000 | 8 | \$ 1,445,106 |
| 2018 | \$1,304,649 | \$ 754,649 | 11 | \$ 1,909,649 |
| 2019 | \$1,258,640 | \$1,443,040 | 12 | \$ 2,767,689 |



PORTFOLIO

\$2.77M

In 12 Investments
Into 10 Organizations

IMPACT INVESTING

100%

All SCF Investments
Achieve Positive
Social Benefits

FOCAL IMPACT AREA

100%

Financial Inclusion

INVESTMENT PURPOSE

83%

For Micro, Small & Medium-
Size Business Loans

17%

For Multiple Loan
Program Support

ENTITY TYPE

BANK (1)



CREDIT UNION (3)



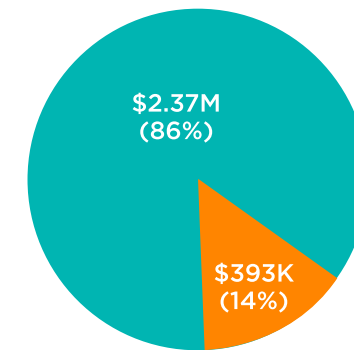
NPO LOAN FUNDS (6)



EQUITY FUNDS (2)



IMPACT INVESTMENT TYPE



PROGRAM-RELATED
INVESTMENTS (PRI)

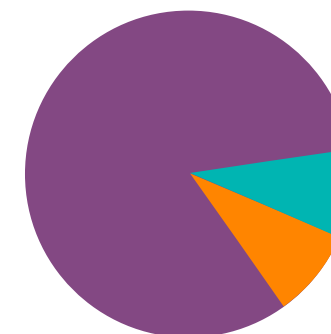
9

MISSION-RELATED
INVESTMENTS (MRI)

3

RECIPIENT CDFI STATUS

94% of investments dollars go to CDFIs



CDFIs
10 (84%)

CDFI-LIKE
1 (8%)

OTHER
1 (8%)

WOMAN- OR MINORITY-LED
ORGANIZATIONS FUNDED

75%

ORGANIZATIONS FUNDED

52%
WOMEN

69%
MINORITIES

FLEXIBLE UNDERWRITING

58%

OF PROGRAMS FUNDED
USE NON-TRADITIONAL
UNDERWRITING TO BRING
IN UNDESERVED CLIENTS

FROM 2007 THRU 2019, SCF HAS MADE 20 UNIQUE INVESTMENTS INTO 13 ORGANIZATIONS.

OUR CURRENT PORTFOLIO HAS 12 INVESTMENTS WORTH \$2.7 MILLION.



NORTHERN INITIATIVES

DIVERSITY LENDING

Investment Term: 2019-2025 Loan Amount: \$300,000

Funds support NI's "diversity" lending activities targeted to women, minority and veteran small-business owners within NI's newer expansion region of southern lower Michigan. NI has opened new branches here to address historic financing gaps and to support new and growing small businesses outside of major urban centers.



LIFTFUND

SOUTHERN COASTAL DISASTER LENDING

Investment Term: 2019-2025 Loan Amount: \$200,000

SCF provides capital to support small businesses to recover from the impacts of FEMA declared disasters (within 3 years of the event), across LiftFund's coastal service area of TX, LA, MS, AL, FL, SC, GA—a region of growing frequency and intensity of disaster events.



LIFTFUND

LIFTUP LOAN PROGRAM

Investment Term: 2019-2025 Loan Amount: \$200,000

SCF capital continues to support the growth of the LiftUp Loan Program that provides small businesses with loans requiring less collateral and business track record to secure funds; provided across LiftFund's 13-state southern footprint.



FAHE

COMMUNITY LOAN FUND

Investment Term: 2019-2023 Loan Amount: \$300,000

SCF invested in Fahe's Community Loan Fund program to increase its affordable housing and community development lending capacity across rural Appalachia, which is one of the highest poverty and undercapitalized regions in the US. Fahe deploys assistance and financing to its membership network of +50 entities, and non-member entities, across 6 states (KY, TN, WV, VA, AL, MD).



