



# Community Foundation of Santa Cruz County Impact Investing Portfolio Report



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Community Capital Advisors  
Quarter Ending: December 31, 2019  
Published: June 2020

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## Disclaimer

This Report contains general information about Community Foundation Santa Cruz Community Foundation's impact investment portfolio and is intended for informational purposes only. Any investor or donor should determine for themselves whether a particular service or product is suitable for their investment needs and should seek professional advice for their particular situation. Any reliance placed on this Annual Report & Accounts is done entirely at the risk of the person placing such reliance. The content of this Annual Report is a summary only, is not complete, and does not include all material information about funds and investments managed by Community Capital Advisors.

# Executive Summary

## GENERAL FINDINGS

- Overall, the investment portfolio is performing as anticipated. Borrowers have been paying consistently and timely. That said, the possible negative economic effects of Covid-19 have not yet been seen by the portfolio.
- In general, government funding and contributed income for nonprofits will likely decrease as demand for services increase. However, most of CFSCC's portfolio is invested in organizations providing essential services, such as housing and job creation, both of which are vital in an economic downturn.

- Therefore, the negative effect should be minimal when compared to other sectors. Currently, the Foundation has not invested in organizations in sectors with higher risk of funding cuts, such as the arts and environmental services.

## AREAS TO WATCH

- Now more than ever, it's critical to monitor the Foundation's investments.
- Government funding announcements may occur in early Summer. Government fiscal year begins October 1<sup>st</sup>.
- How will organizations respond to increases in demand? Will there be a commensurate amount of funding available?
- How have our investees' donors modified their support?







# Portfolio Overview

# Portfolio Summary (as of May 31, 2020)

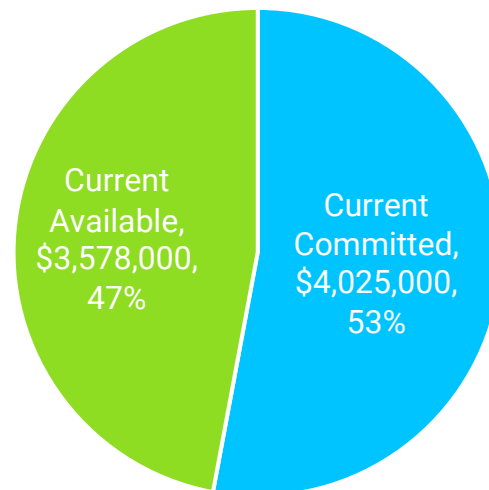
## Portfolio Summary

Total Committed (incl historical)	\$5,475,000	100%
Total Funded	\$4,884,600	89%
Principal Outstanding	\$3,825,000	70%
Secured	\$1,125,000	29%
Unsecured	\$2,700,000	71%
Principal Repaid	\$1,059,600	19%
Interest Paid	\$126,940	2%
Weighted Portfolio Net Return	2.78%	
Portfolio Target Return	4.50%	

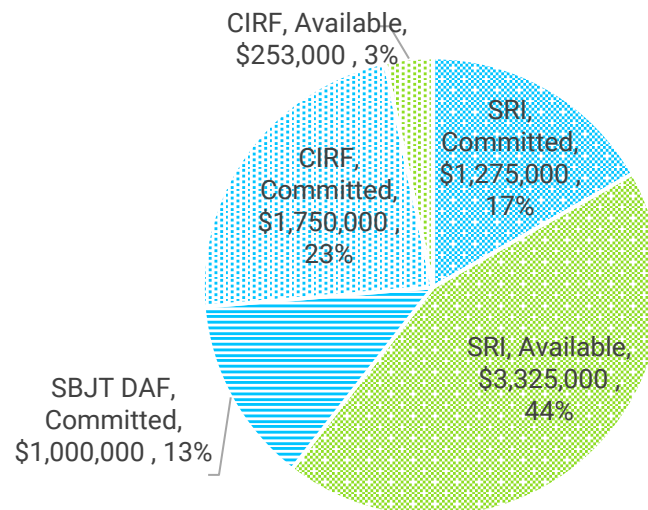
## Repayment & Reporting Summary

Current (Principal Outstanding)	\$3,825,000	100%
< 30 Days Delinquent	\$0	0%
30-60 Days Delinquent	\$0	0%
60-90 Days Delinquent	\$0	0%
> 90 Days Delinquent	\$0	0%
Charge-Offs	\$0	0%
Default Rate	\$0	0%
Reporting Status: Current	\$3,825,000	100%
Financial Covenant: Compliant	\$3,825,000	100%

