INVESTING IN PLACES.
INVESTING IN PEOPLE.
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 community-building initiatives. In so doing, LIIF provides a bridge between private capital markets and low-income neighborhoods.

BUILDING COMMUNITIES IS ABOUT MORE THAN BUILDINGS.
IT IS FINDING A SAFE SPACE TO PLAY OUTSIDE, ENJOYING A FAMILY MEAL AROUND THE TABLE OR WALKING TO THE CORNER STORE FOR GROCERIES. THE LOW INCOME INVESTMENT FUND (LIIF) makes it easier for low income families to achieve these simple pleasures of daily life. LIIF’s greatest impact comes from investing in initiatives that build up places and people. LIIF opens the door to opportunity for low income individuals and creates vibrant communities full of new possibilities through a collaborative and innovative approach to community development. LIIF’s investments transform houses into homes, storefronts into jobs and street blocks into neighborhoods.
DEAR FRIENDS: For more than 25 years, the Low Income Investment Fund (LIIF) has used flexibility and innovation to respond to the needs of low income people and communities. These skills were never more important than in the past year, as the neighborhoods we serve faced extraordinary challenges. They are among the hardest hit by the economic downturn and will be the slowest to recover. Over 40 million Americans live in poverty – the largest number in the half-century that the government has tracked this statistic. LIIF heard from these communities that our support was needed now more than ever before. We responded. LIIF’s investments generated $1.9 billion in social benefit through additional family income and societal savings. Over LIIF’s history, this social benefit is estimated at $17 billion. To achieve this impact, LIIF deployed over $103 million in capital during our 2010 fiscal year – the highest volume of lending in our history. This year, our community investments supported:

• 590 homes for families and kids
• 4,700 spaces in high performing schools
• 29,000 spaces in child care centers
• 90,000 square feet of commercial and community facility space in transit-oriented development projects
• $56 million of green housing, child care facilities and other community facilities
• 4,800 job opportunities

LIIF demonstrated its ability to adapt, respond and thrive in a difficult economic climate. We launched three new programs – innovative green finance, transit-oriented development and a healthy foods initiative. We attracted new capital from investors seeking a trusted financial partner that could make a difference in the lives of people and places left behind the economic mainstream. LIIF’s capital and services helped keep families in homes, kids in school and people working.

LIIF also continues to look at the big picture, imagining the future and envisioning ways the community development field must evolve. A growing body of research across the health, community development and social science sectors teaches us that poverty harms families not only economically, but physically and impairs healthy development, particularly for children. We all recognize that it takes more than investing in the built environment to create lasting change in the future of children and families. But now we understand that we must organize our investments in a way that supports human growth and development along with community development.

At LIIF, we feel we must stretch harder than ever before – not in spite of the recession, but because of it. The obstacles facing the people we serve continue to mount – stubborn unemployment, rising levels of foreclosure, decreased public support and services. Therefore, our task is to step forward to meet the extraordinary challenges we face with equally bold vision, creativity and resolve.

Sincerely,

DANIEL NISSENBAUM
Chair of the Board

NANCY O. ANDREWS
President and CEO
Since 1984, LIIF has worked to build thriving, sustainable communities and create opportunities for low income people to lift themselves out of poverty.

$900 million invested in:

- 55,000 affordable homes
- 50,000 students in high-performing schools
- 160,000 quality child care spaces
- 75,000 job opportunities
- 5,400,000 square feet of greener space
- 850,000 people served
INVESTING IN ECONOMIC OPPORTUNITY

A family living in an affordable home has an increased chance for economic stability. Building that home in a safe neighborhood and linking it to public transportation with access to jobs, schools and services raises the economic prospects of a whole community. By providing capital to build affordable and supportive housing and transit-oriented developments, LIIF creates places that people are proud to call home.

Rhode Island Station
Washington, DC

The $107 million RHODE ISLAND STATION project in Washington, DC, will serve as a hub for people living, working and shopping in the neighborhood. The mixed-use transit-oriented project will provide economic stimulus and create jobs in an area with a 29% poverty rate. The development, which includes affordable and market-rate housing and space for stores and local services, received an award from the Washington Smart Growth Alliance. LIIF provided $17.2 million of New Markets Tax Credits (NMTC) as one part of a unique public-private collaboration that financed this project.

