REINVESTMENT FUND

2021 ANNUAL REPORT

INVESTING WITH PURPOSE

DEAR FRIENDS

Amidst the uncertainty of our times, we at Reinvestment Fund remain focused on delivering on our mission. In the face of a pandemic, geopolitical turmoil, a climate crisis, racial reckoning, and divisive politics, we continue to be there for those most affected. And we have done that by **investing with purpose.**

In 2020, we made racial equity a priority in our work by examining and addressing the systemic causes of inequities in our society. This has meant exploring our practices and policies—both within our organization and with our stakeholders—in hopes that we model what we want to see in the world. We have steadfastly continued this journey over the past year.

Our first step was to identify ways to deliver for communities who have historically been excluded from access to capital. The hard truth is that the financial system has created barriers for Black and brown communities. Longstanding biases and systemic racism have impacted borrowers of color on both a small and large scale, resulting in the erosion of wealth-building opportunities for entire communities. As a result, these communities have justifiably become wary of lenders and the fairness of the financial system.

Economic justice starts with fair access to capital. Beginning in 2021, we committed to increase our investment in projects led by Black and brown people—and we are making progress. In the past year, we are proud to have made over $220 million in community investments. Nearly half (42%) of our lending capital went to primarily Black-led projects, exceeding our original goal of 30%.

But we need to do better, which requires that we rebuild the trust that our sector has lost with communities of color. As a lender, simply put, that means becoming a better listener. That begins with spending time with those communities and engaging them early in the process to better understand their needs. Healing historic inequities takes time, but it is our hope that these small shifts chip away at years of injustice and gain momentum.

Nearly half (42%) of our lending capital went to primarily Black-led projects, exceeding our original goal of 30%.

Another reality for communities of color is a longstanding racial bias against families seeking home ownership. Studies show that Black and brown families face discrimination when it comes to buying and selling property, including challenges with fair home appraisals and mortgage approval. Through our research and analysis, we are leading the charge to illuminate these existing biases in the lending community while refining our own approach to underwriting and estimating property values.

Collaboration and partnerships have always been a vehicle to achieve mission—recognizing that we can get more done together.

We are also going further to help nonprofits and entrepreneurs, particularly women and people of color, develop the capacity to improve performance and ensure the sustainability of their businesses. We formalized Capacity Building and Capital Access Programs as a new line of business dedicated to building and enhancing programs that help people and communities thrive and build assets. That includes helping entrepreneurs understand what it means to take on debt, and demystifying the expectations and consequences of what it means to borrow to build their businesses.

Even with the precariousness of our times, we are reassured by the optimism of our partnerships. Collaboration and partnerships have always been a vehicle to achieve mission—recognizing that we can get more done together. That has never been truer than now.

In our home state of Pennsylvania, we saw this as we collaborated with 16 other CDFIs to deliver $250 million in pandemic relief to small businesses across the state—half of which were historically disadvantaged. Thanks to the support we provided collectively, thousands of businesses have stayed open amidst adversity, and tens of thousands of jobs remained secure.

Partnerships are also the foundation of our commitment to serving the needs of Historically Black Colleges & Universities that support Black students and the communities surrounding the schools. Working together with partners and stakeholders, we are improving cross-sector collaboration through dialogue, bringing flexible capital, and advancing a policy framework for equitable funding for these Black-led institutions.

In this report, you will read about the successes over the past year. But we can only do what we do with the support of partners like you.

Thank you for your continued alliance as we invest in our mission to create a thriving and equitable future for historically excluded communities and individuals.

Together, we will continue to lift up communities and transform lives.

DON HINKLE-BROWN
President and CEO

MARK M. ZANDI
Chairman of the Board

New Home Unlocks New Opportunities

In West Philadelphia, a new warehouse and office building is helping a local business grow and deepen its roots within the community. SUPRA Office Solutions and EMSCO Scientific Enterprises' new warehouse is set to open its doors in summer of 2022.

A tour of its current 20,000 square foot office space quickly shows visitors just how fast SUPRA and EMSCO are outgrowing their current building. Limited and disjointed supply storage coupled with cramped office space became a growing source of concern as the business closed deals and built new partnerships. The new home, supported by Reinvestment Fund, which will occupy over nine acres, will provide space for the company to not only consolidate its warehouse, loading docks, and offices in one location, but also unlock new opportunities as they look to expand their reach in the biotech field.

SUPRA, which was started in 2011 by four partners who previously worked for a family owned and -operated office products distribution company, acquired EMSCO in 2013, creating new lines of business and ample opportunity for growth. While SUPRA provides office supplies, furniture, and total office solutions, EMSCO specializes in laboratory and research supplies in the medical and pharmaceutical industry. Through EMSCO, they are well positioned to take advantage of the quickly growing genetic medicine and testing research that is concentrated in Philadelphia.

The new home that Reinvestment Fund is helping to finance includes a new office, warehouse, and cryopreservation building in Philadelphia's West Parkside neighborhood. The facility will also provide storage for cell and tissue samples that are used in gene and cell therapy as well as research. Additionally, as the business serves accounts both locally and nationally, the larger space will enable them to store and ship more office supplies.

The new 70,000 square foot warehouse and office building will also help SUPRA and EMSCO deepen their roots within the community through jobs and internship opportunities, in addition to continuing to help facilitate back to school and food drives—initiatives that are important to their staff. SUPRA aims to increase the

number of full-time positions to 65, all at living wages, by 2025 and a total of 80 over the duration of the project.

