



2021 ANNUAL REPORT

INVEST. GIVE. GET FUNDING. | RSFSOCIALFINANCE.ORG





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PHOTO LEFT: Daniel Séguin



LETTER FROM OUR CEO

Dear Clients and Friends,

The ongoing COVID-19 pandemic, supply chain breakdowns, and highly competitive labor market roiling the economy impacted RSF Social Finance and the social enterprises we support along with everyone else in 2021. This annual report reflects that reality, but more significantly, it demonstrates the incredible work by our talented team and commitment from our community of investors, donors, and borrowers, which allowed us to support an increasing number of change makers.

RSF's donor-advised fund (DAF) clients were characteristically generous in 2021: Typically, DAFs have an annual payout ratio around 20%, and in 2021, we saw a payout ratio of 60%. Social justice organizations and initiatives continue to be a focus for our donors, along with education and addressing climate change.

Although the loan portfolio shrank due to payoffs driven by low-rate government loans, we improved the quality of the portfolio and further diversified. With our commitment to diversity, equity, and inclusion incorporated into every element

of the strategic plan, we were able to grow the percentage of loans to Black, Indigenous, and people of color entrepreneurs, as well as further grow the percentage of loans to female founders and leaders.

Our largely new team focused last year on supporting existing borrowers and building a strong pipeline for future capital deployment, which we expect to bear fruit this year and beyond.

Overall, RSF achieved and maintained a healthy expense level throughout 2021, a result of necessary and significant cost reductions in 2020. This included our decision not to renew the lease agreement for our office in the Presidio of San Francisco. Instead, the team is more spread out across the country than ever, with many team members working remotely full time. We've preserved the opportunity to collaborate in person, however, with a small, flexible office space in San Francisco's Financial District.

On the revenue side, we supplemented fees from philanthropic services and net interest income from loans with strong gift revenue

from an increasing number of donors. These gifts to RSF made up 21% of our operating budget and are key to realizing RSF's mission. As a nonprofit organization, we rely on gifts to support our work in moving capital to enterprises that are addressing some of today's most complex issues.

Thank you for joining us on this journey and working with us to advance our vision of an economy rooted in equity, healing, and interconnectedness.

With gratitude,



Jasper J. van Brakel,
Chief Executive
Officer





CLIENT SPOTLIGHT



LuAnne & Christopher Hormel DONORS

LuAnne and Christopher Hormel have been RSF clients since 2009. As active philanthropists, they have utilized their RSF donor-advised fund to support organizations addressing critical needs in the U.S. and abroad, including clean energy, homelessness, local food, and mental health. LuAnne and Christopher share why Queer Asterisk is one of their grantees.

We support Queer Asterisk because the queer and trans population is underserved in the area of mental health in this country. We admire the vision of queer folks helping themselves by starting a nonprofit service to benefit their community. They are caring and courageous, supportive of individuals who are trying to be themselves in a society which has been less than welcoming.

We appreciate being able to support Queer Asterisk through our DAF at RSF Social Finance. RSF's commitment to justice, equity, diversity, and inclusion means that Queer Asterisk is part of a larger community of amazing grantees and other RSF clients, all seeking to contribute to a more just world.

An added benefit of having a DAF at RSF is that we have been able to help many of our grantees receive additional funding from the Half My DAF program. Half My DAF inspires more giving by moving money from DAFs to nonprofits now. DAF holders can make their gifts go farther with a matching grant from a pool of over \$2 million.

Queer Asterisk envisions a vibrant community that embraces authentic expression and transformation, where individuals with dynamic and intersecting identities can thrive. Read more on [page 9](#).



CLIENT SPOTLIGHT



Grassroots Fund INVESTOR

While many of RSF's Social Investment Fund investors are individuals, a growing number of foundations and mission-aligned organizations are investing in the fund. The New England Grassroots Environment Fund joined RSF's investor community in 2021.

What is your organization's mission?

