



REINVESTMENT
FUND

We are on a
mission to build
strong, healthy,
and more
equitable
communities.





Grace Neighborhood Academy, Philadelphia

Reinvestment Fund is a national mission-driven financial institution that creates opportunity for underserved people and places through partnerships. We marshal the capital, analytics, and expertise necessary to build strong, healthy, and more equitable communities.

For more than 30 years, we have been dedicated to supporting all communities with the resources they need to prosper and thrive. Each of our investments is motivated by impact, measured in social and financial returns, and designed to maintain our long track record of meeting our financial commitments—as confirmed by our strong S&P rating.

During these 30 years, the challenges we face have changed significantly, as have the political, social, and economic drivers that so deeply influence the reality of low-income communities and organizations like ours that work to reverse economic and social injustice.

Our plan for the next five years responds to these shifts and positions us for the future by scaling our impact through field-leading capitalization strategies, fine-tuned operations, and powerful new programs that draw on our capital, analytics, and expertise to address today's most pressing challenges.

We have a strong foundation on which to scale our impact. Nationally, we continue to build and lead coalitions of changemakers who are solving systemic problems that transcend specific geographies. We originated \$217.9 million in financing in 2018 alone to meaningfully improve access to good jobs, education, health care, housing, and child care for people across the United States.

Even as we look back at a successful year, it is with sadness that we remember our founder, Jeremy Nowak, whom we lost in 2018. Jeremy was a powerful, insightful, and tireless voice for equity, whose vision and values imbue our work every day.

As we look ahead to the next five years and beyond, we see a future inspired by Jeremy—one where there is room for everyone who shares our values of creating opportunity, delivering quality, and leading with data to make an impact.

Let's catalyze positive, lasting impact—together.



DON HINKLE-BROWN

President and CEO



MARK M. ZANDI

Chairman of the Board



How We Invest in Communities





Old Buildings Reimagined

The Hebrew Orphans Asylum is a landmark property in West Baltimore's Mosher neighborhood. Built in 1875, it was the oldest purpose-built Jewish orphanage in the country. Vacant since 1989, its redevelopment is seen as central to comprehensive renewal efforts in the primarily residential community that has seen substantial disinvestment.

Working with the Coppin Heights Community Development Corporation, Reinvestment Fund is financing the redevelopment of the property into the Center for Health Care and Healthy Living, which will house various health and community service tenants. The primary tenant will be a Crisis Stabilization Center for people with acute addition crises, operated by Behavioral Health System of Baltimore .

It is open 24 hours a day, 7 days a week, 365 days a year in Baltimore City, which has the highest rate of opioid use and public intoxication in Maryland. People are transported to the center by EMS or mobile crisis teams. The center can serve 30 people at any given time.

Reinvestment Fund's capital includes incentives for energy efficiency measures. Partners include Blue Hub Capital, Wells Fargo, Fallbrook Credit Finance and Harbor Bank.



Rebuilding Homes and Neighborhoods

The metro Atlanta housing market was especially hard hit by the recession and the foreclosure crisis. Nine of the nation's top 10 underwater zip codes were located in metro Atlanta (Haas Institute 2014).

Atlanta Neighborhood Development Partnership (ANDP), a long-standing Reinvestment Fund partner, has been widely recognized for its role in placing previously foreclosed properties back into use and rebuilding neighborhoods as Atlanta continues to recover from this crisis.

Reinvestment Fund financing is supporting ANDP's efforts to develop scattered site properties to create approximately 123 market affordable, for-sale housing opportunities in stable communities. Homes developed are affordable to buyers with household incomes between 80-120% of the Area Median Income.

Our loan capital is part of an innovative New Markets Tax Credit structure to support the development of homes in severely distressed neighborhoods. The approach was pioneered by Habitat for Humanity, working with Smith NMTC Associates and US Bank, which allows credits to be used for for-sale housing. Housing Partnership Network is providing the NMTC allocation for the project, replicating the Habitat model.