Thomas, Ismail Shahid, Derrick Suswell, and the late Ken Carter, collectively have a multi-decade history of working in this area. Located in a HUBZone (Historically Underutilized Business Zone) in West Philadelphia for many years, they formed a partnership to leverage their experience and relationships with larger distributors. As natives of West Philadelphia themselves, Thomas, Shahid, and Suswell want to open doors for young students and jobseekers throughout the neighborhood and beyond. While they went away to college, each chose to return to West Philadelphia area to become entrepreneurs and pillars of their community.

Acutely aware of the lack of quality jobs, positive mentorship, and exposure opportunities, Thomas, Shahid, and Suswell see the new location as central to their commitment to giving back and helping raise awareness about jobs in the office supply and biotechnology sector. The business has a history of building relationships with middle and high school aged students to showcase how a small business operates as well as emphasize the different career possibilities. Being in the community will enable them to continue to provide mentorship opportunities as well as a space for Black youth to gain exposure to the science and technology fields.

"We want to be able to tell our story and show that this is something that can be achieved through hard work and dedication. Being able to do that and show that is an incredible feeling," said Ismail Shahid.

Despite several barriers such as low building appraisals, a lack of Philadelphia-based experts, and supply chain issues, the owners are excited about this brand-new structure built from the ground up and look forward to becoming an example for small businesses and entrepreneurs alike.

While SUPRA and EMSCO currently have several partnerships, which includes Jefferson University, Children's Hospital of Philadelphia, the University of Pennsylvania, Merck, Dow Chemical, and more, they are looking forward to developing new relationships and continuing to grow.

As construction is nearing its finish, Thomas, Suswell, and Shahid reflected on their relationship with Reinvestment Fund during this process. "Reinvestment Fund has been extremely easy to work with. Everyone that we've touched within the Reinvestment Fund has been professional, understanding, and helpful along the entire way."

This project is financed through a $20 million New Markets Tax Credit transaction with Reinvestment Fund and PIDC providing the NMTC allocation and Wells Fargo is the equity investor. This project represents one of PIDC's largest NMTC allocations and the largest allocation that PIDC has provided in the last ten years. Reinvestment Fund financing is also supporting the leverage loan for the transaction, a portion of which is being participated to LISC.

Investing for a Brighter Future

Economic inequality, racial wealth gaps and the climate crisis are among our generation's most pressing hurdles when it comes to envisioning a vibrant future full of opportunity. The pandemic has only exacerbated these crises and amplified the need to invest in solutions that address these deep, systemic challenges.

In the United States, Community Development Financial Institutions (CDFI) are a beacon of hope as investors in positive change. CDFIs are federally-certified, private-sector, financial intermediaries with community development as their primary mission. Committed to delivering capital to historically excluded communities, CDFI investments prioritize measurable social returns along with financial returns. As financial institutions and governments step up to meet the Sustainable Development Goals (SDGs) by 2030, CDFIs are a crucial channel for private and public investment capital.

Reinvestment Fund is a CDFI that invests across the United States to ensure that all communities have access to essential opportunities. Unique among its peers, Reinvestment Fund is also a pioneer in climate-conscious investments that intersect with community development.

In 2021 this included an investment in PosiGen, a for-profit residential solar developer and provider of energy efficiency upgrades that works primarily with low- to moderate income households in communities of color.

PosiGen was established in the wake of Hurricane Katrina in New Orleans when founder Tom Neyhart observed that large segments of the city's population were being ignored by the solar installers whose systems were going up on the roofs of many houses in the city's wealthier neighborhoods.

The firm pioneered an entirely different approach to assessing the credit risk of underlying customers. They focused on utility bill payment history and potential energy savings instead of credit scores. Traditionally, financing in the US is dependent on credit scores. While seemingly race-neutral on its face, credit scores are known to have embedded systemic issues as they are based on algorithms that often disadvantage people of

color. PosiGen has also developed an “out of the box” system design that reduced installation costs compared to the “design to fit” systems more prevalent in the industry.

With these two innovations, the firm has reimagined solar as no longer luxury that is only accessible to wealthy homeowners. To date, PosiGen has installed over 17,000 systems, with over 70% of its customers being low to moderate income households. It has also helped ensure that 100% of customers save money, alleviating some of the financial strain low- and moderate-income households can experience from high energy costs. The company has since expanded from its core Louisiana market into New Jersey and Connecticut.

Even with its success, traditional capital providers have been slow to recognize that PosiGen’s portfolio performs just as strongly as those underwritten on the basis of credit scores. Reinvestment Fund, together with financial institutions Mizzen Capital and Stonehenge Capital, were able to step in to provide a loan that is helping PosiGen continue to grow making solar more accessible. Mizzen Capital led the investment.

In addition to helping energy-burdened families invest in their homes and save money on their utility bills, PosiGen is also committed to creating employment opportunities for the residents it serves by hiring locally and paying family-sustaining wages with health and retirement benefits for employees. Over 70% of employees are hired from the neighborhoods where PosiGen has a concentration of installations. More than 65% of PosiGen’s employees are women or people of color.

Employee Susan Young is a case in point. A homeowner and a single mother with two kids, she wanted to get help reducing high energy costs from her older home. Denied by other solar installers because of her credit score and income, she turned to PosiGen. She was so pleased with her experience that she applied for an entry-level sales position with the company. Tom Neyhard recalls what she said, “I’ve never sold anything in my life, but I think if I tell people my story, people will want to buy PosiGen.” She was right. Today, Ms. Young is PosiGen’s community marketing manager for the state of Connecticut.