The New England Grassroots Environment Fund, Inc. (Grassroots Fund) was founded in 1996 as a funder's collaborative, with a mission to energize and nurture long-term civic engagement in local initiatives that create and maintain healthy, just, safe, and environmentally sustainable communities throughout the six New England states. With a focus on working with folks who have often been marginalized, the Grassroots Fund empowers individuals and groups working across a broad range of environmental and social justice issues. The organization is committed to the principles of Just Transition—integrating ecological and social justice into community vision—and we maintain an environmental lens to the work we support.

Why did you decide to invest with RSF?

As a 501c3 non-endowed public foundation, the Grassroots Fund was founded on and maintains a commitment to rapid and transparent distribution of funds to grassroots environmental justice initiatives. Our investment team considered a range of investment products that could complement our grantmaking aims and decided on the RSF Social Investment Fund because it aligned with our objectives of values and mission alignment, principal preservation with the potential for low-risk capital growth and high liquidity to meet needs of the grantmaking cycles.

What your hopes for the future of impact investing?

Financial institutions are historically structured to create a power imbalance through which a privileged few determine the allocation of resources. With this power imbalance, decisions on who gets funded, and which issues, strategies, and policies become funding priorities, are typically made with little or no input from affected communities, grant seekers, or grantees. The Grassroots Fund envisions a future for both philanthropy and the interconnected world of mission-aligned and impact investing where these institutions work alongside communities, creating space for healing, self-determination and the centering of economic, racial, and environmental justice toward a Just Transition.





2021 IN NUMBERS



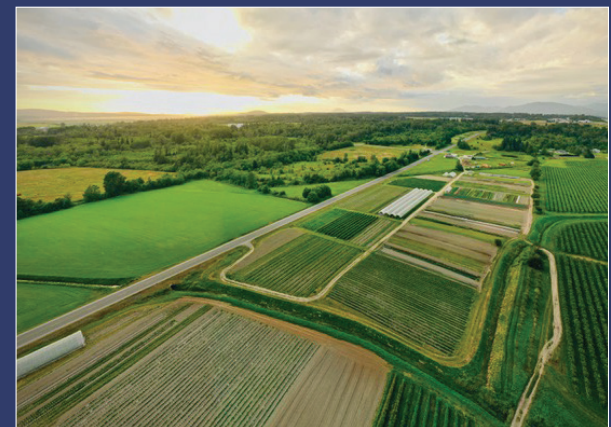
WE ENDED 2021 WITH
\$240
MILLION
IN ASSETS UNDER MANAGEMENT



1,669
INVESTORS HELPED
US SUPPORT
61
BORROWERS
INCLUDING
\$11.4
MILLION
IN NEW LOANS

367
DONOR ADVISED
FUNDS PROVIDED
1,853
GRANTS
TOTALING OVER
\$52
MILLION

WE RAISED OVER
\$55
MILLION
IN GIFTS AND
INVESTOR NOTES





CLIENT SPOTLIGHT: SOCIAL ENTERPRISES

Eastside Community School

Eastside Community School (ECS) is a growing Waldorf-inspired, kindergarten to 9th grade school located in the Seattle metro area. With a diverse curriculum and specially trained teachers, ECS supports the development of students—ethically, intellectually, socially, physically, spiritually, and artistically. By understanding, respecting, and nurturing each distinct phase of childhood, they inspire a genuine, lifelong love of learning.



ECS was looking for a long-term home when they connected with RSF. To purchase the five-acre campus they found in Issaquah, WA, ECS needed to pull together funding from several sources. They secured a loan with RSF along with community debt raised from over 40 investors, including a local organization that will be co-located on the new campus. The RSF loan is backed by guarantees made possible by ECS board members. Dozens of ECS families and friends made charitable contributions. Also, RSF's Waldorf Education Collaborative provided a recoverable grant to help the school manage cash flow related to the timing of gifts and investments.

EASTSIDECOMMUNITYSCHOOL.ORG

Boldr

Boldr was founded in 2016 with the goal of interrupting the cycle of human exploitation and economic disparity. Their hypothesis: the fastest way to create long-term, systemic change is to provide communities with access to digital skills training, meaningful employment, and career advancement. Boldr achieves its mission by providing learning opportunities and career skills and leadership development to employees and the broader community. They aim to boost access to digital training opportunities in underserved communities where these types of partnerships are not readily available.

