LIIF'S VISION AND 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 housing, child care, education and other community-building initiatives. In so doing, LIIF provides a bridge between private capital markets and low income neighborhoods.
Opportunities extended to one individual can change the story line of many lives. A single individual’s *success ripples out* to improve the outcomes for a family, a neighborhood and even a community. For 25 years, the Low Income Investment Fund (LIIF) has given more than 700,000 low income people the opportunity to write life stories that are not predetermined by poverty, but instead are based on their *dreams for the future*.

By investing in the fundamentals of economic stability—housing, education and child care—LIIF helps low income people *begin a new chapter* in their lives.
DEAR FRIENDS: This year, LIIF reflects on both the previous 12 months and the path it has traveled over the past 25 years. During this time, LIIF has invested $750 million and mobilized $5.1 billion for America’s poorest communities. Most important, this capital has helped to change more than 700,000 lives – mothers, fathers, students, children – each with a story of overcoming odds and living a life full of new opportunities. This annual report celebrates a few of these stories of success.

For the last two-and-a-half decades, LIIF has worked to ensure that these individual stories are replicated many times over. In the context of the recent economic crisis, the importance of this work came sharply into focus. LIIF and its community development peers assumed the role of “first responders” in America’s most vulnerable communities. We have implemented innovative strategies and a good dose of patience, so that families continue to have access to stable housing, quality child care and a good education, regardless of their income. LIIF has complemented this on-the-ground work with a vigorous policy program to support efforts crucial to LIIF’s mission of poverty alleviation now and for the next quarter-century.

LIIF’s track record of positive impact is built on a commitment to organizational sustainability, a dedicated staff and strong partnerships. Despite frozen capital markets, LIIF served nearly 75,000 people last year with investments of more than $80 million. And we’re not stopping now. Building on our experience “greening” child care centers and financing transit-oriented development projects, LIIF is charting its next chapter based on a vision of every family living and thriving in a healthy, green environment. We are energized by the challenges and opportunities ahead and continue to strive to achieve our goal of mobilizing $1 billion for 1 million people by 2014.

Stories of success are simple in the communities in which LIIF works – a secure place to sleep, a better school for a student, a way to manage child care, a job, and paying the bills. In this, our 25th year of serving families most in need, we are inspired by the individuals who have changed the arc of their lives with LIIF’s support. We look forward to the next 25 years, knowing that your continued support will help us make hundreds of thousands of new stories possible.

With gratitude,

PHYLLIS R. CALDWELL
Chair of the Board

NANCY O. ANDREWS
President and CEO
$750 million
INVESTED

54,000
SAFE AND AFFORDABLE HOMES

43,000
STUDENTS IN HIGH-PERFORMING SCHOOLS

123,000
QUALITY CHILD CARE SPACES

75,000
JOB OPPORTUNITIES
Stable housing creates the foundation that enables families to plan for the future and invest in their children’s health and education. When linked with access to community services, retail and transportation, affordable housing becomes the core of building a stable, thriving neighborhood. LIIF provides financing for the development of affordable homeownership and rental units. LIIF also supports housing for individuals with special needs and invests in developments that build healthy, vibrant communities like mixed-use facilities and transit-oriented development.

““It was hard to do, but we never even thought about giving up. I am
An Apartment on the edge of San Francisco’s Chinatown has been Yu Chiu Kwan’s home for more than 30 years. He and his wife raised two children in the apartment and, like most of their neighbors, are now seniors living on a low fixed income. They managed through the problems in the 99-year-old building – leaky faucets, peeling paint, poor heating and cooling systems – that the owner never fixed. After all, they were among friends. Most of their neighbors had lived in the building as long as they had.

Mr. Kwan watched the residents of nearby buildings move away as old apartments were redeveloped into newer residences or office space, and he hoped it wouldn’t happen to him. But when their building changed owners, the Kwans and the rest of the building’s residents were told that they would also need to find new places to live. Instead of moving, they decided to fight for their homes, and the San Francisco Community Land Trust (SFCLT) and the Low Income Investment Fund agreed to help. LIIF provided $4.3 million in multiple stages of financing for the predevelopment, acquisition and rehabilitation of the building. LIIF’s financing allowed SFCLT to attract additional public and private capital for the unique arrangement in which the land trust owns the land beneath the building and the tenants own their units through a limited-equity cooperative. Mr. and Mrs. Kwan were able to move back into a refurbished apartment this year. As president of the cooperative’s board, Mr. Kwan hopes to keep his neighbors working together to maintain their homes for many years to come.
Every investment in a young child has exponential benefits for the child’s future outcomes, her family and society. Children who attend well-run child care programs grow up to do better in school and have lower rates of delinquency and welfare dependence. Affordable child care also means parents can go to work and save for their children’s future. LIIF strategically invests in the growth of high quality child care providers, the development of greener facilities and the building of local systems that ensure every family has access to the benefits of early care and education.
was a rapidly growing community with new homes and new opportunities appearing everywhere when Elisabeth Carpenter moved there with her daughter, Alicia. She relocated from Texas to be closer to her father and extended family. They needed the extra help at home, which she could do while taking care of Alicia. Then, the recession hit, and people in Fresno began to lose their jobs and homes faster than almost anywhere in the country.