Better Schools, Greater Opportunities

Over the last 20 years, Reinvestment Fund has invested in educational opportunities for students across the country.

We have made \$550 million in loans to 110 K-12 schools that enroll 64,000 students; 74% of students enrolled at schools we've financed in the last four years qualify for free and reduced price lunch, and all reside in districts that are underperforming.

In 2018, Reinvestment Fund financed the Vicksburg-Warren School District's renovation and expansion of Vicksburg High School (VHS) in Mississippi. In 2013, the District had a graduation rate of just 52% and had not

made major capital investments in its schools since 1969. This project will transform VHS and enable it to offer a first-class learning facility for students in this rural community.

VHS suffers from deferred maintenance, including outdated mechanical and electrical systems, leaky roofs, ADA noncompliance, and overcrowded classrooms. The upgraded school facilities will further the District's goal to make all students college and career ready, which also includes a redesigned curriculum, increased academic rigor, vocational career training, and evidence-based, social-emotional learning practices. In this project, we are partners with Hope Enterprise Corporation.



Guiding Equitable Development

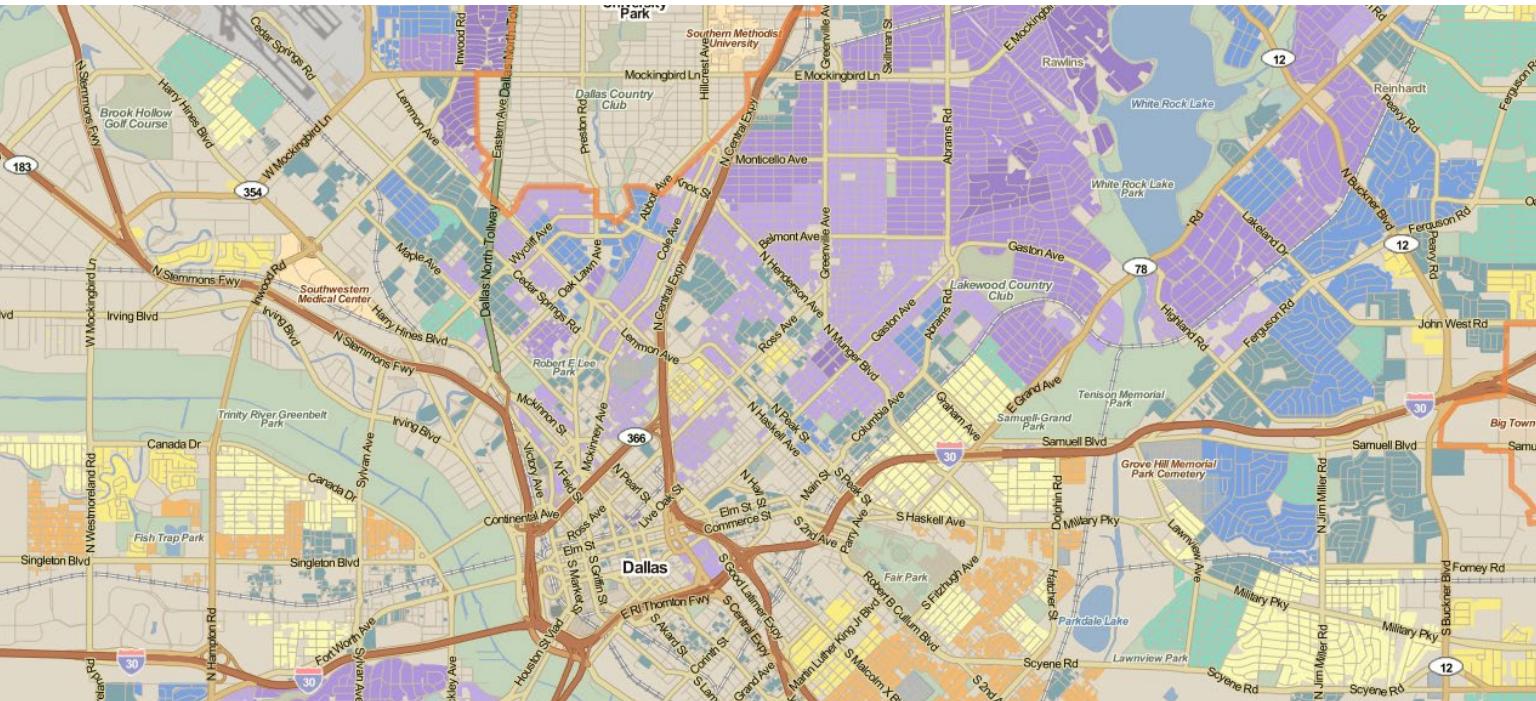
Many cities are interested in finding more efficient and transparent ways to allocate their limited resources.