Over the past year, Boldr opened new offices in Tacloban, Mexico, and Cape Town, South Africa, joining established operations

in the United States, the Philippines, and Canada. Boldr is also proud to have recently become a Certified B Corp. This certification is granted to companies that are leaders in the global movement for an inclusive, equitable, and regenerative economy. RSF provided Boldr with a line of credit to help fund their growing operations.

BOLDRIMPACT.COM





CLIENT SPOTLIGHT: SOCIAL ENTERPRISES



Women's Foundation of Arkansas, Economic Mobility Hub

The mission of the Women's Foundation of Arkansas is to ensure economic security for Arkansas women and girls through collaboration and focused philanthropic investment so they can realize and achieve their full potential.

RSF's Women's Capital Collaborative supported the foundation's inaugural Women's Economic Mobility Hub (WEM Hub), a program for Black women entrepreneurs in the Arkansas Delta and throughout the state. The first cohort included 11 Black women entrepreneurs, representing nine businesses throughout Arkansas.

Each participant received an unrestricted \$5,000 to invest in their businesses. The theme was investment in profitability and growth, and the money was used for training opportunities, equipment for expanded operations, building websites for a wider reach, and trademarking products and brands. In addition, they participated in collaborative sessions with subject matter experts in areas including accounting and financial development, business management, marketing, and communications.

WOMENFOUNDATIONARKANSAS.ORG



“

Lotus Foods would not be the business we are today or have the impact we have on smallholder farmers without our partnership with RSF. RSF is perhaps our most critical business partner.”

—CARYL LEVINE, CO-CEO



Lotus Foods

Since 2014, RSF has been a key partner to Lotus Foods, one of the largest organic and heirloom rice and ramen noodle providers in the U.S. By providing timely and flexible financing, RSF has helped Lotus Foods advance its mission to promote rice farming practices that simultaneously mitigate climate change, save water, promote farmers' resilience, and empower women.

LOTUSFOODS.COM



CLIENT SPOTLIGHT: SOCIAL ENTERPRISES

Queer Asterisk

While studying somatic psychology at Naropa University, transgender student Sorin Thomas envisioned a new kind of organization, one devoted to counseling and education, rooted in social justice, and guided by queer and transgender leadership. This vision led to the creation of Queer Asterisk Therapeutic Services in 2016.

Today, Queer Asterisk provides queer- and transgender-affirming care to more than 1,000 Coloradans each year. Their counter-oppressive approach includes making therapy affordable; they are credentialed with every major insurance provider and also offer sliding scale and pro bono services to the community.

Queer Asterisk is expanding to include an Intensive Outpatient Program (IOP) designed to provide comprehensive mental health treatment to youth ages 12-17 who

are queer, trans, and/or BIPOC (Black, Indigenous, people of color). Funded by a three-year-grant, the program will be the first of its kind centering historically marginalized voices and staffed by clinicians with shared lived experiences.

As the lives of transgender people become the focus of political rhetoric across the country, their comprehensive services become more vital every day. Queer Asterisk is working to ensure that transgender youth live to see tomorrow and that all members of the LGBTQ+ community can access the care that is often unavailable.

RSF has been able to support Queer Asterisk's work with grants from donor-advised funds.

QUEERASTERISK.COM



Diaspora Co. Spices

Diaspora Co. Spices is growing a better spice trade, equitably, and deliciously. In the traditional supply chain, Indian spice farmers are typically under-compensated (an average of 2% of the final price), the spices change hands upward of 10 times before reaching the consumer, and the final spice lands on store shelves two to seven years after harvest.

Diaspora Co. Spices sources spices seasonally, and their products typically arrive to consumers within six months of harvest—these are the joys of spices that are always single-origin and same-year harvest. They eliminate the middlemen sourcing from small, multigenerational family farms and pay them an average of six times commodity prices. Currently sourcing 30 single-origin spices from 150 farms using sustainable farming methods across India and Sri Lanka, Diaspora Co. prioritizes strengthening communities by providing living wages for producers and improving environmental health.

