Expert Insights: Integrated Capital Approaches to Racial Equity

Wednesday, September 9th | 10-11:30 am
Mission
To catalyze transformation by circulating capital for a more just, regenerative, and compassionate world.

We achieve our mission by:

• Offering investors and donors dynamic ways to align their money with their values.
• Connecting entrepreneurs with diverse forms of capital.
• Empowering leaders and advancing innovations in the field of social finance.

Values
Cultivating Gratitude
Building Trust
Encouraging Radical Collaboration
About Us

Since 1984, RSF has made over $750 million in loans and grants, placing us in the top tier of social finance organizations worldwide.

We have over 2,000 clients who are creating deeply positive impact by helping us redirect the flow of money into local markets, and support communities often damaged by exploitation and resource depletion.

We use an integrated capital approach to fund strategies and enterprises that are working to solve complex social and environmental problems.
RSF by the Numbers

100% Repayment Rate for Investors

2,000+ Groundbreaking Social Enterprises Supported Since 1984

85% Earned Income

$750 Million in Loans, and Grants

$220 Million Provided Over

>1,800 Investors and Donors

Total Assets >$220 Million
RSF Offerings

Invest
- Social Investment Fund
- Regenerative Economy Fund

Give
- Donor Advised Funds
- Thematic Collaboratives
- Money to Transform

Get Funding
- Loans
- Grants
- Guarantees
Integrated capital is the coordinated use of different forms of financial and social capital to support strategies and enterprises that are addressing complex social and environmental problems.

Integrated capital is the ability to provide different forms of capital to a client:

- At one point in time
- Over a period of time
- In intentional collaboration with other partners and funders
Integrated Capital Tools

LOANS
- Senior-secured loans
- Unsecured loans
- Loan participations

LOAN GUARANTEES
- RSF guarantees
- Third-party guarantees

GRANTS
- Technical assistance
- Third-party grants

NON-FINANCIAL RESOURCES
- Network connections
- Advisory support
RSF Offerings: Invest

Social Investment Fund

- Minimum investment: $1,000
- 90-day term
- Annual interest rate: .5%
- Supports social enterprises through RSF’s senior secured loan program
- Focus areas: food & agriculture, education & the arts, climate & environment
- Track record: Since 1984, 100% repayment to investors (principal + interest)

Who It’s For

Anyone who seeks to know where their money is working and wants to support mission-driven organizations.

Why It’s Unique

All participants have an opportunity to meet other RSF investors and borrowers and have a say in the setting of the interest rate via quarterly, community pricing gatherings.
Collaboratives

— Minimum: $100

— Collaboratives use philanthropic funding to provide enterprises with diverse forms of capital — loans, grants, and guarantees — along with the resources and connections they need to grow

— Collaboratives:
  o **Women’s Capital** – funds women-led social enterprises that support women and girls
  o **Food & Agriculture** – strengthens regional food systems, healthy soils, and sustainable supply chains
  o **Biodynamics** – accelerates the growth of organizations focused on the biodynamic movement
  o **Waldorf Education** – supports the continued evolution of Waldorf-inspired programs
  o **Racial Justice** – supports social enterprises led and owned by BIPOC entrepreneurs

Who It’s For

Individuals and foundations that would like to support enterprises by utilizing RSF’s integrated capital approach

Why It’s Unique

Provides creative, flexible financing and capacity building to early stage social enterprises
Women’s Capital Collaborative
A Philanthropic Initiative to Support Women Entrepreneurs
The Challenge

Women entrepreneurs are routinely left behind when it comes to funding. On average, women start businesses with half as much capital as men, despite women-led enterprises exhibiting faster rates of growth.

A Harvard Business School study found that, even when business pitches were identical, men were 60% more likely to be chosen to receive funding. Early growth stage capital is especially hard for women to raise.
Through our Women’s Capital Collaborative, we partner with women entrepreneurs to provide them with crucial growth capital when they need it most. This philanthropic initiative uses an integrated capital approach to fund women-led social enterprises. More than 75% of our funding supports women of color.
We partnered with The Runway Project to support their pilot program, Runway Project Oakland. Their mission is to catalyze African American wealth through small business ownership and standardize the way friends-and-family capital is deployed to African American, primarily women, entrepreneurs. They also provide culturally relevant technical support and a community of mentors.