As people in her community struggled, Elisabeth thought about Alicia’s future and knew that education could make her less vulnerable to the difficulties her neighbors and family faced. Elisabeth’s friend had a son who attended the Franklin Head Start Center and was already learning to read. She applied for the program, and Alicia began attending last year. Through its California Preschool Energy Efficiency Program (CPEEP), LIIF provided over $50,000 in energy-efficiency improvements for Franklin Head Start and the 24 other early childhood education sites operated by the Fresno County Economic Opportunity Commission (EOC). Fresno County EOC serves over 3,000 children and is already saving money as a result of the improvements. This means that more resources can be devoted to children like Alicia. Elisabeth, who feels good that her daughter is spending time in a healthier environment, has seen her flourish at Franklin Head Start. She now volunteers her time at the program to make sure Alicia and the 160 other children at the center have the best possible opening chapter of life.

be anything she wants when she grows up.” ELISABETH CARPENTER
EMPOWERING STUDENTS TO REWRITE THE

Story of Potential

Education is one of the most effective tools for lifting people out of poverty. Graduation from high school and college results in hundreds of thousands of dollars in increased earning potential over the course of a person's lifetime. LIIF’s education program focuses on the development of high-performing charter schools for underserved students. By providing educational organizations with flexible and affordable financing, LIIF helps schools create exceptional learning environments that prepare youth for the workforce and raise educational achievement for generations.

“My dreams for my future haven’t really changed, but Democracy Prep helped me
While in elementary school, Victor decided that he would apply to Democracy Prep Charter School, the new school about to open near his home in Harlem. He was proud and excited when he found out that he would be part of its first sixth-grade class of 118 students. Victor knew he would make the most of this opportunity, which was an alternative to the schools in his district from which fewer than half of the students graduate from high school.

When it opened, Democracy Prep’s students shared facilities with another school. This meant cramped quarters and extra distractions. Nonetheless, Victor and his classmates thrived under the challenging academic program. The school was ranked in the top one percent of New York City schools in its first three years. As it grew, Democracy Prep looked to expand into an old church nearby, and LIIF provided a $3.5 million construction loan to Civic Builders, a nonprofit charter school facilities developer, for the renovation. The new facility opened this year for the school’s 350 students in the sixth to ninth grades. The site will enable Democracy Prep to grow and to achieve its goal of serving 750 middle and high school students. Victor says he feels better about being in the new site, which is open and has windows everywhere. Now entering ninth grade, Victor dreams of becoming a philosopher and writer; with the support of Democracy Prep, he is determined to achieve that goal.

For a complete list of the organizations LIIF supports, visit www.liifund.org/projects.
LIIF SUPPORTERS

Donors
Appleton Foundation
Astoria Federal Savings
Bank of America
Bank of the West
The BTMU Foundation, Inc.
Capital One
Citi Foundation
City and County of San Francisco, Department of Children Youth and Families
City and County of San Francisco, Department of Human Services
City National Bank
Community Development Financial Institutions (CDFI) Fund
The David & Lucile Packard Foundation
Deutsche Bank Americas Foundation
Christopher Donahue
Evelyn and Walter Haas, Jr. Fund
Every Child Counts – First Five Alameda County
The F.B. Heron Foundation
First 5 California
First 5 San Francisco
First Regional Bank
Friedman Family Foundation
HSBC Bank USA, N.A.
Insight Center
The John D. and Catherine T. MacArthur Foundation
JP Morgan Chase Foundation
Lee and Perry Smith Fund
Manufacturers Bank
Marisla Foundation
Mental Insight Foundation
Merrill Lynch Community Development Company, LLC
MetLife Foundation
New York City Administration for Children’s Services
New York City Council
Pacific Gas and Electric Company
San Diego Gas & Electric
Ellen Seidman
Signature Bank
Southern California Edison
TD Bank USA, N.A.
David Thomas
U.S. Bank
Union Bank of California Foundation
United Way of New York City
The Wachovia Foundation
Weingart Foundation
Wells Fargo Foundation

