



Photo: Choose Love/
Help Refugees pop-up
store benefits refugees
during the holiday
season.

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EXECUTIVE GREETING

Gathering at the Table

Dear Clients and Friends,

As an active player in the field of social finance, we have been privileged to get to know and support mission-driven entrepreneurs who truly understand the meaning and transformative potential of linking enterprise and social values. They live it and we learn from them, and share in the joy and challenges of the beneficial impact they have. While I am still relatively new to RSF Social Finance, we have been consistently operating this way for 35 years, even as our organization has evolved and changed.

It was with surprise, pleasure, and skepticism that I read the August statement issued by the Business Roundtable, composed of CEOs of the largest U.S. corporations. To much fanfare, it issued a new statement on the purpose of a corporation, as quoted in *The New York Times*: “While each of our individual companies serves its own corporate purpose, we share a fundamental commitment to all of our stakeholders...we commit to deliver value to all of them, for the future success of our companies, our communities, and our country.” To some degree, this describes a fundamental shift from the modern free-market view, fostered by economist Milton Friedman in the latter part of the 20th century: that the purpose of business is to maximize shareholder return.

Regardless of how you respond to the lobbying group’s new statement—whether you believe it will mean any substantive changes—I take encouragement from the notion that such leaders felt it necessary to respond to the rising tide of social enterprise, social finance, impact investing, and the recognition that from an economic and environmental perspective, we are all in this together.

There is a catch, however. The Roundtable’s statement includes the following: “We believe the free-market system is the best means of generating good jobs, a strong and sustainable economy, innovation, a healthy environment, and economic

opportunity for all.” Of course, the free-market system as it has evolved is not free, fair, or equitable. The free-market approach has provided much of what we now live with: social injustice, inequality, climate crisis, and a dehumanizing way of life for the majority of the population.

Stating that businesses should also take other stakeholders into account does not change the underlying financial, economic, and legal assumptions and incentives, let alone the underlying business structures. Otherwise, we would see those corporations converting to B-Corps and its CEOs stepping up for more modest compensation, and companies would align their practices with the principle that profits are the means to an end, not the sole purpose. Such actions would be credible indicators of a change in consciousness, the kind of consciousness we are actively cultivating through our work at RSF.

What we need and are modeling is a whole new way of working with money, recognizing that in the end what matters most are relationships, and intentionally measuring how our actions lead to stakeholder’s needs not just being named, but being met through an inclusive and just process. One such example is our quarterly Community Pricing Gatherings, of which we proudly celebrate our 10th year this fall. These gatherings model the kind of roundtable that we need more of in economic life: stakeholders meeting as equals to discuss pricing based on everyone’s needs. I’m grateful that you are part of our roundtable, one that has plenty more seats available and that aims to change the system so that the system can serve everyone.

With gratitude,



Jasper J. van Brakel,
Chief Executive Officer

HEAR MORE FROM JASPER AT

rsfsocialfinance.org/ceo



INSIGHTS



The Alchemy of Gift

by John Bloom | Vice President of Organizational Culture

What might an analysis of gift streams tell us about the development of human consciousness in the 21st century in the United States?

The experience of giving and receiving makes it clear that gifting has profound meaning in and through human connections; these connections constitute culture. Thus, the health of a culture would be an indicator of the quality rather than quantity of the gift stream. What may be less clear and equally important is how necessary and meaningful gift is to the quality of real economic life in the U.S. as it has evolved in our time, in the context of capitalism. This latter is evidenced in growing wealth disparity.

The value of gift, how a gift shows up in the economy, is future-centric; that is, it represents potential and appreciation rather than transactions, depreciation, and outcomes. While a gift may be measured in money, that measurement is momentary and transitional from the perspective of accounting and taxation. However, such measurement bears little relationship to the lasting value of the gift. This delocalized relationship between measure and value of gift is where the alchemy of transformation happens. Past is connected to future through the present, and cultural and economic life are entwined in the flow between time and space.

What is a gift? While a gift may have a physical or measurable presence, for example an object, time, talent, or money, its meaning lies in the intention of the giver to recognize the potential of the receiver to make value of the gift, and for the giver to relinquish control. At that moment of release, one more element of the alchemy of gift emerges, namely the liberation of the gift as capital. This assumes a certain openness on the part of the receiver to participate in a process of renewal that has both cultural and economic components. Of all the kinds of financial transactions, the gifting process has a unique capacity to link past, present, and future. Let's use a monetary gift as an example. The giver has enough to give, likely accrued from past activity, and gives as a transaction at a particular moment to another who uses it into the future. So, for a gift to be a true gift, it must carry time as a unity in continuity.