Regardless of race, class or income, communities everywhere want to make things better for generations to come. Projects like PosiGen generate multiple impacts—from clean energy and housing affordability to strengthening environmental resilience and fostering economic opportunity through employment.

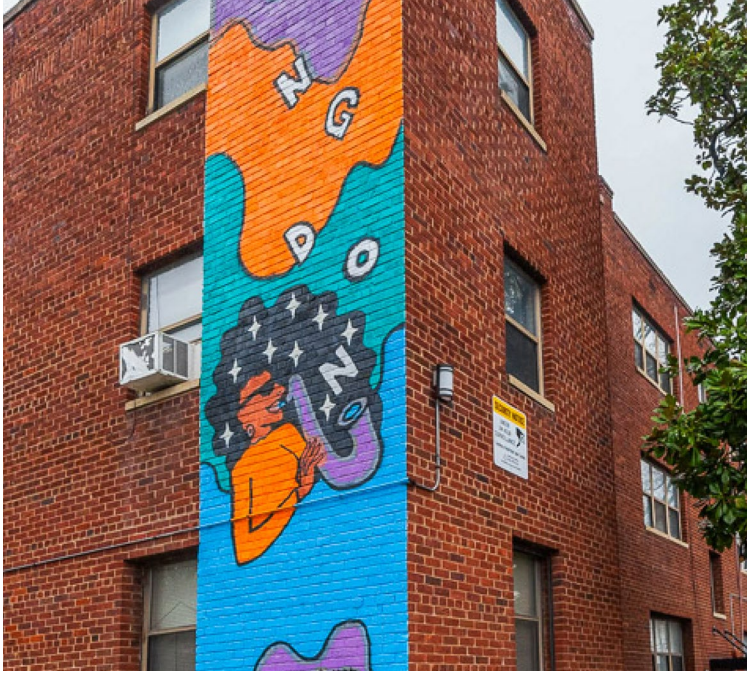
In a world where the risks and costs of climate change are not equally shared, targeted investments in projects like PosiGen help reduce economic and social disparities as well as improve climate resilience. Working together, financial institutions, government and CDFIs can rise to that challenge.

Preserving Affordable Housing in D.C.

Chris Grant launched Yoke Management Partners with a purpose—to diversify real estate investment companies and use commercial development as a catalyst to accelerate impact.

Grant is a Black, Baltimore native and behind Yoke is a mission to identify and preserve affordable housing in the Mid-Atlantic region. At the end of 2021, Grant took on his largest project to date—renovating a 13-unit apartment complex in the Langdon neighborhood of Northeast, D.C. that had been poorly maintained and was riddled with open housing code violations.

He may have only recently launched his business, but the 30-year-old says the idea has been in the making for years. Grant attended undergrad at the University of Maryland and went on to graduate from Stanford's Business school. His first job out of Stanford further incentivized his dream to launch his own business back home, in the communities that mattered most to him. Working at a private investment firm as an investment manager, he noticed that there was a gap in the type of projects his investors were allocating funds to and a lack of consideration for the impact the projects would have in communities.



Eventually, Grant decided that he would lean into the idea of impact investing by starting his own entrepreneurial endeavor—and Yoke was born. Now, he is targeting multifamily projects in the Mid-Atlantic region to preserve affordable housing and build relationships within the local communities—all while helping build access to capital.

Grant recognized that understanding the communities where he works is not only essential to creating successful investments, but critical to creating long-lasting impact. Langdon is considered a historically Black neighborhood, with 77% of residents identifying as African American. Grant paints a picture of the Langdon neighborhood as a beautiful, small neighborhood with historic bungalow houses, hilly roads, and an overall boasting of this local flavor. He stumbled on the apartment building, and despite its neglected and overlooked appearance, he saw a compelling

opportunity to make it into a beautiful fixture for the neighborhood to be proud of. As a first move, he decided not to "rebrand" the building by stripping it of its history—but naming it "Langdon" to pay homage and to maintain the heritage and legacy of the neighborhood.

When asked what would have happened to the property had he not stepped in, the entrepreneur points to the surrounding neighborhoods of Langdon, where longstanding residents have fallen victim to the adverse effects of growth and development projects in an ever-growing D.C. Rental home shortages and market-rate rent, rising housing costs, and unaffordable housing development projects have collectively resulted in the city's low-income residents being squeezed out of their homes or pushed to take on high cost burdens. For Grant, he's ensuring this doesn't happen to his own tenants, by leasing 100% of units to tenants at or below 80% of D.C. AMI and committing to not increasing rent by more than 3% annually.

Grant also got a mural for the building, leaning on the rich history of Gogo music in D.C, and in Langdon, where a park named after the famous musician Chuck Brown is located. He chose local artist TrapBob for the socially conscience, yet humoristic, way that her art sheds light on communities' struggles, without discounting their strengths. With the mural, Grant hopes to create a mirror into the aspects of the neighborhood that he wants the rest of us to see—this is a community that likes gathering, music, fun and overall, exuberates a bold and colorful energy.

At Langdon Apartments, the new landlord is already hearing promising feedback from tenants. From the updated hallways and new fixtures to the new security keys fobs to enter the building, the response is overwhelmingly positive. On how he feels about the progress of his current project, Grant expounds, "I feel great, really excited. To me it is a great validator that you can focus a business on impact-oriented housing, and [still] have success, and you can also try to maintain affordable rents while making it look nice."