In a number of cities, the Market Value Analysis (MVA) is an opportunity for communities to inform a comprehensive strategy to prioritize activities and resources.

In the city of Dallas, decades of housing policy had created a legacy of racial segregation and concentrated poverty. With the majority of the city's housing assets concentrated in highly distressed and economically

disadvantaged communities, the city was interested in developing a new housing plan designed to promote greater fair housing choices.

With data from the MVA, the city was able to consider analytics to inform a shared strategy for housing development in Dallas that promotes equity and prosperity. The MVA also helped the city better understand the role that the private market could play in the creation and preservation of affordable housing. The city's first comprehensive housing policy, adopted in 2018, uses the MVA to identify markets where different housing programs and tools are prioritized.





A Greener Planet

In communities across America, low-income households tend to spend a disproportionately higher percentage of their income on energy bills than higher income households in the same metropolitan area.

The resulting energy burden can lead to tradeoffs in nutrition, health and other necessities for low-income households. The energy burden is also typically higher for households of color.

Reinvestment Fund financing is supporting a model that is transforming energy conservation in multi-family affordable housing—a segment of the energy efficiency

market where there is high demand for efficiency services but where few energy financiers have originated opportunities. We are financing energy efficiency and water conservation measures for buildings managed by Mercy Housing across multiple cities in California. Mercy is a nonprofit with a 35-year history of developing, preserving, and managing housing and residences for individuals with special needs.

Collaborating with Affordable Community Energy Services Company and Bright Power, our financing will improve energy conservation for about 5,000 units that are occupied by low- and moderate-income residents. The combined measures are estimated to decrease Mercy's energy consumption by 15.32% and water consumption by 13.74%.

Ideas We're Excited About





Photo: Andrew Wilkinson

Healthy Food for All

The Healthy Food Financing Initiative (HFFI), a national grant program, launched in 2018 with an inaugural funding round to provide a total of \$1.8 million in direct grants and technical assistance to healthy food retail projects.

Established by the 2014 Farm Bill, HFFI is a public-private partnership administered by Reinvestment Fund on behalf of USDA Rural Development. Congress included \$1 million in each of fiscal years 2017 and 2018 budgets to launch the HFFI grants program at USDA to support activities that improve access to healthy food in underserved areas, create and preserve quality jobs, and revitalize low-income communities. Grant awardees are expected to be announced in the summer of 2019.



Preparing Kids to Succeed

Our youngest children—from birth to age 5—need enriching educational experiences that prepare them to build relationships, learn in school, and graduate ready for college or careers.

At Reinvestment Fund, we strive to ensure that every child—no matter what neighborhood they live in or where their family works—has the opportunity to get the best possible start in life through a high-quality early childhood education.

Our early learning investment strategy—driven by smart data and collaborative partnerships—increases the availability and quality of child care in the exact places where families need it most. And we pair our investments with on-the-ground technical assistance to increase the availability, quality, and sustainability of early learning centers for every child in every neighborhood.