Further, all parties to the gift are participating in a process that transcends ownership. From this perspective, a gift circulates into the future connected to and by human intentions but liberated from predicted outcomes. This is one aspect of the alchemy of gift and taps deeply into a level

of community consciousness that eclipses the material and measurable.

Gifting is as natural to the human condition as a sense of caring, unless we are conditioned to think and behave otherwise. All movement in nature flows in reciprocity, in space and counter-space. Gravity has its levity; magnetic fields are animated by opposite poles. This concept is as relevant to giving as it is to the currency of water. To some degree, double-entry bookkeeping recognizes this process in debits and credits. From a spatial perspective, we live in a one-world economy, a closed system in which every supply has a demand and every demand has a supply, and

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Gifting is as natural to the human condition as a sense of caring, unless we are conditioned to think and behave otherwise.”

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From Rikers to Restaurants: Drive Change Gives Young People Opportunities After Incarceration



Interview by Jen
Dobrowolski,
Marketing Manager

www.drivechangenyc.org
[@drivechangenyc](https://twitter.com/drivechangenyc)

As an English teacher at the high school in New York City's Rikers Island jail complex, Jordyn Lexton saw how dehumanizing incarceration is for young people. Lexton (who uses the pronouns they/them) saw broken tables, desks, and chairs. They saw holes in the walls stuffed with trash. They saw officers beat up students. They saw kids who had to decide instantly "whether they were going to be predator or prey."

What concerned Lexton most was how little hope these students had for the future. Many of them were in jail as the result of a criminal justice system with a bias against communities of color—Lexton describes it as a grandchild of slavery. And when the young people left Rikers, they'd often have convictions on their records, which would make it nearly impossible to find work or start a new life.

Lexton was so distressed by the injustice they witnessed that they quit their teaching job and in 2014 founded Drive Change, a New York-based nonprofit that offers formerly incarcerated young adults opportunities in the hospitality industry—and that works to change inequities within the industry itself.

"What's really exciting to us is that Drive Change has a bidirectional model," says Casey Johnson, RSF relationship manager. "They not only provide formerly incarcerated youth with the skills and holistic support they need to get back on track, they're also working with restaurants to expose a system of biases and create a workplace environment where those young people can feel supported and safe."

It all started with a food truck

When Lexton worked at Rikers Island, from 2009 to 2012, New York was one of only two states where the age of adult criminal responsibility was 16 years old.

That meant Lexton's students were living among an adult prison population. But even in this bleak situation, Lexton noticed a ray of hope: "The culinary arts class was one of the only places where people were thriving and connecting and building new skills." Inspired, Lexton decided to start a food truck business to provide job training for these returning citizens, or "returners", young people ages 18 to 25 returning to society.

First, Lexton worked on the Kimchi Taco Truck to learn the business. They also worked with several social justice organizations and rallied behind New York's Raise the Age initiative, which in 2018 led the state to raise the age of criminal responsibility to 18.



Drive Change Fellow. Photo by Andre Lambertson



Drive Change Fellow. Photo by Andre Lambertson

Fellows get a decent wage, restaurants get a better workplace

From the start, returners coveted a place in the Drive Change fellowship program, in large part because it offers a wage of at least \$15 an hour. Paying Fellows a living wage allows them to build financial stability, which is key to a successful return. The nonprofit initially worked with 10 Fellows in a yearlong program. After two months learning basic kitchen and hospitality skills, the Fellows spent two days a week in Drive Change's prep kitchen, two days on its food truck, and one day in the classroom learning soft skills such as time management and communications.

But the food truck could only hold four people at a time, which limited the number of Fellows Drive Change could train. So a year and a half ago, the organization changed its model and began to work with restaurants as job placement partners. With the new eight-month Hospitality for Social Justice (HSJ) program, Drive Change expanded the number of Fellows it could accept. Now, following the two-month training, the Fellows work four days a week at a restaurant (or in the food truck) and spend

one day back at Drive Change enhancing their professional development.