Building Better Neighborhoods
Transit-Oriented Development (TOD)

LIIF’s TOD program supports projects that locate affordable homes and community services within easy access to public transportation. This strategy provides significant economic, social and environmental benefits for low income families and neighborhoods. LIIF has already invested over $16 million in TOD projects since it launched its TOD program in 2010. This year, LIIF was selected to manage a newly created Bay Area TOD Fund in Northern California.
SKID ROW HOUSING TRUST (SRHT) PROVIDES MORE THAN A HOME to over 2,000 residents in Los Angeles’ Skid Row. SRHT takes a holistic approach to solving the issue of homelessness and was one of the first organizations to combine permanent housing with onsite social services. SRHT creates homes where people enjoy living, and several of their developments have received national recognition for design. In addition to supporting residents, SRHT’s work has helped revitalize the neighborhood. LIIF provided $2.6 million in early-stage capital to build Abbey Apartments, the place Ms. Parker and 112 other residents go home to every evening.

At age 59, I ended up on the streets. Being at Abbey Apartments saved my life. Now it’s my crusade to make sure there are more places like this for other people.

Pamela Parker

AFFORDABLE HOUSING

A FOUNDATION FOR STABILITY

Affordable housing is an investment in the economic success of a person or family. LIIF has invested in affordable homes for over 25 years as a key strategy for alleviating poverty and spurring economic advancement for low income people. LIIF’s affordable housing investments have generated $10.4 billion in savings for low income households.
INVESTING IN POTENTIAL

Providing a high quality education is one of the most effective ways to end the cycle of poverty. Increasing the number of exceptional child care facilities and schools available to low income families means more children will gain the skills they need to succeed in life.

ST. MARY’S CENTER PRESCHOOL
OAKLAND, CA

ST. MARY’S CENTER PRESCHOOL has served Oakland families facing severe hardship for nearly 40 years. The center provides a safe place for children to learn and play in the middle of one of Oakland’s poorest neighborhoods. LIIF’s Alameda County Child Care Facilities Fund, supported by First 5 Alameda, provided a $50,000, two-year grant to St. Mary’s to completely revamp its outdoor play space. The new yard includes a garden to grow fruits and vegetables for snacks and to teach children about growing plants and healthy eating.

OPENING DOORS TO ENDLESS POSSIBILITIES
CHILD CARE

Child care is an investment in the opportunity for a whole family to flourish. LIIF recognizes the critical role affordable child care plays in a low income family’s success. Children in stimulating early care and education programs are more likely to be successful in school and less likely to need social services as adults. Safe, affordable child care can also support low income parents by enabling them to work or attend school. LIIF’s child care investments have generated $6.7 billion in family and societal benefits.
Malik McMillan is one of the 750 students learning to achieve their goals at NORTH STAR ACADEMY CHARTER SCHOOL in Newark, New Jersey. The academy is a member of the Uncommon Schools network, a nonprofit organization that aims to close the achievement gap and prepare low income students to graduate from college. North Star’s students consistently outperform their peers in Newark and the state on annual state assessments. One hundred percent of North Star’s high school graduates have been accepted to college. LIIF provided a $19 million New Markets Tax Credit allocation and led a $12 million loan to support the renovation and long-term financing of North Star’s two middle school campuses.

Before, I was just trying to get to the next grade, but at North Star Academy it’s always about the next step. For me, I’m in the eighth grade, and after college, I’m going to be an entrepreneur.

Malik McMillan

PROVIDING THE TOOLS TO ACHIEVE EDUCATION

Education is an investment in a student’s chance to excel. LIIF supports high performing charter schools to provide additional options for students in underserved neighborhoods. Students attending these schools have a greater chance of graduating from high school and matriculating into college, increasing their future job options and lifetime earning potential. LIIF’s investments have created over $250 million in increased earning potential for students.
INVESTING IN HEALTHY COMMUNITIES

Many of today’s most serious environmental and health issues disproportionately affect low income people. Building greener, healthier communities is an investment in the long-term sustainability and wellbeing of a neighborhood and its residents.

NEW YORK HEALTHY FOOD & HEALTHY COMMUNITIES FUND

THE NEW YORK HEALTHY FOOD & HEALTHY COMMUNITIES (NY HFHC) FUND is an innovative public-private partnership that provides financing and technical assistance for new and existing food markets located in underserved communities statewide. The $30 million NY HFHC Fund was created through New York’s statewide initiative to promote economic development, fight childhood obesity and build healthy communities. The program targets New York’s areas of greatest distress to increase healthy and fresh food outlets in these neighborhoods and improve the lives of New Yorkers most in need.