BLUE HIGHWAY CAPITAL
 BLUE HIGHWAY GROWTH CAPITAL FUND (BHGCF)
 Investment Term: 2018-2029 Amount: \$400,000

This \$25M equity fund was developed to stimulate and reinforce the growth of small companies located in rural and other underserved areas of the US, where private equity capital is scarce yet necessary to capitalize on growth opportunities. It is a women-led fund investing nationally but with a focus in the Northeast.



BCL OF TEXAS
 DIVERSITY FUND
 Investment Term: 2018-2021 Loan Amount: \$350,000

SCF was the first external funder to support BCL's new Diversity Fund, targeted to serve women- and minority-run small businesses across Texas. The Fund uses flexible underwriting to specifically target borrowers unable to secure financing from BCL or other sources.



NATIVE AMERICAN BANCORP
 NATIVE AMERICAN BANK - GENERAL LOAN FUND
 Investment Term: 2018-2022 Loan Amount: \$300,000

NAB is only one of eight native-serving financial institutions and the only one with a national service area. It has a unique business model in that it is mostly owned by and serving Native American tribal entities and people. SCF's funds support NAB's efforts to diversify its funding sources and grow its lending capacity.



GRAMEEN AMERICA
 SOCIAL BUSINESS FUND
 GRAMEEN AMERICA INC. LOAN FUND
 Investment Term: 2017-2022 Amount: \$350,000

This first-of-a-kind fund was created to streamline large-scale capital raising to fund the growth of Grameen America Inc.'s (GAI) micro-lending programs across the US and to achieve both corporate- and branch-level financial sustainability by 2022. The \$11.5M fund allows GAI to significantly increase its lending to very low-income, female, small-business owners with loans starting at below \$2,000.



SELF HELP FEDERAL CREDIT UNION
 RUNWAY PROJECT OAKLAND
 Investment Term: 2017-2022 Loan Amount: \$100,000

The Runway Project addresses the "Friends & Family" seed funding gap for black entrepreneurs. The Oakland project is the first of several planned Runway Project initiatives to launch nationally. It provides early-stage funding utilizing a non-traditional underwriting process and offers holistic high-touch business support leveraging a connected ecosystem of trainers, funders and business service partners.



HOPE CREDIT UNION
 GENERAL LOAN PLATFORM
 Investment Term: 2017-2020 Loan Amount: \$259,000

SCF's investment provides general support to the organization to grow its platform of loan programs benefiting low-income, minority and underserved populations across its five-state region (AR, AL, LA, MS, TN) - a region containing a high concentration of persistent-poverty counties.



MERCY CORPS NORTHWEST
 SMALL BUSINESS MICROLOAN FUND
 Investment Term: 2016-2020 Loan Amount: \$120,000

SCF's funds facilitate the growth of this small micro-loan fund to serve more low-income small-business owners within its service area of Seattle, Washington and Portland, Oregon.



SELF HELP FEDERAL CREDIT UNION
 GENERAL LOAN PLATFORM
 Investment Term: 2015-2020 Loan Amount: \$255,000

Funds provide general support funds for the growth of Self Help's array of low-income serving loan programs in California, Illinois and Florida.



LIFTFUND

LIFTUP AND PROMISE LOAN PROGRAMS

Investment Term: 2015-2019 Loan Amount: \$200,000

Funds first supported the Promise Loan Program, a prototype micro-lending program using unique underwriting designed to fund early-stage low-income business owners that LiftFund was unable to serve prior. Fund use expanded in 2017 for its flexible LiftUp Loans targeting similar borrowers.