The program also benefits the restaurants—and an industry that's ripe for reform. Not only have #MeToo accusations roiled the restaurant world, but it is known for systemic racial bias: Workers of color earn less than their white peers and suffer from other forms of discrimination. Restaurant participation in HSJ requires a commitment to a just and equitable workplace culture; managers must apply to be in the network and attend a daylong training addressing "power and privilege and the implicit bias that exists in the industry," says Lexton. Thereafter, managers participate in weekly coaching sessions to troubleshoot challenges.

Funding brings opportunities—and a challenge

In summer 2018, Drive Change received a \$2.6 million grant spread over three and a half years from the Manhattan district attorney's Criminal Justice Investment Initiative. The grant doubled Drive Change's budget,

but also created a problem: The nonprofit would have to cover its expenses before getting reimbursed. "If we couldn't find a way to support a healthier cash flow," says Lexton, "then, quite honestly, we weren't going to make it."

Lexton sought advice from the Kohlberg Foundation, a big supporter, for advice about getting a loan. Advisors there suggested asking RSF.

Right away, RSF was excited. "The program's transformative work is not just in the Fellows' skills

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All we're doing is creating the kind of soil in which returners can tap into their energy and inner potential and grow."

—JORDYN LEXTON





CLIENTS IN CONVERSATION

Global Whole Being Fund and Help Refugees/Choose Love

RSF's Raquel Iglesias speaks with Josie Naughton from Help Refugees/Choose Love and Negar Tayyar from Global Whole Being Fund, RSF grantees, about working together to support people on the move.



Raquel Iglesias

Senior Program Associate,
Philanthropic Services, RSF



Josie Naughton

CEO, Help
Refugees/Choose
Love



Negar Tayyar

Director, Global
Whole Being Fund
(GWBF)

Raquel: Could each of you tell me about yourself and what has led you to your current work?

Josie: I'm the CEO of two organizations that function as one: Help Refugees and Choose Love. We have two organizations because we fundraise in the U.S. and Europe.

I became involved accidentally: In August 2015, I was living in L.A. but was home in London when over a million people arrived in Europe from Syria, the Middle East, and Africa, fleeing war, conflict, persecution, and looking for sanctuary. While I had never considered myself a prolific activist, in this situation, I felt like it was impossible not to help.

Together with some friends, I raised money, gathered supplies and took them to Calais, in Northern France, but when we arrived, there were no organizations to help. After partnering with a local association to help with distribution and support services, we realized the best role for us was to focus on what we knew: to raise money by engaging the public. We named ourselves Help Refugees and expanded into Greece, where there was also no governmental body or prominent NGO on the ground. The work was done by incredible locals, refugees, and grassroots organizations. The best way for us to help was to support these groups by raising money and awareness through social media campaigns. In our communication, we were very transparent about where the funds were deployed, which built trust with donors. We branded ourselves Choose Love to help drive home the point that this is a human situation before it is a political one.

It's four years later, and this model is still working. We're supporting grassroots organizations with funding, but also connecting them to politicians, journalists, and others in this movement. We now support 105 organizations in 14 countries; have had over 30,000 volunteers; raised over \$20 million dollars.

Negar: Listening to Josie's story reminds me that we're in a time where solidarity and acts of loving kindness are crucial amidst political madness, and that every act matters and has ripple effects.

My entry point to this work is twofold; It's personal and professional. As a refugee myself, I have been uprooted most of my life. I was born in Iran to parents who were part of the 1979 Iranian Revolution, and I grew up in Germany. Professionally, I have worked in international development, with the U.N. and others, and now in global philanthropy. The Global Whole Being Fund was created in 2015 to dedicate resources just to refugee

issues. The idea was to look at human movement and to address the prevailing challenges and on-the-ground gaps. Our drivers are to expand the way people are being presented and to further the discussion of the human dimension. We now use the term “people on the move.” It’s not perfect but illustrates the importance of challenging the prevailing language. People are more than their legal status. We’re also striving to add value to the grassroots sector, who are often first responders who continue their work after an issue disappears from the news, which led us to Help Refugees.

Raquel: Hearing about your relationship and how much respect both organizations have for each other is inspiring. How has RSF played a part in your partnership, and what are your individual relationships with RSF?