PLACES THAT NOURISH PEOPLE AND COMMUNITIES

HEALTHY FOOD

Providing access to fresh, healthy food is an investment in the development of children, families and neighborhoods. People living in low income communities with increased fresh food options make more nutritious food choices and have better health outcomes over the course of their lives. LIIF’s healthy food program provides capital and technical assistance for local food markets to increase access to fresh food, create local jobs and support the wellbeing of low income families and children.
A green facility is an investment in better lives for multiple generations. Greener buildings save community organizations and families money, support healthy development and benefit the environment. LIIF’s investments serve low income people by reducing utility costs and creating better environments for people to live, learn and grow. LIIF’s green program launched this year with a commitment to invest $50 million in greener, healthier low income communities.

I didn’t want to leave my friends but my mom enrolled me at CALS and said, “You’re going to thank me one day.” Now, I really like it because the teachers care and it’s a smaller school. In March, I told my mom, “Thanks for sending me to CALS.”

Andrea Alas

The 400 students at CALIFORNIA ACADEMY FOR LIBERAL STUDIES (CALS) Charter Middle School, a Partnership to Uplift Communities school, moved from an older building on a former parking lot to a new, green, energy efficient facility last year. LIIF participated in a $5.9 million construction/mini-permanent loan to CALS and provided an additional $250,000 Green Opportunity Fund loan to support the facility’s green elements. The school was designed to place special emphasis on creating a healthy, comfortable learning environment. The new campus has skylights; a roof deck with native, drought-tolerant plants; state-of-the-art science classrooms; and spaces for art, drama and dance. The students at CALS Charter Middle School, like Andrea Alas, continue to excel academically, resulting in the school receiving the highest ranking among similar schools in California for five years in a row.
LIIF SUPPORTERS

Donors

- Appleton Foundation
- Astor Federal Savings
- Bank of America
- Bank of the West
- The BTMU Foundation, Inc.
- Capital One Foundation
- Citi Foundation
- City and County of San Francisco, Department of Children, Youth and Families
- City and County of San Francisco, Human Services Agency
- Community Development Financial Institutions Fund
- The David and Lucile Packard Foundation
- Deutsche Bank Americas Foundation
- Christopher Donohue
- Evelyn & Walter Haas, Jr. Fund
- Every Child Counts – First 5 Alameda County
- The F.B. Heron Foundation
- First 5 California
- First 5 San Francisco
- First Regional Bank
- Friedman Family Foundation
- The Goldman Sachs Urban Investment Group
- HSBC Bank USA, N.A.
- The John D. and Catherine T. MacArthur Foundation
- JPMorgan Chase Foundation
- The Kresge Foundation
- Lee and Perry Smith Fund
- Living Cities
- Manufacturers Bank
- Marisla Fund
- MetLife Foundation
- Morgan Stanley Private Bank N.A.
- New York State Health Foundation
- Pacific Gas and Electric Company
- Rockefeller Foundation
- The San Francisco Foundation
- Seifel Consulting, Inc.
- Signature Bank
- Southern California Edison
- TD Charitable Foundation
- U.S. Bank
- Weingart Foundation
- Wells Fargo Foundation

Investors

- The Associated Sulpicians of the United States
- Banc of America Community Development Corp.
- Bank of America, NA
- Bank of the West
- The Bank of Tokyo - Mitsubishi UFJ, Ltd.
- Calvert Social Investment Foundation
- Catholic Healthcare West
- Chase New Markets Corporation
- Citicorp USA, Inc.
- CR Alternative Trust
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- Deutsche Bank Trust Company Americas
- Dominican Sisters of Mission San Jose
- Empire State Development
- Erich & Hannah Sachs Foundation
- The F.B. Heron Foundation
- Ford Foundation
- The Gadfly Trust
- The Goldman Sachs Urban Investment Group
- Hanni Bank
- HSBC Bank USA, NA
- Impact Community Capital, LLC
- The John D. & Catherine T. MacArthur Foundation
- Katherine Perls Trust
- Manufacturers Bank
- Mercy Investment Services, Inc.
- Merrill Lynch NMTC Corporation
- Metropolitan Life Insurance Company
- Ninevah Trust
- Northern Trust
- Religious Communities Investment Fund, Inc.
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- Signature Bank
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- Sisters of Charity of the Incarnate Word
- TD Banknorth, Inc.
- Trinity Health Corporation
- Wachovia Bank
- Washington Mutual Community Development, Inc.
- Wells Fargo Community Development Corporation