LIFTFUND

HURRICANE HARVEY SMALL BUSINESS RECOVERY FUND

Investment Term: 2017-2019 Loan Amount: \$100,000

SCF was one of the first funders to support the newly launched Fund to support business recovery efforts in the Houston area after Hurricane Harvey. Innovative fund structuring allowed for existing loan relief, rapid underwriting and fund deployment, and an interest buy-down for the loan term.



NORTHERN INITIATIVES

REGIONAL REVOLVING LOAN FUND

Investment Term: 2014-2019 Loan Amount: \$75,000

Funds supported the newly created Regional Revolving Loan Fund that lends to low-to-moderate income small businesses in upstate, rural Michigan. SCF funds are paired, as needed, with CDBG funds from 12 rural Michigan counties to provide greater flexibility in loan deployment than CDBG funds allow.



OIKOCREDIT USA

OIKOCREDIT INTERNATIONAL LOAN FUND

Investment Term: 2015-2016 Loan Amount: \$150,000

Funds were used to lend to Oikocredit partner microfinance organizations, farming cooperatives or social enterprises serving the lowest income populations within its +80-country service area.



HABITAT FOR HUMANITY (MI)

AFFORDABLE COMMUNITY MORTGAGE PROGRAM (ACMP)

Investment Term: 2012-2016 Loan Amount: \$66,000

Funds seeded a new revolving mortgage fund serving low-income and low credit score borrowers unable to be served previously. This new model was a multi-stakeholder partnership, which could fully recapture funds for redeployment in as little as 3 months, instead of recouping over 20-30 years using a traditional mortgage model.



ACCION TEXAS INC. (NOW LIFTFUND)

TEXAS GROWTH MARKETS LENDING

Investment Term: 2011-2015 Loan Amount: \$27,300

Funds supported low-income small businesses owners in San Antonio, Texas in order to allow LiftFund to achieve greater lending capacity in this high-demand market.



ACCION TEXAS INC. (NOW LIFTFUND)

LOUISIANA EXPANSION MARKETS LENDING

Investment Term: 2011-2015 Loan Amount: \$43,700

Funds supported low-income small businesses owners in Shreveport, Alexandria and New Orleans in order to support LiftFund to enter and expand in these new expansion markets.



FINCA INTERNATIONAL

FINCA HAITI

Investment Term: 2011-2012 Loan Amount: \$37,500

Funds were designated to support Finca's Haiti affiliate to provide microfinance loans to female-owned small businesses by using a "village banking model" for post-earthquake recovery efforts. Loans averaged ~\$170 each.

STATEMENT OF FINANCIAL POSITION

December 31, 2019

ASSETS

| | |
|-----------------------------|--------------------|
| Total Current Assets | \$1,470,417 |
| Other Assets: | |
| Mission-Related Investments | \$392,434 |
| Program-Related Investments | \$2,359,444 |
| Pledge Receivable | \$1,195,321 |
| Total Other Assets | \$3,947,199 |
| TOTAL ASSETS | \$5,417,616 |

LIABILITIES

| | |
|--------------------------|-----------------|
| Accounts Payable | \$24,268 |
| TOTAL LIABILITIES | \$24,268 |

NET ASSETS

| | |
|----------------------------|--------------------|
| Without Donor Restrictions | |
| Operating Reserves | \$138,500 |
| Investment Commitments | \$365,600 |
| Other Assets | \$3,693,927 |
| Donor Restricted Assets | \$1,195,321 |
| TOTAL NET ASSETS | \$5,393,348 |

| | |
|---|--------------------|
| TOTAL LIABILITIES & NET ASSETS | \$5,417,616 |
|---|--------------------|

STATEMENT OF ACTIVITIES

REVENUE & SUPPORT

| | |
|------------------------------------|------------------|
| Total Contributions | \$144,542 |
| Total Investment & Interest Income | \$70,113 |
| TOTAL REVENUE & SUPPORT | \$214,655 |