Negar: Our work is deeply aligned around the role of weaving in issues of well-being and in using an ecosystem-based approach. With RSF, it’s been helpful to have relationships with staff who have a commitment to and curiosity about these issues so that it feels like we’re all part of the same team. Our work is critical because we respond to gaps which can arise unexpectedly and require a fast response. RSF has done an outstanding job in helping us deploy funds quickly. We appreciate RSF’s commitment to improve processes and to communicate unforeseen issues so that things can progress.

Josie: We’re grateful that in moments where we need to get funding out, we know that everyone is working hard to make it happen. We all feel that our values are aligned.

Raquel: What would you say is the impact you’re trying to have, and how do you achieve this?

Photo by Help Refugees/Choose Love



Josie: For us, the initial impact is to meet people’s basic needs holistically. In the places we work, people are in a situation because they have been denied their rights, but they’re also in a dire and immediate situation and need things like tents, food, and legal support. The first objective is to meet these needs through incredible grassroots partners who have humanity at the core of their work and are the best suited for figuring out these solutions.

We also advocate for opportunities such as access to education and long-term shelter and other rights that should be awarded to everyone regardless of their location. We advocate for refugee rights, both at the political level and in the public consciousness.

Negar: There are three significant impacts that I see: One that Josie mentioned involves public perception. Secondly, providing support to grassroots organizations to expand and stabilize their efforts by providing access to unrestricted funds is invaluable. Help Refugees has been incubating an entire ecosystem of organizations along migration routes. Finally, the ability to address the tension between meeting immediate and long-term needs is incredibly difficult to prioritize and balance with limited resources.

The individuals we are talking about are rights holders, but unfortunately, the responsibility to ensure their rights to access services is being shifted to organizations, which make them so important. People can be displaced for many reasons, as we saw in California with the wildfires, where people’s lives were uprooted for reasons beyond their control. This is a universal human issue, and all of us need to expand our compassion and recognize this, and we try to influence the funding community to shift their perception of these issues.

Josie: The Global Whole Being Fund has supported us from early on, and its commitment to us provided a sense of sustainability that enabled people to create the best projects possible and to plan for the future. It gave the volunteers and organizations the ability to sleep a bit better at night, which was better for their well-being, but also better for the well-being of the communities that they were supporting, and other funders have followed GWBF’s lead.

Raquel: Shifting gears slightly, Josie, can you share with us a bit more about Choose Love’s retail shop and that unique model, which allows a lot of people to contribute and get involved in your mission?

(CONTINUES ON PG 8)

Global Whole Being Fund and Help Refugees / Choose Love

(CONTINUES FROM PG 7)

Shoppers at the Choose Love Holiday Shop. Photo by Help Refugees/Choose Love



LEARN MORE ABOUT THIS WORK

gwbfb.org
helprefugees.org/choose-love

Josie: Since the beginning, we've tried to create innovative ways to raise funds and engage the public. In 2017, we opened the Choose Love Store in London. We've modeled the shop like an Apple store and displayed items for purchase for refugee communities—items that shoppers can touch and connect with and then purchase for us to deliver where they're most needed.

We set up the displays in three stages in the space that mirrored people's journeys: immediate needs like coats, middle-term needs like tents, and finally, a future needs section that contained items that were a lot more representational. A tissue box represents psychosocial support; a set of house keys stands for accommodation programs with legal support. In doing this, we wanted to educate shoppers about these different parts of journeys and the importance of thinking of these needs simultaneously.

The first year was a huge success, and in 2018, with the support of the GWBF grant, we registered in the U.S. and added a store in New York, and now in 2019, we're adding another one in L.A.

Negar: Initially, when Josie said in August 2018 that they wanted to open the NYC store on Black Friday, we thought there was no way it was going to happen, but it did! There is magic involved, yes, but it was also Josie's incredible leadership that made it happen.

Josie: We're very lucky we work with GWBF, but we're also amazed that people contribute their time and put their all into it. It's always something beautiful and inspiring, but unfortunately, this is a growing issue. When we started in 2015, there were 65 million refugees. It's now 70.8 million by U.N. figures, and millions more who are not registered or officially recognized as refugees. It's a huge number, and it's estimated to be up to a billion people by 2050 because of climate change. This isn't being addressed, and it's fading out of our consciousness, and it's important to highlight that this really is a crisis of our time.

Negar: I sometimes hear "This issue is so overwhelming; where to begin?" and it can be hard to find an entry point. This issue affects multiple areas that people feel passionately about, whether it's climate, health, or women's rights. This issue of forced displacement offers entry points for any area you are working on, and I would encourage everyone to add a refugee-lens to their giving practices. 🌍

You can support their work this holiday season!