Another aspect of Grant's vision is "alignment". He chooses to work with partners that share his vision for community impact, which led him to the Reinvestment Fund. The relationship Reinvestment Fund and Grant have built goes beyond the financial aspect, CDFIs also provide capacity building—a significantly different approach to lending that separates CDFIs from traditional banks. This type of hands-on approach helps early-stage developers set themselves up for a successful future.

Grant hopes stories like his will inspire people with similar missions to take the first leap and become agents of change in their own communities—with the knowledge that mission aligned financial institutions are out there, ready to take that leap too.

Racial Bias in Home Appraisals

As racial disparities in homeownership remains one of the biggest contributing factors to the wealth gap, Reinvestment Fund is illuminating the role of racial bias in home appraisals and its contribution to that gap.

An appraisal, which plays a crucial role in buying, selling or refinancing a home, determines for the buyers, sellers, refinancers, and lenders how much a home is worth. Unfortunately, racial disparities have long affected property valuations, assessments, and appraisals, which has contributed to a large gap in homeownership between Black and white Americans. In 2020, 70% of white families own their homes, compared to just 42.4% of Black families and 48.6% of Latino families.

In a country where homeownership remains strongly linked to generational wealth building, an unbiased appraisal truly matters. A low appraisal can have a significant impact on one's ability to get a mortgage (or the terms under which that mortgage is obtained) or can limit the ability to use the stored wealth in the home for important life events (e.g., pay for a college education). In short, a biased appraisal has a direct impact on the wealth gap observed between various racial groups.

Ira Goldstein, President of Policy Solutions at Reinvestment Fund, along with Gregory Squires, Professor of Sociology and Public Policy and Public Administration at George Washington University, have helped shine a light on this issue. In partnership with Philadelphia City Councilmember Cherelle L. Parker, they have pointed out the extraordinary lack of diversity in the appraisal industry and worked to try to understand the role that appraisals play in the larger landscape of homeownership. Parker has held public hearings, gathered testimony, and created a task force to address the issue locally. Reinvestment Fund leads the task force, which expects to issue a report in Summer 2022. While it remains clear that there are appraisal issues here in Philadelphia, there are several contributing factors that keep non-white individuals from receiving fair valuations.

For many people, their home is their largest investment yet, many Black Americans continue to receive low appraisals. This kind of inequality is rooted in America's history of redlining and credit discrimination. While redlining has been outlawed, its legacy lives on. Commenters on the issue of racially biased appraisals note that the impact of the history of discrimination in the housing and mortgage markets gets "baked into" contemporary appraisals.

More generally, as it relates to racially disparate property valuations, according to a recent Brookings Institution study, a home in a Black neighborhood is valued 23% less than a similar home in a white neighborhood. This has resulted in over $165 billion cumulative losses for Black homeowners. Redfin also recently released a study of more than seven million home sales between 2013 and February 2021 showing that comparable homes in Black and white areas are valued at $46,000 less in the Black areas.

Several explanations have been offered for appraisal bias. The possibility of bias is often higher when an appraiser is from a different neighborhood or of a different race or ethnicity than the homeowner or residents. As a result, there can be wide variations and inaccurate estimates of a property's true value. While most appraisers are white, the race, age, and gender demographic composition of the appraisal industry has received little attention, until recently, as one of the drivers of racially biased appraisals. For appraisers, the industry itself tends to be homogeneous and experiences little turnover. A recent study shows that 85% of appraisers are white, and 77% are male, with 70% of appraisers having worked in the profession for over a decade (Reed, 2022). Lack of experience working in Black neighborhoods and communities coupled with having little knowledge of Black homeownership significantly contributes to the undervaluation.

As appraisal bias continues to have a detrimental effect on many Black homeowners, policy discussions about solutions to help combat this issue are on the rise. This includes consumer education, appraiser training and vetting, rethinking how appraisals are conducted, and raising the level of transparency in appraisal activity (like Congress did in mortgage lending through the 1975 passage of the Home Mortgage Disclosure Act). Creation of a standardized curriculum (including fair housing training) for appraisers, along with reforms to the field experience requirements, could also help reduce appraisal bias and make this line of work more accessible to a more diverse group of appraisers. As more cities implement a more inclusive hiring and contracting process, systems can be put into place that help identify appraisers of color or appraisers who have a history of serving communities of color.

This work is helping to recognize the factors and policies that have led to the racial wealth gap today as well as highlight the need for change in this process for buyers, sellers, refinancers, and lenders alike. By aiming to end discrimination in appraisals, potential buyers and sellers can benefit from such changes and help create more positive outcomes for all.

Empowering Community Through Ownership

Imagine the shopping center in your neighborhood. The one you drive by every day, or frequent to pick up groceries or school supplies. Now imagine being part-owner of that shopping center.

It's probably not a vision most have, but it is one that Lyneir Richardson brought to the Walbrook section of West Baltimore.

"The folks in Walbrook have pride in their neighborhood. The shopping center is a highly visible landmark. It needs a little love, but as we were looking into the purchase, we thought, 'what if the community had the opportunity to own this?'" said Richardson, co-founder and CEO of Chicago TREND Corporation, a social enterprise with a mission to strengthen neighborhoods by catalyzing and accelerating strategic retail and other commercial development.

Richardson is talking about the Walbrook Junction shopping center, a 47,000-square-foot strip with tenants like Save-A-Lot, a Rite Aid, and other retail. With a background in catalyzing, accelerating and financing strategic retail development to strengthen neighborhoods, especially communities of color, TREND was a natural fit to explore the purchase of the property. But Richardson's original thesis was that the shopping center could have a higher probability of success if local residents had a stake.