Scaling Access to Capital

To build strong, healthy, and more equitable communities for years to come, Reinvestment Fund is creating more opportunities for impact-driven investors—from insurers to institutional investors to endowment managers—to partner with us to put their resources to work.

One such solution is RF Impact Advisers (RFIA), a nonprofit Pennsylvania-registered investment advisor wholly owned by Reinvestment Fund.

RFIA allows eligible investors to invest in private funds that focus on specific asset classes or toward specific impact goals, rather than invest in Reinvestment Fund's broader portfolio. It has two pilot funds currently in action investing in clean energy and in pay for success projects.



Financial Review

Select Financial Data (\$ in Thousands)

STATEMENT OF FINANCIAL POSITION

as of December 31

	2018	2017*	2016	2015**	2014
ASSETS					
Cash, cash equivalents and investments	111,776	53,549	59,868	55,069	60,964
Restricted Cash	26,886	34,230	31,362	27,596	26,805
Loans Receivable	453,639	389,289	333,113	295,715	233,315
Allowance for Loan Losses	(22,682)	(19,464)	(17,836)	(16,066)	(13,532)
Other Assets	12,789	6,625	59,243	45,192	51,660
Total Assets	582,408	464,229	465,750	407,506	359,212
LIABILITIES AND NET ASSETS					
LIABILITIES					
Loans Payable	373,958	280,176	265,992	230,706	191,415
Other Liabilities	32,079	22,818	26,871	25,873	18,412
Total Liabilities	406,037	302,994	292,863	256,579	209,827
NET ASSETS					
Unrestricted – Reinvestment Fund	60,790	57,724	52,484	45,895	38,976
Unrestricted – SDF	9,860	9,633	9,184	9,181	9,166
Noncontrolling interest	(12)	—	5,244	5,859	4,758
With donor restrictions	105,733	93,878	105,975	89,992	96,485
Total Net Assets	176,371	161,235	172,887	150,927	149,385
Total Liabilities and Net Assets	582,408	464,229	465,750	407,506	359,212

STATEMENT OF ACTIVITIES

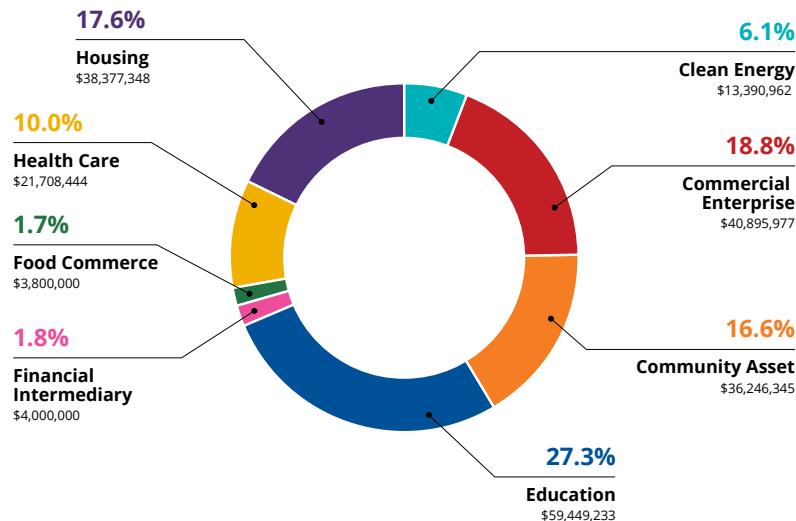
for period ended December 31

	2018	2017*	2016	2015**	2014
REVENUE					
Earned Revenue ***	16,634	15,835	18,482	15,114	15,131
Grants and Contributions	21,206	8,326	30,283	8,437	19,243
Total Revenue	37,840	24,161	48,765	23,551	34,374
EXPENSES					
Program expenses	16,555	24,996	22,145	19,279	20,063
Management & General and Other	6,254	4,795	5,086	4,632	4,263
Total Expenses	22,809	29,791	27,231	23,911	24,326
Other Changes in Net Assets	105	—	426	1,902	1,909
Change in Total Net Assets	15,136	(5,630)	21,960	1,542	11,957