If you are in Los Angeles, New York, or London, you can shop in person starting on Black Friday, or online at us.chooselove.org



The Alchemy of Gift

(CONTINUES FROM PG 3)

exchanges of goods and services are linked in circulation accounted for in money, which in itself ages and is renewed. Life processes are everywhere. Reciprocity is a first principle rarely considered and not always immediately visible, especially in the mindset of scientific materialism.

Where the metaphysical nature of gifting operates in organic time, its transactional nature operates in the same conventional industrial time that renders interest, amortization, and depreciation schedules. Since gifts function outside of normative time, they also do not figure much in the context of economic discipline or finance. After all, circulation in space is harder to measure than accumulation over time. The convention is that if one accumulates or extracts enough, then gifting becomes possible. Historically, this convention has arisen from a painful injustice in the system—the value and profit which arises out of the economic activity carried out by the working world community accrue primarily to individuals. There is no natural reciprocity in this structure, and therefore there is no way to right the injustice without a radical shift in the whole system. It isn't just a matter of more gift.

First and foremost, I would like to propose that the conventional “transactional” framework that ignores gift needs revision. Economic life simply would not exist without gift. Without the circulation of gift, including the flow of healing intentions, care, and love, economies will not innovate or flourish anew. Instead, the system of debt burden and extractive investment will



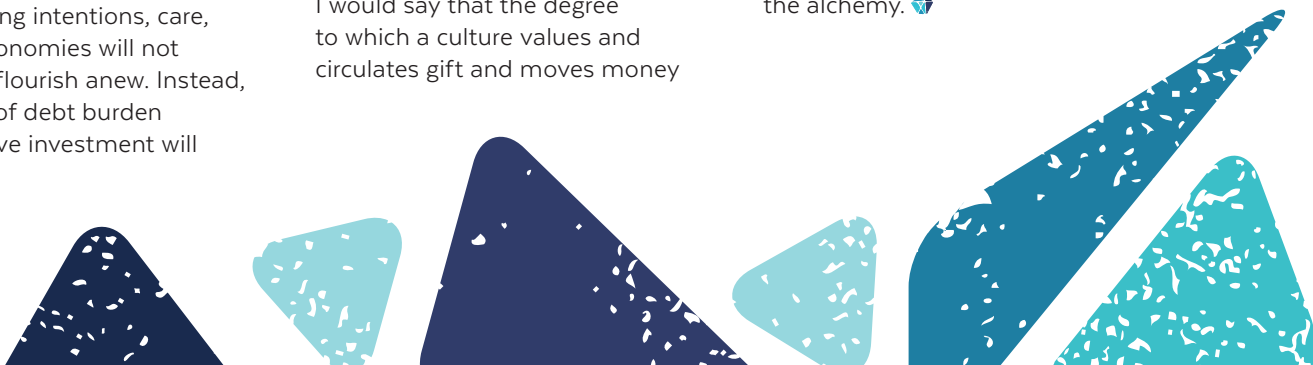
RSF Shared Gifting Circle in Philadelphia, PA

draw resources away from the community as has been the case in the past.

A true gift contributes to repairing and preventing tears in the tapestry of social life, and we know that a stitch in time is what matters most. Such action results from one human being recognizing the needs and capacities of another. A gift does not judge the causes of the tears, but rather is a response to their presence. The giver is moved out of recognition of the consequences of the tear on wholeness and integrity—both their own and the world as it appears. The judgment that the giver makes is to relinquish the right to own capital. This is an imagination of the liberation of capital so that it can be renewed and of healing service into the future.

I would say that the degree to which a culture values and circulates gift and moves money

out of private control to be active in the creative, inclusive commons and civil society is a measure of the health of the soul of that culture. Despite the reality that the U.S. is one of the most philanthropic cultures in the world, such generosity masks a tremendous residual injustice between that which is privately controlled and that which flows as gift toward cultural renewal. This is not an argument over individual rights versus social rights. Rather, it is an argument for centering gift and gifting at the heart of economic life, and, further, sounding and re-sounding the true value of gifting for much-needed cultural renewal. Celebrating and enacting gift as the beginning rather than the end of the economic regeneration will move toward a more just and reciprocal world. And in the reciprocity lies the alchemy. 🌟



From Rikers Island to Restaurants

(CONTINUES FROM PG 5)

**“
The program’s
transformative
work is not just in
the Fellows’ skills
development but
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social-emotional
environment in
which to support
them. That’s rare.”**

—CASEY JOHNSON

development but also in creating the social-emotional environment in which to support them,” says RSF’s Johnson. “That’s rare.”