RSF provided Diaspora Co. with a line of credit for working capital needs. As a female founded and run business that seeks to promote and uplift women within their business, the company was also a fit for the RSF Women's Capital Collaborative, a philanthropic fund that supports women entrepreneurs. The Collaborative provided a guarantee to make the loan possible.

DIASPORACO.COM





CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	2021	2020	2019
<i>Dollars in thousands</i>			
ASSETS			
Cash and cash equivalents	\$ 54,154	\$ 44,025	\$ 33,178
Mission-related loans and investments			
Loans receivable, net of allowance	88,709	102,238	115,192
Investments	96,322	100,140	86,057
Prepaid expenses and other assets	1,026	1,066	2,029
TOTAL ASSETS	\$ 240,211	\$ 247,468	\$ 236,456
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	\$ 4,007	\$ 1,981	\$ 1,474
Investor notes payable	125,261	138,294	131,431
Other notes payable	8,000	3,982	13,494
TOTAL LIABILITIES	\$ 137,268	\$ 144,257	\$ 146,399
NET ASSETS			
Net assets without donor restrictions	\$ 102,635	\$ 102,630	\$ 89,907
Net assets with donor restrictions	309	582	150
TOTAL NET ASSETS	\$ 102,943	\$ 103,212	\$ 90,057
TOTAL LIABILITIES AND NET ASSETS	\$ 240,211	\$ 247,468	\$ 236,456



FINANCIALS

CONSOLIDATED STATEMENTS OF ACTIVITIES & CHANGES IN NET ASSETS

	2021	2020	2019
<i>Dollars in thousands</i>			
REVENUES			
REVENUES, GAINS, AND OTHER SUPPORT*			
Management and other fee income	\$ 2,068	\$ 1,359	\$ 1,009
Interest and investment income, net	6,156	7,519	8,198
Gifts and contributions	45,808	58,174	34,492
Program revenue	166	307	295
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	\$ 54,198	\$ 67,359	\$ 43,994
EXPENSES			
PROGRAM SERVICES			
Interest expense on investor funds	\$ 975	\$ 1,130	\$ 1,940
Loan loss provision	386	1,838	1,167
Grants made to programs	41,535	35,589	21,842
Other projects and program expenses	1,640	1,546	2,290
Personnel costs	3,328	5,036	4,612
TOTAL PROGRAM SERVICES	\$ 47,865	\$ 45,139	\$ 31,581
SUPPORTING SERVICES			
Management and general expenses	6,602	9,065	9,724
TOTAL EXPENSES	\$ 54,467	\$ 54,205	\$ 41,575
CHANGES IN NET ASSETS	(269)	13,155	2,419
NET ASSETS AT BEGINNING OF YEAR	103,212	90,057	87,638
NET ASSETS AT END OF YEAR	\$ 102,943	\$ 103,212	\$ 90,057

* RSF earned additional revenues through fee income from its philanthropic services. Following GAAP standards, we do not show this income in our financial statement because of its classification as intracompany transfers.





Thank you to all who have supported RSF over the years! As a nonprofit financial services organization, we have formed a community of motivated and mission-driven investors, donors, and entrepreneurs. Together, we are committed to transforming an unjust and extractive economy to one that brings healing and regeneration.

We look to your continued generosity to help us build our capacity to activate money for good. Please consider contributing to RSF's Annual Fund so we may support more enterprises that are working to address systemic challenges including racial justice, women's empowerment, and climate change.

For more information on how to champion RSF, please contact me at CE@rsfsocialfinance.org or 415.561.4988. To make a donation, visit our [website](#).

In community,



Erika D. Williams,
Vice President,
Client Development

We recently launched the RSF KindQ, a quiz that helps you discover your kindness profile and understand your social impact values. Discover your unique kindness profile:

www.kindq.ai/rsf