EXPENSES

| | |
|---|------------------|
| Support: Mgmt/ General & Fundraising | \$120,229 |
| Program Services | \$125,623 |
| TOTAL ORDINARY EXPENSES | \$245,852 |

CHANGE IN ASSETS

| | |
|---|--------------------|
| Change in Net Assets from Operations | -\$31,197 |
| Gain on Uncollectible Pledges | \$149,744 |
| Change in Net Assets | \$118,547 |
| Net Assets, Beginning of Year | \$5,274,801 |
| NET ASSETS, END OF YEAR | \$5,393,348 |

WE THANK OUR ELEVEN 2019 DONORS (BOLDED) FOR CONTRIBUTING A TOTAL OF \$1.6 MILLION TO SCF. ALL OF OUR DONORS—PAST, PRESENT AND FUTURE—ARE CRITICAL TO OUR GROWING SUCCESS AND IMPACT.

WE THANK EACH AND EVERY ONE OF YOU:

Aker BioMarine Manufacturing LLC

Aker BioMarine US Holding
American Investments Fund I, LLC
Arconic/Alcoa Inc.
BlueOak Arkansas Development Corporation
Capital One Bank
Central Louisiana Ambulatory Surgical Center ***

Charter School of the Dunes Inc.

Commercial Metals Company

Deborah La Franchi and Kenneth Mayne

DMS Leverage Lender, LLC

Dream Center**

Hammond Square Mall*
Haven for Hope of Bexar County
McCullough Center**

MIA Seating Corporation

National New Markets Fund
(various subsidiary entities)
Nucleus Innovation Center (committed)**
Ochsner Medical Center*
One Community**

PDPP Group, Inc.

Pizitz Master Tenant, LLC

Prairie Dog Pet Products LLC

San Antonio Food Bank*

SarlaFlex Inc.

Second Line Stages*
Shahid Rafiq Khan (committed)
ST Paper, LLC
The Westervelt Company (committed)
WWII Museum*

UPCOMING CAPITAL CAMPAIGN

SCF has a capital growth goal to raise over \$5 million in the next five years. In 2020, SCF will be pursuing funding from the CDFI Fund in addition to other public and private sources. SCF anticipates receiving an Advance Ruling Letter from the IRS in 2020 that will allow us to fundraise using public charity rules. With this in hand, SCF will be ready to actively begin its capital raising outreach to public and private funding sources.

Due to the NNMF deal structure, in some cases the donating entity is different from the project-entity that originated the capital.

*Direct donation from this entity came through Deborah La Franchi and Kenneth Mayne but capital originated from this entity

**Donations made directly to SCF from a subsidiary entity of National New Markets Fund

***Donation made directly by Capital One Banc, originating as a commitment from this project

BOARD OF DIRECTORS



Deborah J. La Franchi
Board Chair; Co-Founder
President & CEO of
Strategic Development Solutions



Belden Hull Daniels
Secretary; Co-Founder
President & CEO of
Economic Innovation International, Inc



Kenneth Mayne
Treasurer
Chief Investment Officer of
Strategic Development Solutions



Wil Jacobs
Board Member
Loan Manager
Hope Enterprise Corporation



Ashlee Barker
Board Member
Vice President, New Ventures
Cinnaire

SCF STAFF

Deborah J. La Franchi
Chief Executive Officer

Kim A. LaFranchi
Chief Operations Officer

Kenneth Mayne
Chief Investment Officer

Laura Baron
Chief Financial Officer

Asteria Lumanau Steinberger
Senior Asset Manager

Christian Ignacio
Asset Manager

Jerson Asimbaya
Compliance Manager

Ivy Su
Financial Analyst

Chhay Ung
Financial Analyst/AP

“ As SCF matures, we have been able to expand on our long-standing partnerships and to incorporate new partners to achieve our financial inclusion goals for high-needs regions and populations. ”

Belden Hull Daniels
SCF Co-founder
and Board Member





**SUSTAINABLE
COMMUNITIES
FUND**

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