Funding provided by the Women’s Capital Collaborative:

- **$100k**
  - **January 2018**
  - Loan to be used as collateral for loans they provide to entrepreneurs

- **$20k**
  - **April 2018**
  - Technical assistance grant to support business advisory services

- **$100k**
  - **August 2018**
  - Two additional loans to act as collateral for loans they provide to entrepreneurs

- **$130k**
  - **November 2018**
  - Technical assistance grant to provide marketing support

- **$20k**
  - **December 2018**
  - Technical assistance grant to provide marketing support

Stevonne Ratliff, founder of Beija Flor Naturals and Runway Project Oakland borrower
Selection Criteria

— Owned and/or led by women ¹
— Support women and/or girls in at least one of the following areas: health, economic empowerment, education, personal safety, and legal rights ²
— Committed to advancing women in their organization
— Collaborative, transparent, inclusive, and prioritize long-term benefit to stakeholders
— Based in the United States

¹ “Women” includes trans-women and people whose gender is non-binary

² Research from The Center for High Impact Philanthropy found five key dimensions crucial to women flourishing.
Examples of Enterprises Funded

Eu’Genia Shea
Employs and uplifts Ghanaian and American women through the sourcing and processing of shea butter and offers financial literacy training
Brooklyn, NY

Kreyol Essence
Provides economic empowerment to Haitian women and environmental restoration in Haiti through the creation of castor oil
Miami, FL

Spotlight: Girls
Uses the arts to educate, engage, and inspire girls, applying a social-emotional learning approach
Oakland, CA
Participatory Grantmaking
Democratization, collaboration, and community wisdom

Shared Gifting Circles – grantees have ownership, distribution and allocation authority

Flow Funding – new funders are entrusted with grantmaking decisions
Integrated Capital is the intention and process of coordinating all capital resources within SVCF to be working towards the same strategic goals.

- Financial Capital – Grants, Investments and Banking
- Human Capital – Thought Leadership, Educational Events and Convening
- Social Capital – Community Influence, Partnerships and Policy & Advocacy
- Physical Capital – Facilities and Suppliers

Using all forms of capital in a coordinated manner to achieve greater community impact and donor engagement in alignment with strategic goals.
<table>
<thead>
<tr>
<th>Strategy</th>
<th>Grantee</th>
<th>Grant</th>
<th>Purpose</th>
<th>Follow-on Impact Investment</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immigration</td>
<td>Self Help Federal Credit Union &amp; Center for Responsible Lending</td>
<td>Over $1 million since 2009</td>
<td>Support financial education, wealth-building, DACA lending and Bay Area expansion including new East San Jose branch</td>
<td>$8 million in cash deposits</td>
<td>Provide long-term capital for lending to low income communities</td>
</tr>
<tr>
<td>Financial Stability</td>
<td>California Reinvestment Coalition</td>
<td>$60,000</td>
<td>Study of displacement in Silicon Valley and advancing new policies</td>
<td>$8 million in cash deposits at Community Bank of the Bay</td>
<td>First bank signatory to CRC’s Anti-Displacement Code of Conduct</td>
</tr>
<tr>
<td>Housing</td>
<td>Bays Future Fund</td>
<td>$100,000 to BFF Policy Fund</td>
<td>Support inclusive policy making at state, region and local levels</td>
<td>$1 million to BFF Investment Fund</td>
<td>Concessionary debt for housing production and preservation projects</td>
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</tbody>
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Assessing Impact -> Financial Capital

<table>
<thead>
<tr>
<th>Traditional Investing</th>
<th>Responsible Investing</th>
<th>ESG / Sustainable Investing</th>
<th>Mission-Related Investments</th>
<th>Program-Related Investments</th>
<th>Recoverable Grants</th>
<th>Conventional Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments selected with little or no consideration given to social, environmental or corporate governance factors</td>
<td>Investments selected to avoid those with material interests in ethically or environmentally questionable products</td>
<td>Integration of environmental, social and corporate governance factors that may reduce risk, enhance enterprise value and benefit society</td>
<td>Intentional focus on high-impact solutions to societal challenges that can also generate a financial return</td>
<td>Intentional focus on high-impact solutions to societal challenges that typically require a subsidized rate of return to succeed</td>
<td>Grants in support of high-impact solutions to societal challenges that may be repaid if successful</td>
<td>Grants in support of high-impact solutions to societal challenges that cannot generate a financial return</td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>&quot;Financial Only&quot;</th>
<th>SRI</th>
<th>ESG</th>
<th>MRI</th>
<th>PRI</th>
<th>&quot;Social Only&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Return</td>
<td>Below Market Return</td>
<td>No Return</td>
<td></td>
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Source: siliconvalleycf.org/impact-investing
$588 Million in Impact Investments at SVCF

• 6% of Assets in 2019, up from 3% in 2015

Donor Directed:

• Social Impact Pool $73 million
• Individually Managed Fund Program $183 million
• Direct impact investments from DAFs $10 million
• Supporting Organizations $190 million

Foundation Directed:

• Capital Preservation Pool $170 million to local CDFIs
• Endowment $1 million to Bay’s Future Fund
• Other forms of integrated capital