## Total Allocated: Current Committed v Available



## Total Allocated: By Funding Source



# Portfolio Summary Detail (as of May 31, 2020)

Borrower	Vintage	Transaction Overview	Security	Amount Committed	Amount Funded	Amount Outstanding
New Way Homes - SRI	2018	Term Loan – Intermediary 3% interest; 7 years	Unsecured	\$350,000	\$350,000	\$350,000
New Way Homes - CIRF	2020	Term Loan – Intermediary 3% interest; 10 years	Unsecured	\$500,000	\$300,000	\$300,000
FarmLink - SRI	2018	Term Loan - Direct 3% interest, 10 years	Unsecured	\$300,000	\$300,000	\$300,000
FarmLink - CIRF	2018	Term Loan - Direct 2.5% interest, 10 years	Unsecured	\$750,000	\$750,000	\$750,000
FarmLink - SBJT	2020	Term Loan - Direct 1.5% interest, 10 years	Unsecured	\$1,000,000	\$1,000,000	\$1,000,000
Housing Matters	2019	Bridge Loan - Direct 3% interest, 3 years	Secured	\$350,000	\$350,000	\$350,000
Pajaro Valley Prevention Services	2019	Bridge Loan - Direct 5% interest, 4 years	Secured	\$275,000	\$275,000	\$275,000
Habitat for Humanity	2020	Bridge Loan - Direct 4% interest, 3 years	Secured	\$500,000	\$500,000	\$500,000
Opportunity Fund - SRI [CLOSED]	2015	Term Loan – Intermediary 3% interest; 5 years	Unsecured	\$350,000	\$350,000	\$0
LANDED - SRI [CLOSED]	2018	Term Loan - Direct 5% interest, 10 years	Secured	\$350,000	\$0	\$0
LANDED - CIRF [CANCELLED]	2018	Term Loan - Direct 5% interest, 10 years	Secured	\$750,000	\$709,600	\$0
<b>TOTALS</b>				<b>\$5,475,000</b>	<b>\$4,884,600</b>	<b>\$3,825,000</b>

# Portfolio Repayment & Reporting Detail (as of May 31, 2020)

Borrower	Principal Outstanding	% of Portfolio	Principal Repaid	Interest Repaid	Interest Schedule	Repayment Status	Reporting Status	Covenant Compliance	Current Risk Rating
New Way Homes - SRI	\$350,000	9.15%	\$0	\$4,121	\$2,625 / Quarterly	Current	Current	Current	2.5 (Good-Fair)
New Way Homes - CIRF	\$300,000	7.84%	\$0	\$0	\$873 / Quarterly	Current	Current	Current	2.5 (Good-Fair)
FarmLink - SRI	\$300,000	7.84%	\$0	\$9,000	\$9,000 / Annual	Current	Current	Current	2 (Good)
FarmLink - CIRF	\$750,000	19.61%	\$0	\$14,854	\$18,750 / Annual	Current	Current	Current	2 (Good)
FarmLink - SBJT	\$1,000,000	26.14%	\$0	\$0	\$15,000 / Annual	Current	Current	Current	2 (Good)
Housing Matters - SRI	\$350,000	9.15%	\$0	\$5,566	\$2,625 / Quarterly	Current	Current	Current	2.5 (Good-Fair)
Pajaro Valley Prevention Services - SRI	\$275,000	7.19%	\$0	\$1,937	\$1,937 / Semiannual	Current	Current	Current	3 (Fair)
Habitat for Humanity - CIRF	\$500,000	13.07%	\$0	\$0	\$3,333 / Quarterly	Current	Current	Current	2 (Good)
Opportunity Fund - SRI	\$0	0.00%	\$350,000	\$47,250	\$5,250 / Quarter	CLOSED	CLOSED	CLOSED	CLOSED
LANDED - SRI	\$0	0.00%	\$0	\$0	N/A	CANCELLED	CANCELLED	CANCELLED	CANCELLED
LANDED - CIRF	\$0	0.00%	\$709,600	\$44,212	\$17,740 / Semiannual	CLOSED	CLOSED	CLOSED	CLOSED
<b>TOTALS</b>	<b>\$3,825,000</b>	<b>100%</b>	<b>\$1,059,600</b>	<b>\$126,940</b>					





# Active Investments



# New Way Homes Investment Overview

*New Way Homes believes that creating the right housing supply in California is necessary to preserve our diverse workforce, end chronic homelessness, add to economic opportunity and vitality, and reduce environmental impact.*



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Investment Purpose:	The CFSCC investments will be used as loan capital for New Way Homes affordable housing program. Specifically, the investment will support developments in the pre-entitlement to construction phases.
Total Investment:	\$350,000 (SRI); \$500,000 (CIRF)
Origination Date:	August 1, 2018
Maturity Date:	July 2025 (SRI); June 2030 (CIRF)
Key Terms:	3% interest rate 7 year term (SRI); 10 year term (CIRF) Quarterly interest payments Balloon payment of principal at maturity
Security:	Unsecured
Principal Outstanding:	\$650,000 as of May 31, 2020
Payment Status:	Current
Reporting Status:	Current
Covenant Compliance:	Compliant

# New Way Homes Impact Narrative



*Housing Matters, with the support of New Way Homes, has taken this vacant historic Victorian on 801 River Street and will convert it into 6-7 permanent supportive housing units.*

New Way Homes seeks to address the housing crisis by adding low and moderate-income rental housing from Salinas to Santa Cruz to Oakland, without depending on competitive government subsidies. This work seeks to address poverty, homelessness, environmental impacts, and increasing wealth disparity.