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 and Development
- Civic Builders, Inc.
- Clearinghouse CDFI
- Community Development Commission of the County of Los Angeles
- Community Preservation Corporation
- Corporation for Supportive Housing
- Enterprise Community Loan Fund
- Exchange Bank
- General Board of Pension & Health Benefits of the United Methodist Church
- The Goldman Sachs Urban Investment Group
- Housing Partnership Network
- JPMorgan Chase Bank
- L.A. Charter School New Markets CDE
- Local Initiatives Support Corporation
- NCB Capital Impact
- New York City Retirement Systems
- Nonprofit Finance Fund
- Northern California Community Loan Fund
- OneCalifornia Bank
- Opportunity Fund
- Prudential Financial
- San Francisco Mayor’s Office of Community Development
- Self-Help Credit Union
- The Reinvestment Fund
- U.S. Bancorp Community Development Corporation
- Uncommon Schools, Inc.

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- Nina Buthee, California Child Development Administrators Association
- Nancy Duff Campbell, National Women’s Law Center
- Moira Kenney, First 5 Association of California
- Camille Maben, State Department of Education, Child Development Division
- LeAndra MacDonald, Pacific Gas & Electric
- Kirsten Moy, The Aspen Institute
- Marc Nemanic, Tri-County Economic Development Corporation
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- Sharon Scott Dow, Advancement Project
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- Kay Wernert, California Head Start Association

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Statement of Financial Position

AS OF JUNE 30

**Assets**
- Cash and investments: $19,192,026, $37,713,451, $38,856,138
- Restricted cash: $16,589,454, $17,299,460, $19,409,864
- Notes receivable: $91,798,892, $94,221,211, $90,382,647
- Allowance for loan losses: $5,884,330, $(9,074,332), $(6,499,600)
- Other assets: $10,311,828, $9,660,535, $9,805,495

Total assets: $132,307,870, $149,820,325, $151,954,544

**Liabilities and net assets**

**Liabilities**
- Notes payable: $76,843,301, $101,433,144, $100,597,151
- Funds held in trust: 4,348,388, 4,792,724, 8,434,442
- Other liabilities: 3,884,389, 3,952,238, 5,304,428

Total liabilities: $85,076,078, $110,178,106, $114,336,021

**Net assets**
- Unrestricted: $26,485,434, $23,430,391, $21,077,695
- Temporarily restricted: 20,746,356, 16,211,828, 16,540,828

Total net assets: $47,231,790, $39,642,219, $37,618,523

Total liabilities and net assets: $132,307,870, $149,820,325, $151,954,544

Statement of Activities

FOR FISCAL YEAR

**Revenue**
- Interest and investment income – net: $6,223,888, $7,275,515, $7,938,300
- Technical assistance and consulting: 3,669,649, 5,429,740, 8,083,690
- Grants and contributions: 5,663,159, 6,217,633, 9,824,369
- Other: 4,442,723, 2,762,785, 1,613,727

Total Revenue: $19,999,419, $21,685,673, $27,460,086

**Expenses**
- Program expenses: $9,741,491, $17,107,465, $15,333,386
- Supporting expenses: 2,668,355, 2,554,512, 2,727,332

Total Expenses: $12,409,846, $19,661,977, $18,060,718

Change in unrestricted net assets: $3,055,045, $2,352,696, $3,723,334

Change in temporarily restricted net assets: 4,534,528, $(329,000), 5,676,034

Change in total net assets: $7,589,573, $2,023,696, $9,399,368

Total Capital Under Management

FOR FISCAL YEAR IN MILLIONS

Cumulative Lending by Program Area

SINCE INCEPTION THROUGH JUNE 30, 2010

Child Care Grants

FOR FISCAL YEAR IN MILLIONS
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 to building healthy families and communities by providing loans, grants and technical assistance for homes, schools, child care facilities, green buildings, healthy food outlets and transit-oriented developments.