



Annual Report 2011





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**How do you invest \$1 billion  
to benefit 1 million people?**



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This is  
how LIIF  
did it

# 1

Home  
Desk in School  
Child Care Center  
Green Classroom  
Car-free Household  
Healthy Meal

1 family  
at a time





**The Low Income Investment Fund's (LIIF's)** investments make places come to life. One loan and one grant at a time, LIIF turns spaces into the affordable homes, educational opportunities and secure jobs that low income families need to lift themselves out of poverty. Woven together, the investments LIIF makes build healthy, economically vibrant neighborhoods, where people live, learn and grow to their full potential. **Through this holistic approach to community development, LIIF has invested \$1 billion in communities to provide 1 million people with new opportunities to lead fulfilling lives.**



## JOINT LETTER FROM LIIF'S CHAIR AND PRESIDENT/CEO

**DEAR FRIENDS:** This year's annual report comes at an important moment for the Low Income Investment Fund (LIIF). LIIF has now invested \$1 billion in low income communities and served more than one million people.

In 2004, we set a 10-year goal of *"A Billion for a Million"* – a billion dollars invested in community development projects serving one million people. In just seven years – far ahead of target – we achieved our goal. LIIF has doubled our capital impact and tripled our human impact by improving the lives of thousands of low income families.

As we reflect on these past few years, several points stand out:

- **Mission:** Poverty alleviation remains our north star. We have stayed true to this mission and hewed closely to our core competency of creating capital solutions for low income people and places. We have also created a new holistic vision for LIIF and engaged the community development sector in a discussion about the nexus of people- and place-based strategies. This led us to launch three new programs – transit-oriented development, innovative green financing and healthy food financing – to complement our original programs of affordable housing, education and child care.
- **Money:** We kept to the basics of strong financial management – running in the black, building our equity and growing carefully. LIIF emerged from the worst economic climate in 70 years on solid financial footing, with a strong capital base and as a top-tier community capital institution. We remain a trusted steward for our investors' capital, effectively deploying resources and attracting new capital partners to invest in the neighborhoods we serve.
- **Impact:** Throughout our growth, LIIF maintained an emphasis on investing capital for high mission and high impact projects. We collaborate with others to expand our impact and create strategic partnerships with closely aligned nonprofit organizations, financial institutions and public agencies.

Ultimately, however, our *"Billion for a Million"* goal has come about through small steps, rather than great leaps. We believe that is how change occurs. At LIIF, we are about changing lives: one million people with new possibilities created through these small steps – one home, one school and one family at a time. We will carry this momentum forward into the next decade because the people and communities we serve need us more now than at any time in the past. Project-by-project and person-by-person, we look forward to investing our next \$1 billion and serving the next million people.

Sincerely,



DANIEL NISSENBAUM, *Chair of the Board*



NANCY O. ANDREWS, *President and CEO*



### LIIF'S VISION & MISSION:

LIIF is dedicated to creating pathways of opportunity for low income people and communities. Serving the poorest of the poor, LIIF is a steward for capital invested in community-building initiatives. In so doing, LIIF provides a bridge between private capital markets and low income neighborhoods.

# 1 New Discovery Every Day

Christina sees the benefits of early childhood development on a daily basis. She brings her 13-month-old son, Isaiah, to Kidango's Marie Kaiser Center for care. She watches how Isaiah and the other children at Kidango are always engaged in activities, allowing them to pick up new skills quickly. Kidango serves more than 2,500 children in 10 cities in the San Francisco Bay Area, almost exclusively from low income families. From 2005-2011, LIIF, through its partnership with First 5 Alameda, has provided Kidango with \$530,000 for new and enhanced facilities, outdoor play areas and fruit and vegetable gardens at several centers. LIIF's support has made the centers safer, healthier and more stimulating spaces for children like Isaiah to learn and play.

**I volunteered (at Kindango) and saw how nurturing they are. That's why I chose this center for Isaiah. I can tell he really likes it and feels so comfortable here.**

*– Christina, Kidango parent*



# 1 Afternoon of Stories and Laughter

Barbara was born and raised in Boston. She retired after working for 42 years at the same company. After she became ill, her social worker said Barbara should not live on her own and suggested she move to Mount Pleasant Home (MPH). MPH is an elder residence in Boston's Jamaica Plain neighborhood. More than half its residents are very low income seniors. LIIF provided a New Markets Tax Credit allocation as part of a \$20.3 million transaction to improve and expand the 100-year-old facility. MPH now has 16 new and 44 renovated units, an onsite health clinic and a new three-story atrium – all built to LEED Gold standards. Barbara just settled into one of the new units, and after hanging a picture of her parents, she said she felt like she was home.