According to NWH, they have funded the work and provided funding for a 7-unit permanent supportive housing project that will be owned by Housing Matters. The project received planning approvals from Santa Cruz. They funded work and significantly advanced the 180 Permanent Supportive Housing (PSH) Project located on the Housing Matters campus. Overall they have significantly advanced all ongoing projects and are fundraising for new projects.

## Sample of Current Projects

- 50 to 100 unit permanent supportive housing units in Santa Cruz
- 12 unit adaptive reuse project in east Oakland
- Co-living, mixed income housing near UCSC
- 7 unit PSH in a Housing Matters remodel

SOCIAL METRICS	Jan – Jun 2019	Jul – Dec 2019
Total \$ and # of loans made in Santa Cruz County	2 loans / \$1.95M	2 loans / \$1.95M
# of units of affordable housing produced by income level (low, very low, extremely low)	0	0
# of units for target populations (chronically homeless, veterans, seniors)	0	0
# of rental units for households with subsidy vouchers	0	0
% of fund deployed by the Loan Program that were provided by this loan	42%	42%

# New Way Homes Financial Review

- New Way Homes continues to be successful in its fundraising efforts, securing 1.85M in loans toward the acquisition and construction of the 7-unit PSH in Santa Cruz and they expect to raise an additional \$650k needed in 2020.
- The project with Peace United Church is completing a pre-application process in Santa Cruz currently.
- Goals for 2020: Raising at least \$1M in new capital for pre-development work. They will target raising next \$3M, but that is likely to take longer than the end of 2020 to achieve.
- The organization, typical for any housing developer, is highly leveraged. However it appears to making good progress on development and fundraising goals. Nevertheless, this is something to continue to monitor and offer support on, particularly in the unusual times we are in currently.



NWH is working on a 50-100 unit PSH units in Santa Cruz.

**Forward Looking Guidance:**  
*We recommend keeping in touch with the organization to understand its fundraising and deployment in order to offer assistance in the event the organization needs support or connections as it works to achieve its mission.*

COVENANTS	As of 6/30/19	As of 12/31/19
<b>Loan Loss Rate</b> Loan loss rate < 1.5% of the total loan portfolio	0%	0%
<b>Liquidity</b> [(Unrestricted Cash and Equivalents / (annual operating expenses – depreciation))*365] >70	213 days	477 days
<b>Current Ratio</b> Current net assets / (current liabilities-deferred revenue) > 1.5	4.67	2.75



# FarmLink Investment Overview

*Mission Statement:  
To link independent  
farmers and ranchers  
with the land and  
financing they need for a  
sustainable future.  
FarmLink helps farmers  
to build strong business  
skills, access fair  
financing, and establish  
secure land tenure.*



CALIFORNIA

**FARMLINK**

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Loan Purpose:	The investments from CFSCC directly support FarmLink's loan capital and is geographically restricted to Santa Cruz, Monterey, and San Benito Counties. FarmLink provides financing and business development services to low-income, immigrant, and organic farmers.
Total Investment:	\$300,000(SRI) + \$750,000(CIRF) + \$1,000,000(SBJT DAF) = \$2,050,000
Origination Date:	June 2018 (SRI + CIRF); March 2020 (SBJT)
Maturity Date:	June 2028 (SRI + CIRF); March 2030 (SBJT)
Key Terms:	\$300,000 at 3% interest & \$750,000 at 2.5% interest & \$1,000,000 at 1.5% interest 10 year term Annual interest payments Balloon payment of principal at maturity
Security:	Unsecured
Principal Outstanding:	\$2,050,000 as of April 1, 2020
Payment Status:	Current
Reporting Status:	Current
Covenant Compliance:	Compliant

# FarmLink Impact Narrative

FarmLink focus its services on farmers who have been historically denied opportunities to access farm programs and other wealth-building opportunities. In 2019, FarmLink made 35 loans totaling \$3.7 million in the tri-county area (Santa Cruz, Monterey and San Benito). The smallest loan was \$3,000 and the largest was \$675,000.

In 2020, FarmLink's team has had to shift the way it provides financial support to farmers impacted by the pandemic. While some farmers are expanding sales to respond to increased demand, others have lost markets, and are struggling to find new sales channels. Farmlink has connected with their 90 borrowers to offer restructuring, deferments, Emergency Loans, and help them access SBA PPP loans (making 52 PPP loans statewide – 6 in SCC) and adapt to Social Distancing policies.