* Includes deconsolidation of Development Partners, Inc. and reclassified for comparative purposes

** 2015 reclassified for comparative purposes

*** Includes program services and fees, other income and net financial income



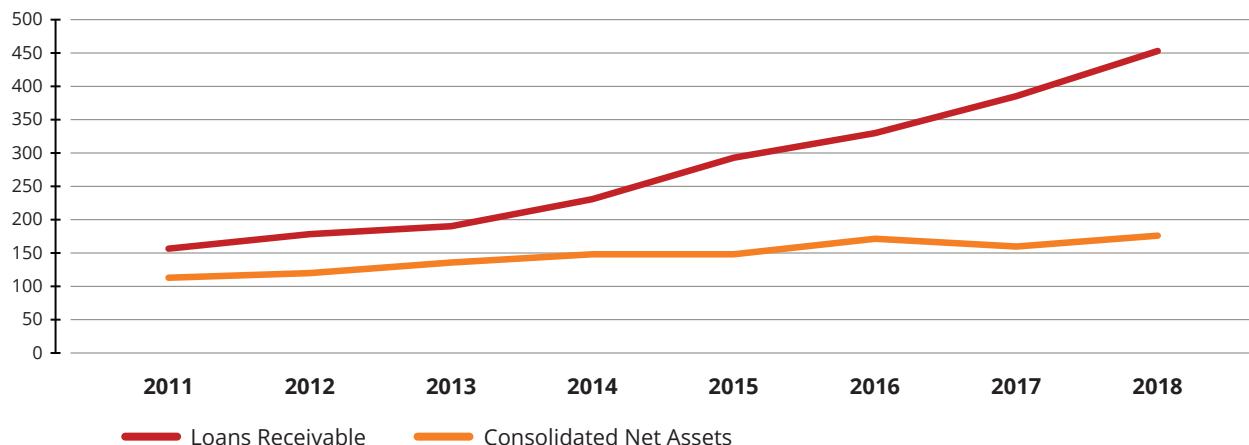
FINANCING TRANSACTIONS* CLOSED IN CALENDAR YEAR 2018

\$217.9 Million

*Includes on and off balance sheet transactions.

Performance, 2011-2018

(\$ in Millions)



Financial Summary

\$3.2 million



Total Unrestricted
Net Asset Growth

17%



Loan Portfolio
Growth

\$118 million



Combined Total
Asset Growth

0.0%



Delinquency
Ratio

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Tracy Petrofsky
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Barry Porozni
Chief Information Officer

Andy Rachlin
Managing Director for Lending and Investment

Caroline Rosch
Managing Director for Portfolio Management

Sara Vernon Sterman
VP, Strategic Investments

Christina Szczepanski
Managing Director, Southeast

Kavita Vijayan
Director, Strategic Communications

Nancy Wagner-Hislip
Chief Investment Officer

Remembering Jeremy Nowak

Jeremy Nowak was a visionary who worked tirelessly to create equitable communities. With Reinvestment Fund, he created an institution that carries that vision through its work. We remember him for his ambitious ideas, uncompromising values, profound humanity, and for always speaking truth to power.

Jeremy was Reinvestment Fund's founding Executive Director. A community organizer, his ideas shaped not just this organization, but an entire sector devoted to building strong, vibrant communities. Jeremy headed Reinvestment Fund from 1985 to 2011, and during that time, reimagined what it means to organize people, capital, data, and capacity in service of a more equitable future.

Reinvestment Fund is part of Jeremy's enduring legacy—his words, actions, and ideas permeate every aspect of our work. We invite you to stay connected as we announce new initiatives over the course of the coming year that honor his life's work.





Jeremy Nowak

1951–2018

Cover: Bok Building, Philadelphia

Photo: Michael Persico



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