



LIVING CITIES  
**BLENDED CATALYST FUND**

# Annual Report

JULY 1, 2023 – JUNE 30, 2024

## Disclosures

---

### **Important Information:**

Living Cities Blended Catalyst Fund, LLC is referred to herein as the Blended Catalyst Fund ("BCF").

The securities have not been and will not be registered under the Investment Company Act of 1940, as amended, or any state securities laws.

All investments involve risks and there can be no assurances that any strategy will meet its investment objectives or avoid significant losses. Investments in private placements involve significant risks, which include certain consequences as a result of, among other factors, defaults and declines due to general economic conditions, the condition of certain financial markets, political events, pandemics, or regulatory changes, and adverse changes in relevant markets.

The information contained herein is for informational purposes only and is not, and may not be relied on in any manner as, legal, tax, or investment advice or as an offer to sell or a solicitation of an offer to buy an interest in BCF.

Information provided herein is believed to be correct, but its accuracy and completeness are not guaranteed and may be subject to change. Unless otherwise indicated, all figures are unaudited.

Past performance is not indicative of future performance. There can be no assurances that compliant loan performance will be achieved in the future. Credit quality assessments were performed internally by BCF and have not been verified by independent sources. Any internal ratings presented in this document were developed internally by BCF. Thus, these internal ratings should be viewed as one factor among many factors for evaluating creditworthiness and you should make your determination as to the weight you place on such internal ratings.

Living Cities, Inc: The National Community Development Initiative is the sole member of Living Cities Blended Catalyst Fund LLC. Known is the d/b/a for Known Holdings LLC, and Known Private Wealth and Asset Management ("KPWAM") is the d/b/a for Known Wealth LLC. KPWAM is a SEC-registered investment advisor and serves as a sub-adviser to BCF but is otherwise not affiliated. The Living Cities Blended Catalyst Fund Team are employees of Known. Unless otherwise noted, all information is sourced by KPWAM for BCF.

# Table of Contents

- [Blended Catalyst Fund Investor Letter](#) ..... 4
- [Blended Catalyst Fund Impact Infographics](#) ..... 5
- [Investment Profiles](#) ..... 8
  - 1. [1863 Venture Fund I, LP](#) ..... 9
  - 2. [Blackstar Stability Distressed Debt Fund](#) ..... 10
  - 3. [Central Baltimore Future Fund](#) ..... 11
  - 4. [ChicagoTREND](#) ..... 12
  - 5. [CNote Wisdom Fund](#) ..... 13
  - 6. [Denver Supportive Housing Social Impact Bond](#) ..... 14
  - 7. [Detroit Community Loan Fund](#) ..... 15
  - 8. [Domestic Small Cap Pay for Success Fund I](#) ..... 16
  - 9. [Fortis Capital](#) ..... 17
  - 10. [Founders First Capital Partners, Inc.](#) ..... 18
  - 11. [ICA \(fka Inner-City Advisors\)](#) ..... 19
  - 12. [Impact Ventures III \(City Light\)](#) ..... 20
  - 13. [Jacmel Growth Partners](#) ..... 21
  - 14. [MA Pathways Pay for Success](#) ..... 22
  - 15. [Mission Driven Finance Advance](#) ..... 23
  - 16. [Native Community Capital](#) ..... 24
  - 17. [NewCorp BuildNOLA Mobilization Fund](#) ..... 25
  - 18. [Passbook Ventures \(fka Aux21 Capital Partners\)](#) ..... 26
  - 19. [Project Equity Fund II](#) ..... 27
  - 20. [Propeller Social Venture Fund](#) ..... 28
  - 21. [Regional Equity Development Initiative \(REDI\)](#) ..... 29
  - 22. [Salt Lake County REACH Pay for Success](#) ..... 30
  - 23. [UP Community Fund](#) ..... 31
  - 24. [Urban Innovation Fund](#) ..... 32
  - 25. [WEPOWER Elevate/Elevar Capital](#) ..... 33

# Blended Catalyst Fund Investor Letter

---

October 28, 2024

Dear Friends and Colleagues:

This report summarizes the ninth year of operations for Living Cities Blended Catalyst Fund's ("BCF" or the "Fund") activities, from July 1, 2023, through June 30, 2024 (FY24).

We thank you for your support and are excited to explore and share lessons learned as our portfolio continues to mature. The BCF portfolio is a collection of investments that work to test innovative investment approaches to address the racial wealth gap, shift power within capital systems, and achieve better outcomes for all people in U.S. cities. The latter half of the BCF investments focus on seeking to close the racial wealth gap. While excited about the progress the portfolio makes against this mission, we acknowledge headwinds and rollback of DEI initiatives across the broader economy.<sup>1</sup> The Federal Reserve's Survey of Consumer Finances shows that the racial wealth gap in the U.S. increased between 2019 and 2022 during the COVID-19 pandemic despite overall Black wealth increasing.<sup>2</sup> Given these macroeconomic trends, we believe Living Cities and the Catalyst Family of Funds to be positioned to continue showcasing overlooked investment opportunities that seek to close the racial wealth gap.