*Luis Silva started Silva Organic Farms at ALBA and, with the help of FarmLink loans, purchased 60 acres of certified organic land near Watsonville, Santa Cruz County. Silva Farms most recently received an operating loan to support expansion and growth.*

SOCIAL METRICS	As of 6/31/19	As of 12/31/19
Total amount and number of loans made to farmers	\$726,632 / 10 (SCC)	\$934,932 / 5 (SCC)
Woman borrowers	20%	43%
Minority borrowers	80%	63%
Average credit score of borrowers	655	600
Number of jobs retained	48	284
Number of jobs created	17	35

# FarmLink Financial Review



The organization reported no changes to key management or board of directors from July 1, 2019 - December 31, 2019. Balance sheet increased from \$10.378 Million to \$11.765 million due mainly to additional loan fund borrowed capital \$545,000 and borrowing against our bridge line of credit of \$607,500 (which was zeroed out in January 2020). Operating cash (unrestricted) increased over the period from \$2.495 to \$2.667 million at 12/31/2019.

As of Dec 31 the organization has 112 loans outstanding and had increased its loan volume significantly. The organization's loan portfolio remains healthy and continues to benefit from USDA and CA state guarantees. The organization, for its type and resources, appears to be thoughtfully managed and continues to grow to better achieve its mission.

## Forward Looking Guidance:

*In 2020, FarmLink has already approved 8 loans in Santa Cruz County, including 4 PPP loans, 1 Emergency Loan, and 1 standard operating loan.*

COVENANTS	As of 6/30/19	As of 12/31/19
<b>Loan Loss Rate</b> Loan loss rate in each fiscal year < 2% trailing 3-year average of total loan portfolio	0.5%	1.2%
<b>Profitability</b> The three year average total revenue > three year average total expenses	\$1,264,041	\$861,633
<b>Liquidity</b> [(Unrestricted Cash and Equivalents / (annual operating expenses - depreciation))*365] >90	541 days	365 days
<b>Leverage Ratio</b> Total debt to total net assets < 2	1.14	1.60



# Housing Matters (previously Homeless Services Center) Investment Overview

*Housing Matters partners with individuals and families to create pathways out of their homelessness into permanent housing.*



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Investment Purpose:	Housing Matters hold firmly to a vision that homelessness in Santa Cruz County should be rare, brief, and non-recurring. This investment will fund the acquisition of property located on 801 River Street, Santa Cruz. The site will be renovated to create 6-units to provide supportive housing for 6-12 people.
Total Investment:	\$350,000
Origination Date:	March 19, 2019
Maturity Date:	March 18, 2022
Key Terms:	3% interest rate 3 year term Quarterly interest payments Balloon payment of principal at maturity
Security:	2nd Deed of Trust
Principal Outstanding:	\$350,000
Payment Status:	Current
Reporting Status:	Current
Covenant Compliance:	Current

# Housing Matters Impact Narrative

Housing Matters is a campus providing emergency and transitional housing shelters, medical services, meals and care, and supportive services for the homeless and struggling populations in Santa Cruz. The 801 River Street project includes 7 units of permanent supportive housing. While delayed by additional foundation engineering and COVID-19, they continue to fundraise for the project.

While the River St project is not yet operational, Housing Matters has taken steps to better serve clients during the COVID crisis: closed Coral St. to all non-essential traffic, using the street for sheltering; purchased and outfitted tents and pallet shelters to create social distance shelters; served more meals to keep clients on campus; and created more usable indoor space.

*After a difficult divorce, and upon finishing a recovery program, Kayla and her two children had nowhere to go.*

*She was recommended a Housing Matters BFH program and, with the help of the program, was able to find housing for her family and get back on her feet.*

SOCIAL METRICS	Jan – Jun 2019	Jul – Dec 2019
Number of bednights provided	0	801 River
Unique shelter residents over the period	0	Facility
Services provided to people over the period	0	Not
Housing provided over the period	0	Yet
Retention rate of housing occupants	0	Open

# Housing Matters Financial Review



*Housing Matters, in response to the need for COVID-19 social distancing, has fundraised for and purchased 10 pallet shelters to expand shelter bed spacing quickly. They have also modified services to better protect clients.*

## Forward Looking Guidance:

*We recommend continuing to monitor Housing Matters as they start on this housing development project.*

*Conducting a housing remodel for supportive housing is not necessarily a core competency of the organization. We will monitor the organization's financial health as well as the project progress.*

Housing Matters did not have any significant financial changes with the organization since last reported. Housing Matters revenue comes from donations and from local and federal government funding. The largest source of expense is personal cost. The organization has almost no net income and spends what it takes in to provide services. Housing Matters did not have any changes to its key management since last reported.

Since April 2019, Housing Matters had three board members vacate the board along with adding two new board members: Ray Bramson and Paul Steffen. A new Vice-President was also elected, Cecilia Espinola since last reported.

The 801 River St. Permanent Supportive Housing project is proceeding. All final planning approvals needed are final. The organization has closed a \$1.5M loan from Dignity Health for the project. However, COVID-19 has delayed construction and the new revised completion is mid-2021.