His first move was to contact Reinvestment Fund and the Neighborhood Impact Investment Fund (NIIF). Each funder provided a $2.9 million loan for the project, but also encouraged Richardson to activate the community. In a somewhat nontraditional approach, Richardson took to crowdfunding to seek investors. Local residents were given the chance to invest their own capital to purchase a stake in the shopping center.

There were skeptics, of course, but Richardson took on more than 30 Zoom sessions—some with two participants, some with up to 60—to share his vision with local residents. He connected virtually with the adjacent KIPP Baltimore school parents, church leaders, and community organizations about financial

empowerment, intentional economic inclusion, and the company's expectations.

Although Richardson has a history of working in Baltimore, he is a Chicago native. He had the support of Reinvestment Fund and NIIF going into this project, but he knew what the project really needed—community trust. So when he was approached by the Baltimore Sun about a piece—slated to be written by a particularly prominent opinion writer—it was a risk. But Richardson has never been one to shy away from a risk.

"I had to show people I was credible. That the financial proposition was both believable and achievable," said Richardson. "The reporting in Baltimore agreed with the intention and the vision, and it instantly reinforced our credibility. It changed the conversation."

Richardson looked to civic partnerships to gain a strong foothold in Baltimore and reinforce the authenticity of the project. Working with the Mayor's Office and local elected officials helped to facilitate community meetings, and relationships that Richardson had through his former work with Baltimore Development Corporation, opened doors.

"When you're buying a property that's already up and running, it isn't about keeping it the same. It's about realizing its potential," said Richardson. "You can't do that without the community's voice. We made as much as 49% of the economic equity available to small impact investors, and they need to see themselves as the partners they are."

TREND invested over $450,000 and raised $335,000 from over 130 individual investors—each of whom will own a portion of the shopping center. Investors directly benefit from the retail services in their communities while building both individual and community wealth.

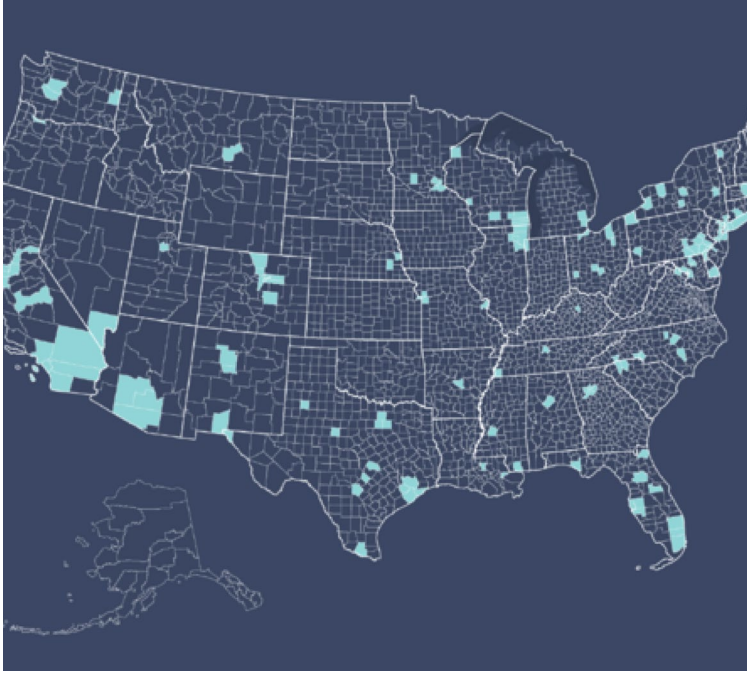
With the community at the helm, Walbrook Junction has adopted an immediate focus on community programming. That includes sponsoring a community health fair and hiring locally. The lawn is mowed twice a week, and TREND is seeking funding for exterior improvements including signage, facade, roof, parking lot and concrete walkways. What was once a neighborhood eyesore has become a source of pride.

"The community investment sets this project apart from others—but what really makes it special is our pool of investors," said Richardson. "There's the 80-year-old grandmother who invested $1,000 because she wanted her grandson to know what ownership means. We have one of the leading local Black developers as an investor--someone who is working on multi-million-dollar developments of his own, but sees the value in ours. And a charter school parent who drives by the center every day and wants her kids to have better options. This means a lot of different things to a lot of different people, but the bottom line is that being a stakeholder means having a voice."

The partnership with Reinvestment Fund was a linchpin in the project's success. Its experience in commercial real estate finance helped TREND evaluate, underwrite, and finalize the transaction.

"Reinvestment Fund's professional expertise went a long way in getting the project done. Structuring this type of financing isn't always easy. There's risk involved, but that's the purpose of mission-oriented investment. Reinvestment Fund believed in the ambition of our mission," said Richardson.

A Case Study on Expanding High-Quality Care



Pee Wee Prep—owned and led by Stacy Gil-Phillips—has been a staple, high-quality childcare center in West Philadelphia for 30 years. For Stacy Phillips, the journey to becoming an early childhood education provider began in 1991 when she struggled to find a quality childcare center for her newborn twins. After a bad day-care experience, she decided to leave her career in corporate America to open her own program at the local rec-center. Originally, it was a short-term project, but after realizing that she wasn't the only parent struggling to find reliable care, early childhood education transformed into a passion for the West Philly native. Gradually, Phillips grew Pee Wee Prep (PWP) to span three locations, with a fourth, multi-purpose center, currently under renovation. The growth has enabled PWP to serve more children, many of whom attend the center as a part of the City's PHLPreK program.