Investors
Ethel Ackley
Ascension Health
The Associated Sulpicians of the United States
Bank of America Community Development Corp.
Bank of the West
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
California Community Foundation
Calvert Social Investment Foundation
Catholic Healthcare West
Chase New Markets Corp. Citicorp USA, Inc.
Community Development Financial Institutions (CDFI) Fund
CR Alternative Trust
The David and Lucile Packard Foundation
David D. & Dorothy N. Perkins Trust
Deutsche Bank Americas Foundation
Dominican Sisters of Mission San Jose
Erich & Hannah Sachs Foundation
The F.B. Heron Foundation
Nancy Falk
Fannie Mae Foundation
First Republic Bank
Ford Foundation
Funding Exchange-Endowment
The Gadfly Trust
Global Ministries, United Methodist Church
Hamm Bank
HSBC Bank USA, N.A.
Impact Community Capital, LLC
The John D. and Catherine T. MacArthur Foundation
JP Morgan Chase Bank
Katherine Perlis Trust
Manufacturers Bank
Mercy Partnership Fund
Merrill Lynch NMTC Corporation
Metropolitan Life Insurance Company
Mizuho Corporate Bank of California
MLBUSA Community Development Corporation
Nineveh Trust
Norman L. & Deirdre F. Cram Trust
Northern Trust, N.A.
Opportunity Finance Network
Ridgewood Savings Bank
Sachs Foundation
Signature Bank
Silicon Valley Bank
Sisters of Charity, BVM
Sisters of Charity of the Incarnate Word
Sisters of St. Joseph in California

Financing Partners
Annie E. Casey Foundation
California Charter Schools Association
Catholic Healthcare West
Century Housing Corporation
Citibank Community Capital
City of New York Department of Housing Preservation & Development
Community Preservation Corp.
Community Reinvestment Fund
Clearinghouse CDFI
Enterprise Community Loan Fund
Exchange Bank
Fund for Schools and Communities
General Board of Pension & Health Benefits of the United Methodist Church
Housing Partnership Network
JP Morgan Chase Bank
L.A. Charter School New Markets CDE
Local Initiatives Support Corporation
Mercy Loan Fund
NCB Capital Impact
New York City Retirement Systems
Nonprofit Finance Fund
Northern California Community Loan Fund
Opportunity Fund
The Reinvestment Fund
San Francisco Mayor’s Office of Community Development
Self-Help Credit Union
Uncommon Schools, Inc.

“The Low Income Investment Fund is a model of excellence in creating opportunities in low income communities. They have demonstrated the transformative power of investment motivated by concern for community.”

–HOUSE SPEAKER NANCY PELOSI
Affordable Buildings for Children’s Development Initiative Advisory Committee
Fran Kipnis, Chair
Center for the Study of Child Care Employment, UC Berkeley
Ed Bolen, Child Care Law Center
Nina Buthee, California Child Development Administrators Association
Nancy Duff Campbell, National Women’s Law Center
Moira Kenney, First 5 Association of California
Camille Maben, California Department of Education, Child Development Division
Scott Moore, Preschool California
Marc Nemanic, Tri-County Economic Development Corporation
Noni Ramos, Enterprise Community Loan Fund, Inc.
Carolina Reid, Federal Reserve Bank of San Francisco
Tom Silva, San Ysidro School District and San Diego County Office of Education
Dianne Spaulding, Non-Profit Housing Association of Northern California

Community Facilities Loan Committee
Daniel Nissenbaum, Chair
Goldman Sachs Bank
Sarah Bennett, Wells Fargo Bank
Dudley Benoit, JPMorgan Chase
Priya Jayachandran, Bank of America
Dan Letendre, Bank of America
Adam Miller, California Charter School Association
Rebecca Regan, Boston Community Capital

Fund for Children and Communities, LLC Advisory Board
Anne Arvia, Nationwide Bank* 
Phyllis R. Caldwell, Washington Area Women’s Foundation*
Nancy Duff Campbell, National Women’s Law Center
Robin Hughes, Adobe Communities

Housing and Commercial Real Estate Loan Committee
Steven Fayne, Chair
Citi Community Capital
Mary Kaiser, Vice Chair
California Community Reinvestment Corporation
John Chan, U.S. Bank
Bernard Deasy, Merrill Community Capital
Matt Kelly, Phipps Housing
Patrick Nash, JPMorgan Capital Corporation
Joe Reilly, Community Development Trust