COVENANTS	As of 6/30/19	As of 12/31/19
Financial statements to be reviewed	Compliant	Compliant
Covenant compliance statement to be reviewed	Compliant	Compliant



# Pajaro Valley Prevention Services (PVPSA) Investment Overview

*PVPSA's mission is to improve the quality of life of the students and families of the Pajaro Valley by providing health education, counseling and prevention services, and by advocating for public policies that protect the health of our community.*



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Investment Purpose:	Bridge loan which will be used for costs of a new office/services building which they are constructing in Watsonville, CA. The organization has raised sufficient funds through its capital campaign to finance the building, but due to the installment nature of some of the pledges a bridge loan is needed.
Total Investment:	\$275,000
Origination Date:	December 10, 2019
Maturity Date:	December 31, 2023
Key Terms:	5% interest rate 4 year term Annual interest payments Principal repaid as pledges are received
Security:	Unsecured
Principal Outstanding:	\$275,000
Payment Status:	Current
Reporting Status:	Current
Covenant Compliance:	Compliant

# Pajaro Valley Prevention Services (PVPSA) Impact Narrative

The loan from CFSCC has allowed them to complete the building of 411 East Lake, their new integrated behavioral health center and provide financing that meets their needs for the project.

PVPSA reports that even though the COVID—19 crisis has changed their operations, they are still providing services to youth and families from the new facility. In fact, overall service demand and provision has gone up since March and they expect this trend to continue now that they have pivoted their operations to better response to COVID-19.

The photo on the next slide is a picture of the nearly completed East Lake facilities where the organization is now offering services to the youth of Santa Cruz County.



"Having worked with PVPSA over the years, we have found their services invaluable to our staff and our students. No matter what our students are going through, they know that PVPSA is there to help them get through it."

Ivan Alcaraz  
Assistant Principal, Watsonville  
High School

SOCIAL METRICS	Jan – Jun 2019	Jul – Dec 2019
Capital Campaign Progress	N/A	First campaign nearly concluded
Number of Youth Served	N/A	422
Number of Youth Served at 411 E Lake Ave Project building	N/A	353

# Pajaro Valley Prevention Services (PVPSA) Financial Review

- PVPSA reports that there have been no changes to key management or board of directors.
- PVPSA reports making good progress during the period. The primary change on the balance sheet is from activity relating to their new building at 411 East Lake, this change will be resolved over the coming periods and allow for better analysis after that time. This has increased the construction in process account, decreased the cash in the savings account and increased the amount on the construction loan. Everything else has been flowing through the balance sheet, income statement and cash flows per normal operations.
- PVPSA reports the capital campaign is essentially concluded. They are still receiving payments against pledges and will begin making payments against the bridge loan in May 2020.



**Forward Looking Guidance:**  
*The financial pressure of building a new building during the COVID-19 crisis has put financial pressure on the organization but has also increased service demand and reach.*

COVENANTS	<i>Previous Period</i>	<i>As of 12/31/19</i>
<b>Annual Net Profit</b> Average total expense shall not exceed average total support and revenue (as determined by GAAP)	N/A	\$136,952
<b>Liquidity</b> [Days Cash = annual operating expenses – depreciation / 365] > 90	N/A	96.6
<b>Leverage Ratio</b> Total Debt / Total Net Asset < 2	N/A	0.39



# Habitat for Humanity Investment Overview

*Habitat for Humanity Monterey Bay is an independent, locally operated and funded affiliate of Habitat for Humanity International.*

*Its mission is to build affordable homes and provide home ownership opportunities to qualified families who live and work in Santa Cruz and Monterey Counties.*



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 Chief Executive Officer  
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Loan Purpose:	As envisioned, the Rodeo Creek Court will offer 11 new homes to Habitat families in Santa Cruz County. The site, situated on 1.5 acres located at 2340 Harper Street, will blend new home construction with existing gardens, landscaping, walkways, and other amenities.
Total Investment:	\$500,000
Origination Date:	March 2020
Maturity Date:	March 2024
Key Terms:	4% interest rate, 1% closing fee 4-year term Interest paid quarterly Principal repaid as each unit is sold, any unpaid principal due at maturity
Security:	UCC-1 Filing (to be filed)
Principal Outstanding:	\$500,000
Payment Status:	Current
Reporting Status:	Current – Not yet reporting
Covenant Compliance:	Current – Not yet reporting

# Habitat for Humanity Impact Narrative

**Past Impact:** Habitat for Humanity Monterey Bay’s volunteers and families together have built 54 homes with more planned.

The nonprofit will soon finish building the last of seven homes on Los Esteros Court in Live Oak, with plans to build 11 more elsewhere in Live Oak in early 2020.

Habitat for Humanity Monterey Bay is currently working with the city of Watsonville on an upcoming project with eleven homes there as well.