Part of Phillips' motivation is to make a difference in the community that hasn't had the same opportunities to create quality care centers as neighboring ones. "We know that there are high-quality day-care centers on the other side of City Line Avenue, in the University of Penn area," she explains. "But when you come into our neighborhood you struggle to find high-quality day-care centers that can pull the funding from places, like the City, to help them raise their level of quality."

Reinvestment Fund's research for the National Children's Facilities Network shows that disparities in quality childcare access isn't just a West Philly or Philadelphia problem, it's a national problem. The solution is greater collaboration between the government, philanthropic, community finance, and banking sectors.

Whether capital is for purchasing equipment and supplies, expansion into new markets, or more mundane but essential activities like paying operating expenses and managing cashflow—all small businesses need access to capital to be sustainable, and childcare is no exception. One of the largest challenges in childcare is the lack of adequate funding in the sector. Reinvestment Fund's research found that communities with the strongest childcare sectors are those where

stakeholders from the childcare, philanthropic, banking, and community finance sectors work together to identify and fill gaps in the availability of resources that childcare businesses need. Unfortunately, in many communities, such a thriving ecosystem simply does not exist. In fact, our research found that only 166 of the 3,142 counties in the U.S. have SBA lending, CDFI lending, and philanthropic activity working at sufficient levels to effectively support childcare businesses.

Philadelphia is a case in point that demonstrates a growing childcare funding ecosystem. For example, PWP has participated in the City of Philadelphia's free quality pre-K program, PHLpreK, with 90 slots since the program began in 2016. The City's PHLpreK provides free seats to children in low-income communities and has helped stabilize early childhood education businesses by providing an additional source of revenue.

In 2021, the City awarded PWP 126 slots (a 40% expansion) across two sites, both located in severely distressed census tracts where there is a lack of high-quality seats. Unfortunately, the subsidized funding to support the additional slots and all the costs to prepare for the children's arrival—added salaries, training for staff, equipment—wouldn't come through until months later when the school year started. Accessing funding when needed, and quickly, can be among the biggest challenges childcare providers face.

However, this type of gap in contracted funding is exactly where CDFIs, like Reinvestment Fund, can be catalytic. Because of the relationship Phillips built with Reinvestment Fund through her previous Fund for Quality (FFQ) grant, she decided to apply for a bridge loan through the Phila ECE Loan Fund to make sure her facility would be ready to welcome the additional children.

PWP's ability to add more PHLPreK slots was also enabled by a previous grant that supported an expansion of its space. In 2021 amid the pandemic, PWP was awarded a FFQ grant through Reinvestment Fund to finance the complete renovation of a 14,000 sq ft building facility including seven classrooms and a large multi-purpose room. By providing business planning support and facilities-related financing, FFQ supports high-quality early care and education providers expand their services to reach more low-income families.

On what is different about the funding she's received from Reinvestment Fund, Philips expounds that beyond the low interest rate and flexibility, working with a CDFI came with significantly less "red tape" and a lot of hands-on technical assistance. She calls Reinvestment Fund's mission-based model, "a recipe for success".

Phillips' achievement as an entrepreneur is a success story for the childcare sector and for West Philadelphia, that has historically faced socio-economic barriers to accessing capital. But PWP's success took perseverance, and Phillips' story of growth despite a system working against her, can shed light on the cross-organizational ecosystem necessary to support a thriving childcare sector—as well as the gaps and barriers that still exist.

Coming Together in Times of Crisis

One would be hard pressed to find anyone who cannot recall where they were and what they were doing in March 2020 when word spread that a lockdown was imminent due to COVID-19. When Pennsylvania Governor Tom Wolf ordered the state shutdown, fear, panic, shock, desperation and uncertainty gripped the region, as thousands experienced unexpected layoffs and job loss.

Among them were friends Katie Briggs and Jena Harris, two well-connected and experienced chefs in the Philadelphia food industry.

Wanting to do something productive with their time while assisting community members experiencing food insecurity, the two decided to do what they do best: Cook.

Tapping into their network, circles of friends and volunteers, the two showed up at the park on April 4, 2020, to distribute 50 quarts of homemade soup, toilet paper, fruits and vegetables, and PPE to whoever showed up. Out came the young and old, single people, and families, all made for a strong turnout.

At the end of the distribution, Briggs looked at her friend and said, "That was great, let's keep doing this."

Thus began the West Philly Bunnyhop, a volunteer-led mutual aid group that champions "Free Food for the People", no questions asked. Through it has been a framework that has worked in communities for decades, the concept of mutual aid gained widespread mainstream awareness during the pandemic when people sought meaningful ways to contribute and help out their neighbors—be it through monetary donations, picking up or preparing foods, volunteering their time, etc.

West Philly Bunnyhop filled a critical need—"getting food into the hands of people who need it," Briggs said. And they recognized that redlining and structural racism had

resulted in inadequate access to healthy food in certain neighborhoods in West Philadelphia.

Over time, West Philly Bunnyhop secured warehouse space and forged partnerships with the food bank, local restaurants, and local farmers to get fresh produce, prepared meals, groceries and household items to distribute in West Philly and different parts of the city. A team of volunteers also provided door deliveries to those who were homebound or unable to get to a distribution event. At the height of the pandemic, West Philly Bunnyhop estimates that at its peak served 3,000 people a week.