New York Advisory Committee
David Beer, Common Ground
Mary Brennan, Community Preservation Corporation
Amy Brusiloff, Bank of America
Beth Gilroy, The Bank of Tokyo Mitsubishi UFJ, Ltd., The BTMU Foundation, Inc.
Susan Hyman, JPMorgan Chase
Becky Koch, HSBC Bank USA, N.A.
Asad Mahmood, Deutsche Bank
Lesley Palmer, Mizuho Corporate Bank, Ltd.
Mariadele Priest, Mizuho Corporate Bank, Ltd.
David Umansky, Civic Builders

San Francisco Child Care Facilities Fund Program Advisory Committee
Gretchen Ames, Gateway to Quality
Linda Asato, Wu Yee Children’s Services
Natalie Brutto, Nakai Consulting
Gloria Corral, First 5 San Francisco
Sally Large, Friends of St. Francis Day Care
Mardi Lucich, San Francisco Department of Children, Youth and Their Families
Ingrid Mezquita, First 5 San Francisco
David Whitfield Pearson, San Francisco Head Start and Early Head Start Program
Michele Rutherford, San Francisco Department of Human Services
Juana Santana, San Francisco Head Start and Early Head Start Program
Delores Smith, Children’s Council of San Francisco
Maria Luz Torre, Parent Voices
Kathleen White, City College of San Francisco

* Term ended October 2009
Statement of Financial Position

AS OF JUNE 30

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$37,713,451</td>
<td>$38,856,138</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>17,299,460</td>
<td>19,409,864</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>94,221,211</td>
<td>90,382,647</td>
</tr>
<tr>
<td>Allowance for loan losses</td>
<td>(9,074,332)</td>
<td>(6,499,600)</td>
</tr>
<tr>
<td>Other assets</td>
<td>9,660,535</td>
<td>9,805,495</td>
</tr>
<tr>
<td>Total assets</td>
<td>$149,820,325</td>
<td>$151,954,544</td>
</tr>
</tbody>
</table>

| Liabilities and net assets |           |           |           |
| Liabilities              |           |           |           |
| Notes payable            | $101,433,144| $100,597,151| $91,014,280|
| Funds held in trust      | 4,792,724   | 8,434,442   | 14,379,518  |
| Other liabilities        | 3,952,238   | 3,304,428   | 1,599,519   |
| Total liabilities        | $110,178,106| $114,336,021| $106,993,317|

| Net assets               |           |           |           |
| Unrestricted             | $23,430,391| $21,077,695| $17,354,361|
| Temporarily restricted   | 16,211,828 | 16,540,828 | 10,864,794 |
| Total net assets         | $39,642,219| $37,618,523| $28,219,155|

| Total liabilities and net assets |           |           |           |
| Total liabilities and net assets | $149,820,325| $151,954,544| $135,212,472|

Statement of Activities

FOR FISCAL YEAR

<table>
<thead>
<tr>
<th>2009</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and investment income – net</td>
<td>$7,275,515</td>
<td>$7,938,300</td>
</tr>
<tr>
<td>Technical assistance and consulting</td>
<td>5,429,740</td>
<td>8,083,690</td>
</tr>
<tr>
<td>Grants and contributions</td>
<td>6,217,633</td>
<td>9,824,369</td>
</tr>
<tr>
<td>Other</td>
<td>2,762,785</td>
<td>1,613,727</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$21,685,673</td>
<td>$27,460,086</td>
</tr>
</tbody>
</table>

| Expenses  |           |           |           |
| Program expenses | $17,107,465| $15,333,386| $13,789,873|
| Supporting expenses | 2,554,512  | 2,727,332  | 3,399,517   |
| Total Expenses | $19,661,977| $18,060,718| $17,189,024|

| Change in unrestricted net assets | $2,352,696  | $3,723,334  | $1,363,292  |
| Change in temporarily restricted net assets | (399,000)  | 5,676,034   | (900,444)   |
| Change in total net assets        | $2,023,696  | $9,399,368  | 372,848     |

Total Capital Under Management

FOR FISCAL YEAR IN MILLIONS

<table>
<thead>
<tr>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managed Capital</td>
<td>$106</td>
<td>$164</td>
<td>$194</td>
<td>$562</td>
</tr>
<tr>
<td>Total Available Capital</td>
<td>$200</td>
<td>$246</td>
<td>$200</td>
<td>$572</td>
</tr>
</tbody>
</table>