*Not yet reporting*

SOCIAL METRICS	<i>As of 6/30/20</i>	<i>As of 12/31/20</i>
Average income level of the Rodeo Creek homeowners	Not yet reporting	
Other social metrics TBD		

# Habitat for Humanity Financial Review



**Recent Announcement:** Habitat for Humanity Monterey Bay names new CEO, Satish Rishi will helm the nonprofit.

“Our communities deserve safe, decent, affordable housing, and they need it today, not ten years from now,” said Satish Rishi, recently selected to helm the nonprofit. “I’m excited to lead Habitat Monterey Bay into a new phase of growth and increased housing production.”

Rishi joined the Habitat for Humanity team in early December 2019 after finishing a career working in finance for technology companies throughout the United States.

“I’ve lived in the (San Francisco) Bay Area for about three decades and moved to the Santa Cruz area about three years ago,” said Rishi. “Before becoming the CEO of Habitat for Humanity Monterey Bay, I volunteered with several nonprofits, both as a volunteer and also as a board member.”

Forward Looking Guidance:

*Not yet reporting*

COVENANTS	As of 6/30/20	As of 12/31/20
<b>Profitability</b> The three year average total revenue > three year average total expenses	Not yet reporting	
<b>Liquidity</b> [(Unrestricted Cash and Equivalents / (annual operating expenses – depreciation))*365] >90		





# Pipeline Investments



# El Pájaro Community Development Corporation Pipeline Investment **Overview**

*El Pájaro CDC's mission is to promote equal access to economic opportunity and to transform people's lives through entrepreneurship.*

*To fulfill this important mission, El Pájaro CDC helps entrepreneurs by taking the confusion, guesswork and complexity out of starting their own small businesses.*

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Investment Purpose: As envisioned, el Pájaro Community Development Corporation is interested in working with Mission Economic Development Agency (MEDA) to develop a fund to support lending to Latino small business for the purposes of stabilization and development.

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Total Investment: \$1,000,000

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Investment Type: Term Loan, for loan loss reserve

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Key Terms: Term – TBD

Interest Rate – TBD

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Security: TBD

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Repayment: TBD

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**El Pájaro**  
COMMUNITY  
DEVELOPMENT CORPORATION  
— SINCE 1979 —



# Exited Investments

# Opportunity Fund Investment Overview

*To drive economic mobility by delivering affordable capital and responsible financial solutions to determined entrepreneurs and communities.*



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Finance and Compliance  
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Investment Purpose:	To fund small and micro business loans in support of economic and community development to women, ethnic minority and/or low-income entrepreneurs in Santa Cruz County.
Total Investment:	\$350,000
Origination Date:	March 2, 2015
Maturity Date:	March 2020 [NOW CLOSED]
Key Terms:	3% interest rate 5 year term Semi-annual interest payments Balloon payment of principal at maturity
Security:	Unsecured
Principal Outstanding:	\$0 [Repaid in full]
Payment Status:	Current
Reporting Status:	Current
Covenant Compliance:	1 Financial Covenant out of compliance

# Opportunity Fund Impact Narrative



*During the most recent quarter Opportunity Fund disbursed more than \$19 million in 625 loans to small business.*

- As of Dec 31 2019, the organization made 3,193 loans totaling \$160 million, which created 11,023 jobs.
- These loans had \$470 million in downstream economic impact for their communities.
- Loans have a 93% repayment rate.
- 86% of borrowers are minorities, 32% are women and 62% are from low-to-moderate income households.
- The borrowers has an average credit score of 679

*As of the end of 2019 Opportunity Fund had made 30 loans to small businesses in the Santa Cruz County community, helping to increase access to economic opportunity, particularly for women and minority borrowers in the community*

SOCIAL METRICS	Oct – Dec 19	Since Inception
#/\$ of loans made in Santa Cruz County	7 loans \$149,100	30 loans \$529,727
Jobs Created in Santa Cruz County	15	40
Jobs Retained in Santa Cruz County	65	230
Women borrowers in SCC	36%	42%
Minority borrowers in SCC	81%	57%
Average and Median AGI of borrowers in SCC	AVG: \$36,180 MED: \$43,168	AVG: \$53,038 MED: \$30,385



# Opportunity Fund Financial Review

Opportunity Fund developed a successful model for reaching and providing economic opportunity to traditionally disenfranchised populations in California. It is currently working to expand this model across the United States, primarily through the use of the online and technology platforms.

The change in business model has put pressure on the organization and its financial performance was lower than expected for the 4<sup>th</sup> quarter of 2019. Originations fell short of forecast by \$3M (28% below forecast), loan participation income fell 46% below budget, and total portfolio delinquencies increased from 3% to 5.9%.