As the world began to open back up and the vaccine became more readily available, West Philly Bunnyhop shifted its model. Chris Kane, one of West Philly Bunnyhop's administrators, shared that the organization was intentional about "decentralizing" its operations to truly make it a community-led effort by responding to community requests and making sure community members served as the frontline during distribution events.

The focus shifted to community fridges, a model that allows people to add food items or to take foods that are needed. The fridges are placed in moderate- to high-traffic areas and are filled on a weekly or biweekly basis. There are intentionally no security cameras to monitor the fridges to remove judgement and protect the anonymity of those who need food.

West Philly Bunnyhop filled a critical need—"getting food into the hands of people who need it," Briggs said. And they recognized that redlining and structural racism had resulted in inadequate access to healthy food in certain neighborhoods in West Philadelphia.

As part of the Philadelphia Food Justice Initiative (PFJI), Reinvestment Fund, in partnership with the Philadelphia Department of Public Health and Wells Fargo, awarded grants to local organizations fighting food injustice. This program and project was funded in part by the Pa. Department of Health's Preventive Health and Health Services Block Grant. West Philly Bunnyhop was one of the grantees at the end of 2021.

PFJI supports community-driven solutions in areas where access to healthier food is needed the most. The initiative is informed by health justice, the collective movement to heal society and remove barriers that prevent individual and community well-being.

With the funds, West Philly Bunnyhop is working to purchase and start up three community fridges, as well as assist with efforts to plan and identify other community centers. The group has been intentional about its outreach in an effort to create meaningful connections with community stakeholders at each site, so that members of the community can be involved in the installation of their fridge. In addition, the funds are allowing West Philly Bunnyhop to offset rising food costs to incorporate some proteins into their offerings. This approach should set a foundation for stronger, sustained community buy-in to maintain each fridge.

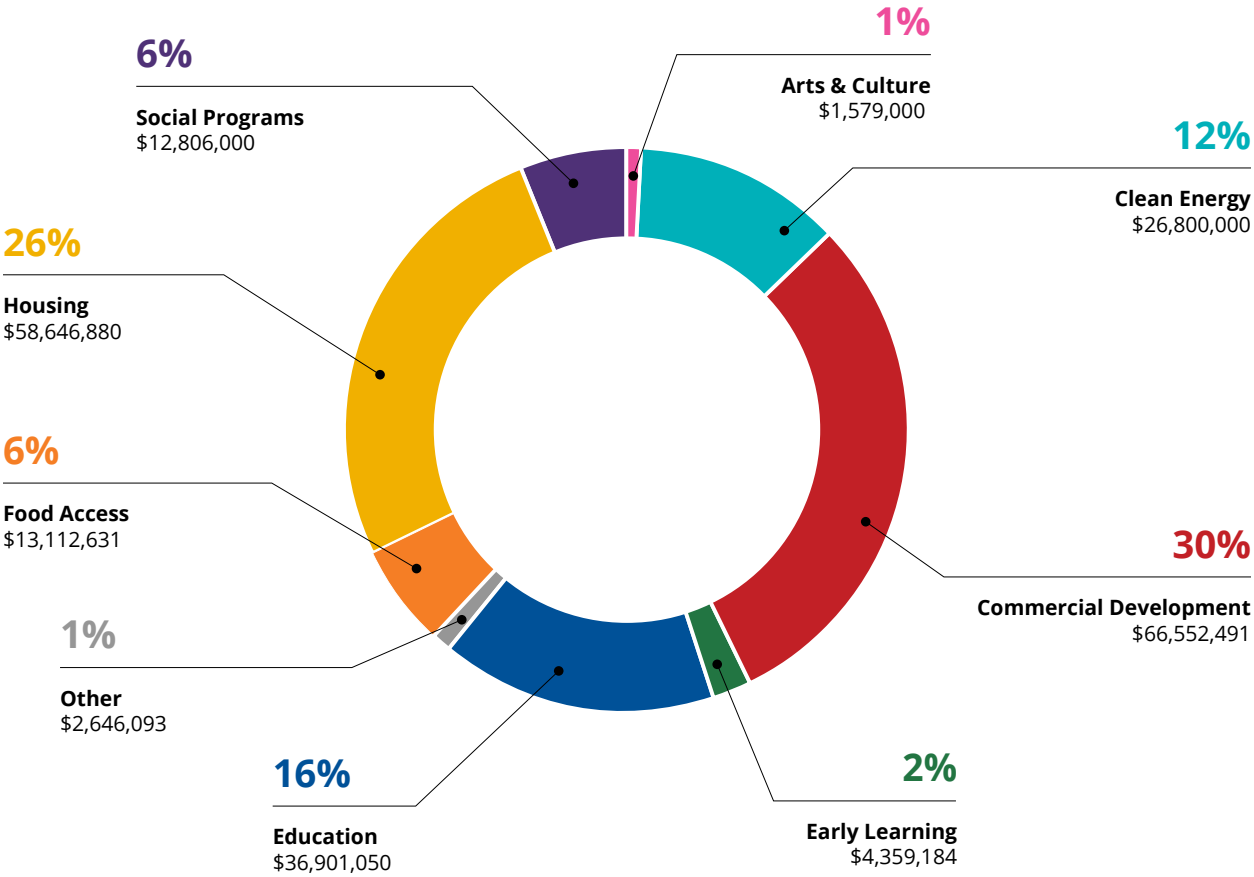
"This decentralization model is an enterprise for those who want to be involved with mutual aid by organizing their neighbors to host distribution events," Kane said. "It's really about making sure your neighbors are fed."