Cumulative Lending by Program Area

SINCE INCEPTION THROUGH JUNE 30, 2009

<table>
<thead>
<tr>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td>21%</td>
<td>66%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Top-Performing Schools</td>
<td>66%</td>
<td>6%</td>
<td>21%</td>
<td>7%</td>
</tr>
<tr>
<td>Quality Child Care</td>
<td>66%</td>
<td>6%</td>
<td>21%</td>
<td>7%</td>
</tr>
<tr>
<td>Other Community Facilities</td>
<td>6%</td>
<td>21%</td>
<td>7%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Child Care Grants

FOR FISCAL YEAR IN MILLIONS

<table>
<thead>
<tr>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13</td>
<td>$3.0</td>
<td>$5.1</td>
<td>$5.6</td>
<td>$5.0</td>
</tr>
</tbody>
</table>
ABOUT LIIF

As a leading national community development financial institution (CDFI), the Low Income Investment Fund invests capital in low income people and neighborhoods. LIIF employs a comprehensive strategy by providing loans, grants and technical assistance for the development of affordable housing, education, child care, and green, healthy communities.

LIIF BOARD OF DIRECTORS

PHYLIS R. CALDWELL, Chair*
Washington Area Women’s Foundation

DANIEL A. NISSENBAUM, Vice Chair
Goldman Sachs Bank

NANCY DUFF CAMPBELL, Secretary
The National Women’s Law Center

ELIZABETH L. PUGH, Treasurer
Local Initiatives Support Corporation

ANNE ARVIA* Nationwide Bank

STEVEN FAYNE Citi Community Capital

ROBIN HUGHES, Secretary**
Abode Communities

MARY KAISER California Community Reinvestment Corporation

DAN LETENDRE Bank of America

JUDD S. LEVY New York State Housing Finance Agency
and State of New York Mortgage Authority

KIRSTEN S. MOY The Aspen Institute

SHEKAR NARASIMHAN Beekman Advisors, Inc.

PATRICK J. NASH JPMorgan Capital Corporation

JIM J. PARK New Vista Asset Management

ELLEN SEIDMAN ShoreBank Corporation

* Term ended October 2009
** Term ended July 2009

LIIF STAFF

SAN FRANCISCO

Nancy O. Andrews, President and Chief Executive Officer

Delsie Austinson, Executive Assistant to the President and Chief Executive Officer

Susanna Cheng, Program Officer, CCFF

Deborah Claretti, Loan Administration Manager National Lending

Edward Condon, Managing Director, National Child Care Programs

Hien Dang, Finance Assistant

Kim Di Giacomo, Program Officer, CCFF

Alameda County

Art Fatum, Chief Financial Officer and Executive Vice President, Capital Markets

Sarah Garrett, Credit Associate

Sze Jin Ho, Program Assistant, CCFF

Samantha Hojo, Marketing and Communications Manager

Roxanne Huey, Controller

Michael Kovitch, Program Associate

Amy Laughlin, Loan Officer

Deborah Leland, Chief Credit Officer

Eva Li, External Billing and Reporting Associate

Diane Liang, Senior Accountant

Katie Simon, Manager, Administration and Human Resources

Jessica Standiford, Associate Director, Development

LOS ANGELES

Lisa Appleberry, Loan Officer

Alesia Calhoun, Administrative Assistant Constructing Connections

Maricela Carlos, Program Manager Constructing Connections

Carlos Cruz, Senior Credit Associate

Ellen Decker, Program Officer Constructing Connections

Jon Dempsey, Senior Program Officer ABCD Initiative

Manuel Fierro, Senior Program Officer Constructing Connections

Matthew Haas, Deputy Director, California Lending

Claudia Lima, Senior Loan Officer

NEW YORK

Hannah Blitzer, Senior Loan Officer

Diane Borradale, Senior Asset Manager

Paris Ingram, Administrative Assistant

Judi Kende, Director, New York Region

Kim Latimer-Nelligan, Chief Operating Officer

Claudia Siegman, Director, New York Child Care Seed Fund

Benson Thomas, Senior Credit Associate

WASHINGTON, D.C.

Corey Carlisle, Director, Federal Policy and Government Affairs

Daniel Strack, Staff Accountant

Leslie Swift Bernal, Portfolio Analyst

Imelda Tanega, Finance Associate

Jacob Wang, Program Manager, CCFF

Matthew West, Data Analyst, CCFF

Candace Wong, Director, CCFF