COVENANTS	As of 6/30/19	As of 12/31/19
Debt to Net Asset Ratio Total Debt / Net Assets > 225%	358%	216%
Net Assets to Loan Portfolio Net assets / Outstanding Loans > 40%	26.8%	45%
Net Assets to Assets Net Assets / Total Assets > 20%	21.8%	25.5%
Cash & Marketable Securities to Current Debt (equivalent to Acid Ratio) Cash & marketable securities to current debt > 1	2.4	2.8
Average Total Expenses 5 fiscal year average of total expenses shall not exceed a 5 year fiscal average of total support and revenue	In compliance	In compliance

**Forward Looking Guidance:**  
*The current business model changes and economic pressures are putting financial pressure on the organization. However, the organization is well managed and is careful to meet its obligations as a borrower.*



# Landed Investment Overview

*Landed help educators buy homes in expensive areas, helping educators achieve their financial goals and schools retain talent.*

*Landed meets its mission in Santa Cruz County by offering Santa Cruz educators down payment assistance in exchange for an equity stake in the home.*



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Investment Purpose:	In Santa Cruz County, where the cost of home ownership is out of reach for many, Landed helps to improve school teacher recruitment and retention by providing educators with down payment support to help make homeownership more accessible.
Total Investment:	\$750,000(CIRF) + \$350,000(SRI) = \$1,100,000
Origination Date:	October 8, 2018
Maturity Date:	July 2025
Key Terms:	5% interest rate 10 year term Semi-annual interest payments Balloon payment of principal at maturity
Security:	Secured
Principal Outstanding:	\$0 as of January 22, 2020
Repayment Status:	Repaid in Full 1/22/2020
Reporting Status:	Pending – financial reporting pending
Covenant Compliance:	Pending – reporting requested

# Landed Impact Narrative

Landed has helped more than 200 educators buy more than \$100m in homes in the wider San Francisco area, Denver, San Diego, Los Angeles, and Seattle areas primarily where teachers report they may leave their positions due to the high cost of housing. With successful fundraising completed, the organization expects to expand into over a dozen markets by the end of 2019, including Austin, Boston, and Honolulu.

Landed also suggests that more of its borrowers are underrepresented minorities than the typical pool of homebuyers and that its programs help to alleviate familial financial pressures that perpetuate social inequities and racial wealth gaps.

To date, Landed has helped 12 educators in Santa Cruz County purchase homes. There are several recent news articles and YouTube videos focused on Landed supporting teachers in Santa Cruz County. Most of these articles describe CFSCC's partnership.



“When the option became available in our county it was a no-brainer for us! It was a positive experience where we felt very supported and like we financially could afford a home we wanted. We were very thankful for Landed’s input!”

- Cate Stalock, 1st Grade Teacher (not pictured)

Live Oak Elementary School

SOCIAL METRICS	Since Inception
Current employment information on the eligible participants	All still working in SCC
Number of educators in Santa Cruz County who have purchased a home with support from Landed	12 (\$1.032M invested)
Market Property Value	\$9.6M as of Oct 2019

# Landed Financial Review

Landed has successfully fundraised from national foundations to help expand its geographic reach. In April 2019, Landed successfully closed a \$7.5 million Series A round led by Initialized Capital, secured access to the Fannie Mae Community Seconds Program allowing teachers to access very competitive mortgage products, and has received more than \$5M in funding from the Chan Zuckerberg Initiative.

Landed, which manages the funds it sets up, offers down-payment assistance in exchange for a cut of the home's appreciated value. Landed, Inc., which is a licensed real estate brokerage, also gets money on every transaction.

Due a delay in reporting, we do not have any reporting or financial information to analyze other than public records and so it is difficult to determine the exact health and stability of the company. However the successful series A and continued support of funders indicates that the organization is likely healthy and performing well for its stage of development.

As a part of its Series A and other financial organization measures, Landed choose to repay its loan to CFSCC early. No financial reporting information was provided.

COVENANTS	As of 12/31/18	As of 6/30/19
Financial statements to be reviewed	Pending Reporting	Pending Reporting



*Dy, left, is a teacher, and her partner, Jen, is a police officer. The couple relied on a Landed down-payment-assistance program to help them buy a house.*

## Forward Looking Guidance:

*Landed has successfully repaid its loan to CFSCC*





# Appendix

# Risk Rating Index

Scale: **1** Strong   **2** Good   **3** Fair   **4** Weak   **5** Poor

1	Financial Strength	Management and BOD Strength	Organizational Capacity	Position within Field
	Current Ratio > 1.5		Able to produce accurate company prepared YTD financial statements	
	Strong cash reserve > 10 weeks	Strong, sophisticated, and engaged BOD		
	Debt/Net Asset < 3.0x	Senior management holds strong level of commitment, education, experience, and leadership	Has had CPA-prepared unqualified audits on a yearly basis for many years	Demonstrates programmatic excellence
	% of loan portfolio in default <4%			Strong sector growth
	Loan loss reserve/Loan Portfolio >10%	Management and employees viewed by industry peers as highly competent	Able to produce projections and other budgetary tools	Organization recognized on a national/regional level
	Strong revenue growth in foreseeable future		If organization is a current borrower, they send payments in a timely and accurate manner.	Demand for services continues to grow.
	Diverse revenue streams	BOD with diverse range of experience and skills that provide added-value to the organization	Strong, proactive finance team.	High level of loyalty from end users.
	Net profits every year			Received CDFI award in past 3 years
	Revenue growth of >5% in past 4 years	Strong financial commitment from BOD	Diverse products, including NMTC and/or other off balance sheet products	
	Easily able to access commercial debt			