Drive Change was in such an early stage as a business that it was important to find a guarantor who would be “willing to stand behind them and potentially offer philanthropic support to get them through their proof-of-concept phase,” Johnson says. Kohlberg stepped in, offering a \$250,000 loan guaranty.

In October 2018, RSF issued a \$350,000 revolving line of credit to Drive Change.

The breathing room to build a sustainable model

The loan made it possible for Drive Change to stay in business. “It’s impossible to overstate this,” says Lexton. “We wouldn’t be in existence if not for the ability to pull down from that line of credit.”

Drive Change’s staff grew from six to eight people, and the fellowship program expanded from 10 to 36 Fellows a year. The hope is to expand that to 75 Fellows soon.

Just as important, Drive Change now has the breathing room it needs to develop an income-generating model, providing a service that restaurants will pay for. “We’re trying to get restaurants to recognize that if you have a healthier and more equitable workplace, it will increase your retention and lower operational costs,” says Lexton.

As for the Fellows, Drive Change is changing lives. Of the 55 youths who have participated in the program, 80 percent are still employed. Some work in the restaurant industry; others found jobs in different industries.

Lexton doesn’t like to take credit for their success: “We really feel strongly that all we’re doing is creating the kind of soil in which returners can tap into their energy and inner potential and grow.”

Drive Change food truck. Photo by Andre Lambertson





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RSF's Quarterly Pricing Gathering. Photo by Daniel Ségun

Reflecting on 10 Years of Pricing Gatherings

This fall marks our 10th year of hosting Community Pricing Gatherings. Each quarter, we bring together Social Investment Fund investors, borrowers, and RSF staff to make an interest rate recommendation for the upcoming quarter. This participatory process is radical and changes people's perception of how money actually works in community with all stakeholders present. This practice was born out of a desire to engage in a different kind of relationship among investors, borrowers, and intermediaries that sits in contrast to the opaque and impersonal nature of most interactions in our financial system. By providing a format and engaging in these conversations, we believe that we can help both demystify the association between these groups and build community.

As we reflect on what we have learned over the past years, we share comments from participants and our gratitude for their being on this journey with us.



Amy Cortese, Investor

What happens in these pricing meetings often defies logic, at least as conventional economics would have it. After hearing from borrowers about the challenges they face in trying to carry out their social missions, many investors agree to a lower interest rate so that these companies can succeed. And sitting among the people that lent them money, borrowers come to realize that, if they paid even slightly higher rates, RSF could attract more investors to its fund and make more loans.



Ken Lee, Lotus Foods, Borrower

I had never heard of such a gathering and had no idea what to expect. It's thrilling to be a participant in the avant garde of social finance. The current system is broken, and I applaud RSF for creating the space where a more sensible and holistic paradigm can be practiced and emerge like the phoenix rising. Thanks for allowing me the opportunity to participate in such a revolutionary forum.



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We have a growing list of transformative social enterprises seeking mission-aligned financing from RSF, and we want to support these for-profit and nonprofit enterprises working to solve complex social and environmental problems. By investing in a Social Investment Fund, you can help provide loans while earning a return.

This note is a high-impact investment that provides a unique combination of benefits:

Engagement with social enterprises: You can get to know these transformative enterprises through stories in our publications and at online and in-person gatherings.

Transparent impact: You can be confident you're investing in real impact because we evaluate borrowers for their transformative potential and mission performance, as well as for financial strength. And we profile borrowers on our website so you can see who you're supporting.

Accessibility: You can open a Social Investment Fund account with \$1,000, and with a three-month term, it is a very flexible investment note.

The purchase of RSF Social Investment Fund's securities is subject to risks, which are described in our Prospectus. This is not an offer to sell you our securities and we are not soliciting you to buy our securities. We will offer and sell our securities only in states where authorized. The offering is made solely by the Prospectus. Past performance is no guarantee of future results. Not FDIC or SIPC insured. Not a bank deposit.

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