OUR RESULTS

Financing Transactions

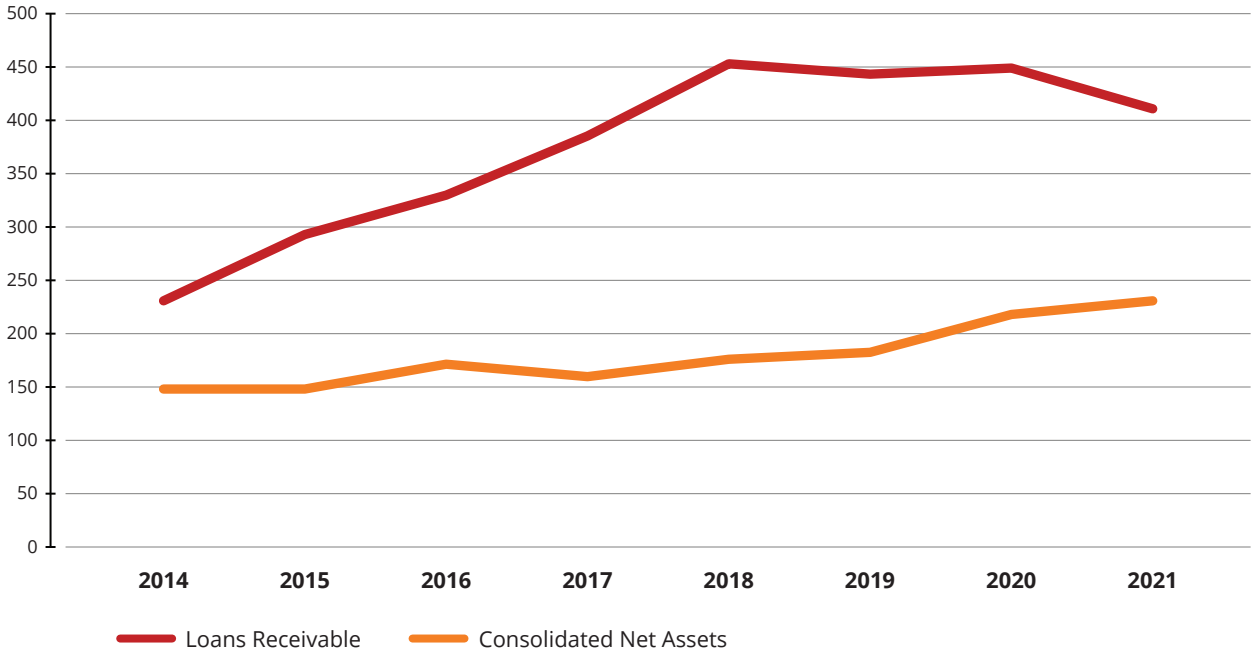
CLOSED IN CALENDAR YEAR 2021*

$223 Million



*Includes on and off balance sheet transactions and regrants

Performance, 2014-2021 ($ in Millions)



Financial Summary

$12.2 million

Total Unrestricted Net Asset Growth

0.48%

Delinquency Ratio

Financial Review

Select Financial Data ($ in Thousands)

STATEMENT OF FINANCIAL POSITION

as of December 31	2021	2020	2019	2018	2017*
ASSETS					
Cash, cash equivalents and investments	116,257	159,048	106,843	111,776	53,549
Restricted Cash	44,087	28,118	27,787	26,886	34,230
Loans Receivable	453,513	449,685	443,280	453,639	389,289
Allowance for Loan Losses	(20,806)	(22,276)	(20,484)	(22,682)	(19,464)
Other Assets	16,146	16,055	10,622	12,789	6,625
Total Assets	**609,197**	**630,630**	**568,048**	**582,408**	**464,229**
LIABILITIES AND NET ASSETS					
LIABILITIES					
Loans Payable	348,695	377,413	354,901	373,958	280,176
Other Liabilities	33,178	34,548	30,638	32,079	22,818
Total Liabilities	**381,873**	**411,961**	**385,539**	**406,037**	**302,994**
NET ASSETS					
Unrestricted – Reinvestment Fund	113,437	101,255	72,006	60,790	57,724
Unrestricted – Sustainable Development Fund	11,319	10,242	10,216	9,860	9,633
Noncontrolling interest	43	20	16	(12)	—
With donor restrictions	102,525	107,152	100,271	105,733	93,878
Total Net Assets	**227,324**	**218,669**	**182,509**	**176,371**	**161,235**
Total Liabilities and Net Assets	**609,197**	**630,630**	**568,048**	**582,408**	**464,229**

STATEMENT OF ACTIVITIES

for period ended December 31

	2021	2020	2019	2018	2017*
REVENUE					
Earned Revenue **	25,213	20,519	24,644	16,634	15,835
Grants and Contributions	11,762	44,031	4,628	21,206	8,326
Total Revenue	**36,975**	**64,550**	**29,272**	**37,840**	**24,161**
EXPENSES					
Program Expenses	19,915	21,982	16,751	16,555	24,996
Management & General and Other	8,524	6,576	6,521	6,254	4,795
Total Expenses	**28,439**	**28,558**	**23,272**	**22,809**	**29,791**
Other Changes in Net Assets	**119**	**169**	**137**	**105**	—
Change in Total Net Assets	**8,655**	**36,161**	**6,137**	**15,136**	**(5,630)**

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

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

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