# Risk Rating Index

Scale: **1** Strong    **2** Good    **3** Fair    **4** Weak    **5** Poor

2	Financial Strength	Management and BOD Strength	Organizational Capacity	Position within Field
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Current Ratio > 1.5

10 week cash reserve

Debt/Net Asset < 4.0x

% of loan portfolio in default <5%

Loan loss reserve/Loan Portfolio >8-10%

Revenue growth 5%

Net Assets / Total (Operating Expenses - Depreciation) >1.5

Net profit 3 out of last 4 years

Able to access commercial debt at a reasonable rate.

Strong and fairly sophisticated BOD

Minimal level of turnover at BOD, Senior Management and staff

BOD with diverse range of experience and skills that provide added-value to the organization

Has had CPA-prepared unqualified audits in recent years

Strong financial team

Reviewed historical financial statements

If organization is a current borrower, they send payments in a timely and accurate manner.

Diverse products

Demonstrates good programmatic outcomes

Moderate sector growth

Strong market share within geographic region

Demand for services continues to grow.

Strong level of loyalty from end users.

CDFI award in past 5 years

# Risk Rating Index

Scale: **1** Strong    **2** Good    **3** Fair    **4** Weak    **5** Poor

3	Financial Strength	Management and BOD Strength	Organizational Capacity	Position within Field
	Current Ratio < 1.5			Demonstrates a fair level of programmatic outcomes
	Cash reserve of 5-10 weeks			
	Debt/Net Asset < 5.0x	Average staff turnover; minimal Senior Management turnover	Prepares qualified audits or reviewed financial statements	Average reputation
	% of loan portfolio in default 6-8%			Average sector growth
	Loan loss reserve/Loan Portfolio 6-8%	BOD engaged, but not as sophisticated. BOD attempts to make up for lack of sophistication through eagerness to learn and continued Board Development	Fairly strong to average financial team	Medium market share within their geographic region
	Stagnant growth in revenue		If organization is a current borrower, they typically send payments in a timely and accurate manner.	Demand for services is moderate.
	Fluctuation in net losses and profits			Medium level of loyalty from end users.
	Unable to access commercial debt at a reasonable rate.		Products are limited	CDFI award (or other significant award) in the past 10 years



# Risk Rating Index

Scale: **1** Strong    **2** Good    **3** Fair    **4** Weak    **5** Poor

4	Financial Strength	Management and BOD Strength	Organizational Capacity	Position within Field
	2-4 week cash reserves			
	Debt/Net Asset < 6.0x			Demonstrates weak programmatic outcomes
	% of loan portfolio in default 8-10%	BOD turnover or other issues	Prepares 990's or compiled statements	Unclear or mediocre history
	Loan loss reserve/Loan Portfolio 4-6%	Some senior management turnover	Unable to produce company prepared YTD financials	Sector/field diminishing
	Net Assets / Total (Operating Expenses - Depreciation) >0.75	Weak financial commitment from BOD	Weak financial team	Declining market share within their geographic region
	Declining revenue, rising expenses	BOD is not mature and/or may not have strong skill sets	If organization is a current borrower, they typically send payments in late or inaccurately.	Demand for services is declining.
	Consistent Net losses		Organization has limited products	Low level of loyalty from end users.
	Unable to access commercial debt.			No awards

# Risk Rating Index

Scale: **1** Strong    **2** Good    **3** Fair    **4** Weak    **5** Poor

5	Financial Strength	Management and BOD Strength	Organizational Capacity	Position within Field
	Concentrated revenue streams			
	Historical net losses	Unsophisticated and unengaged Board of Directors	Unable to produce company prepared financial statements	Demonstrates poor programmatic outcomes
	Debt/Net Asset > 7.0x			
	% of loan portfolio in default 10+%	Weak or no financial commitment from BOD	Very weak or no financial team	Organization with no history
	Loan loss reserve/Loan Portfolio <4%	BOD turnover and other possible problems at the Board level	If organization is a current borrower, they typically send payments in late or inaccurately.	Bad reputation within field
	No cash reserves – possible deficit	Frequent turnover at senior management level		Dropping market share within their geographic region
	Debt/Net Asset Ratio >2.5	Minimal level of diversity	Organization has one product or multiple products with low interest level.	Demand for services continues to drop.
	Net Assets / Total (Operating Expenses - Depreciation) <0.75	Frequent turnover at staff level.		Low level of loyalty from end users.
	New Organization unable to access commercial debt.			No awards