**It's been a blessing to live (at Mt. Pleasant Home), especially now that we have our new beautiful building. The people here are my second family.**

*– Barbara, Mt. Pleasant Home resident*



# 1 Life Off to a Jump Start

When the principal knocked on her door to say a new school was opening near her home, Maria immediately filled out the application. She had been concerned about the local schools but because she spoke little English, she was not sure how to find other options. Maria and her husband were thrilled when their daughter, Romina, was accepted to Rocketship Discovery Prep (RDP) for Kindergarten. RDP is one of five Rocketship Education schools serving 1,000 students in San Jose, California, and is dedicated to eliminating the achievement gap for low income students. LIIF provided a leveraged loan and a New Markets Tax Credit allocation as part of a \$10.5 million deal to build RDP from the ground up. Romina is excelling under Rocketship's hybrid education model that combines classroom teaching with individual instruction using tutors and online technology.

**I've seen the change in Romina since coming to Rocketship. This is the best opportunity for her to start on a path to college.**

*– Maria, Rocketship Discovery Prep parent*



## SELECTED FINANCIAL DATA

Statement of Financial Position	2011	2010	2009
AS OF JUNE 30			
<b>Assets</b>			
Cash and investments	\$11,373,223	\$19,192,026	\$37,713,451
Restricted cash	28,433,361	16,589,454	17,299,460
Notes receivable	104,114,891	91,798,892	94,221,211
Allowance for loan losses	(5,256,228)	(5,584,330)	(9,074,332)
Other assets	27,523,973	10,311,828	9,660,535
<b>Total assets</b>	<b>\$166,189,220</b>	<b>\$132,307,870</b>	<b>\$149,820,325</b>
<b>Liabilities and net assets</b>			
<b>Liabilities</b>			
Notes payable	\$87,897,454	\$76,843,301	\$101,433,144
Funds held in trust	11,540,656	4,348,388	4,792,724
Other liabilities	4,634,816	3,884,389	3,952,238
<b>Total liabilities</b>	<b>\$104,072,926</b>	<b>\$85,076,078</b>	<b>\$110,178,106</b>
<b>Net assets</b>			
Unrestricted	\$29,300,413	\$26,485,434	\$23,430,391
Temporarily restricted	32,815,881	20,746,356	16,211,828
<b>Total net assets</b>	<b>\$62,116,294</b>	<b>\$47,231,790</b>	<b>\$39,642,219</b>
<b>Total liabilities and net assets</b>	<b>\$166,189,220</b>	<b>\$132,307,870</b>	<b>\$149,820,325</b>

Statement of Activities	2011	2010	2009
FOR FISCAL YEAR			
<b>Revenue</b>			
Interest and investment income – net	\$6,348,147	\$6,228,636	\$7,275,515
Technical assistance and consulting	2,947,619	3,669,649	5,429,740
Grants and contributions	16,402,862	5,663,159	6,217,633
Other	2,624,462	4,437,975	2,762,785
<b>Total Revenue</b>	<b>\$28,323,090</b>	<b>\$19,999,419</b>	<b>\$21,685,673</b>
<b>Expenses</b>			
Program expenses	\$10,527,986	\$9,741,491	\$17,107,465
Supporting expenses	2,910,602	2,668,355	2,554,512
<b>Total Expenses</b>	<b>\$13,438,588</b>	<b>\$12,409,846</b>	<b>\$19,661,977</b>
Change in unrestricted net assets	\$2,814,977	\$3,055,045	\$2,352,696
Change in temporarily restricted net assets	12,069,525	4,534,528	(329,000)
<b>Change in total net assets</b>	<b>\$14,884,502</b>	<b>\$7,589,573</b>	<b>\$2,023,696</b>



## Funders & Donors

The Annie E. Casey Foundation  
The Appleton Foundation  
Astoria Federal Savings  
The BTMU Foundation, Inc.  
Capital One Foundation  
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City and County of San Francisco,  
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U.S. Department of the Treasury Small  
Business Lending Fund  
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Wells Fargo Community Development Corporation

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## ABOUT LIIF

As a leading national community development financial institution (CDFI), the Low Income Investment Fund (LIIF) invests capital to support healthy families & communities. LIIF provides loans, grants and technical assistance to projects that create economic opportunities for low income people. LIIF employs a comprehensive community development strategy by investing across six core program areas: affordable housing, child care, education, green financing, healthy food and transit-oriented development.



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[www.liifund.org](http://www.liifund.org)  
[info@liifund.org](mailto:info@liifund.org)