For the thirteenth consecutive year, the Living Cities Catalyst Funds were named to the ImpactAssets 50 (IA50), an impact investing list featuring fund managers that deliver social, environmental, and financial returns. The IA50 is the most recognized free database of impact investment fund managers. Living Cities has been included in the IA50 every year since its inception.<sup>3</sup>

As the fund approaches its maturity in 2025, the Blended Catalyst Fund Team remains deeply focused on active portfolio management and monitoring of the fund's remaining investments. We appreciate your commitment to the Blended Catalyst Fund and the communities we serve. Please feel free to contact us if you have any questions or comments.

The Living Cities Blended Catalyst Fund Team



Demetric Duckett, Managing Partner

Thaddeus Fair, Managing Director

Lee Summerell, Senior Associate

[catalystfunds@knownfin.com](mailto:catalystfunds@knownfin.com)

---









<sup>1</sup> [Three things to know about corporate DEI rollbacks \(ft.com\)](https://ft.com)


<sup>2</sup> [Black wealth is increasing, but so is the racial wealth gap \(brookings.edu\)](https://brookings.edu)

<sup>3</sup> On March 11, 2024, Living Cities was recognized on the ImpactAssets IA50 list for information provided as of December 31, 2023. Inclusion on the list should not be deemed an endorsement and is not indicative of a fund manager's performance. The IA 50 Review Committee selects firms according to a set of criteria developed to ensure that the list includes a diverse set of firms with experience in the field, scale in terms of AUM and investor base, commitment to impact and representing a range of approaches, asset classes and impact areas. For more information on the selection process, visit <https://impactassets.org/ia-50/>.


# Impact Infographics




- 
**FUND STRUCTURE**  
 Structured Debt Fund
- 
**VINTAGE YEAR**  
 2015
- 
**BLENDED CATALYST FUND SIZE**  
 \$36.9MM
- 
**COMMITTED CAPITAL**  
 \$33.5MM
- 
**DEPLOYED CAPITAL**  
 \$25.28MM
- 
**GEOGRAPHY**  
 National
- 
**PURPOSE**  
 Further the mission of Living Cities
- 
**LEVERAGE RATIO**  
 18.11x




1 NO POVERTY




2 ZERO HUNGER




3 GOOD HEALTH AND WELL-BEING




4 QUALITY EDUCATION




5 GENDER EQUALITY




6 CLEAN WATER AND SANITATION




7 AFFORDABLE AND CLEAN ENERGY




8 DECENT WORK AND ECONOMIC GROWTH




9 INDUSTRY, INNOVATION AND INFRASTRUCTURE




10 REDUCED INEQUALITIES




11 SUSTAINABLE CITIES AND COMMUNITIES




12 RESPONSIBLE CONSUMPTION AND PRODUCTION




13 CLIMATE ACTION




14 LIFE BELOW WATER



15 LIFE ON LAND



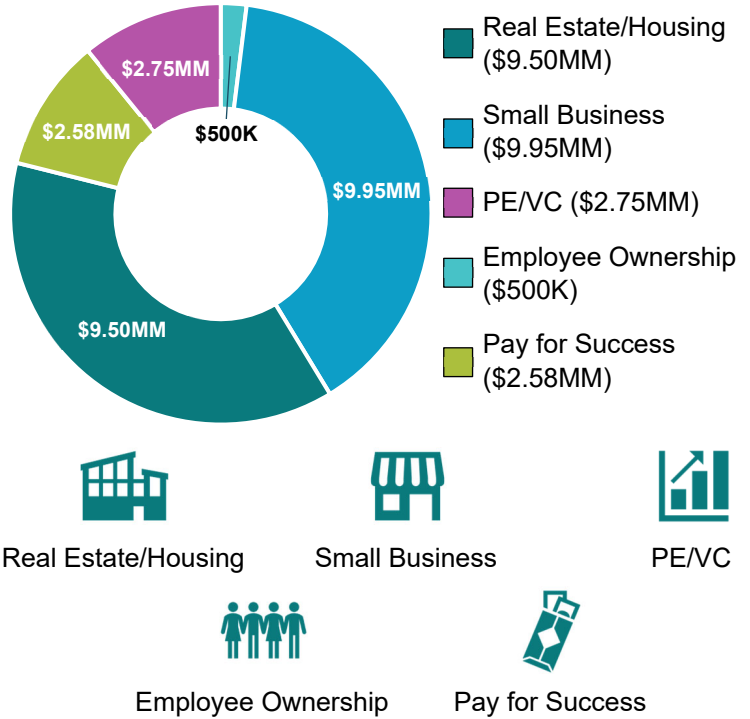
16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS

## 16 LOANS + 5 EQUITY INVESTMENTS DEPLOYED

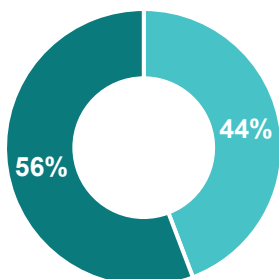
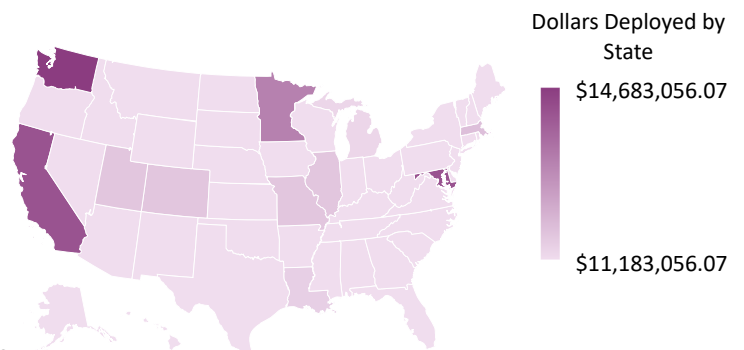
### DOLLARS DEPLOYED BY SECTOR



Our \$25.28MM of investment dollars deployed has leveraged 18.11x in additional capital, or

# \$483.00 million

### Dollars Deployed by Geography

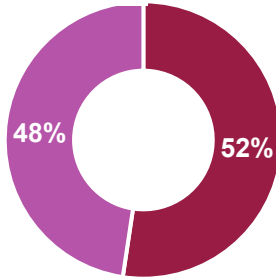


## 56%

of dollars deployed into investments focused on specific geographic areas (cities or states)

# Impact Infographics

**13<sup>th</sup>** year named to Impact Assets 50



**52%** of investments deployed into BIPOC fund managers or BIPOC led organizations

**67%** of AUM of investments deployed by borrowers to BIPOC founded/led companies or into BIPOC communities



**92%**

Percentage of transactions with co-investors who have not previously invested alongside Living Cities (target: 75%)



**50%**

Percentage of transactions with co-investors who have not previously invested in the way they are investing (target: 25%)



**31%**

Percentage of transactions involving public sector partners (target: 25%)

**360+**  
UNDERLYING INVESTMENTS

**6,000+**  
JOBS CREATED

**3,950+**  
PEOPLE PROVIDED WITH SOCIAL SERVICES

Metrics reported are based on internal analysis and borrower reporting. These metrics reflect performance as of 6/30/2024. Qualitative data was collected from borrower reporting and from borrowers themselves. While our investments are a crucial portion of our borrowers' financing, it is important to note that this impact was not financed solely by our capital, and we do not take credit for the full impact reported in this report. As part of our data collection process, we include a request for demographic data. The categories included in BIPOC include: Asian or Asian American, Black or African American, Hispanic/Latinx American, Middle Eastern/North African, Native American/American Indian/Alaskan Native, Native Hawaiian/Pacific Islander, and Multi-racial or multi-ethnic. We acknowledge and reinforce that race, ethnicity, and gender are singular elements of identity, and not all people of the same race, ethnicity, or gender have the same lived experiences.

# Investment Profiles



## 1863 Venture Fund I, LP



### INVESTMENT TYPE

Senior unsecured loan



### BLENDED CATALYST FUND INVESTMENT

\$1,000,000



### GEOGRAPHY

United States



### PURPOSE

Provide growth capital to high-growth, early-stage businesses founded by New Majority entrepreneurs



### YEAR OF INVESTMENT

2020

### EXPECTED IMPACT

Execute 10-15 investments in the first round of deployment to fill the funding gap for high-growth, early-stage businesses founded by entrepreneurs of color



### INVESTMENT OVERVIEW & INNOVATION:

1863 Ventures Fund I is a nationally focused hybrid fund that seeks to close the “friends and family” financing gap for high-growth, early-stage businesses founded by New Majority entrepreneurs (individuals who have been historically underestimated, including Black and Latino men and women) by providing flexible, non-extractive capital.

1863 Ventures is a nonprofit based in Washington, D.C. led by Melissa Bradley that has created a series of business development programs that have scaled nationally over the past eight years. It has collected data on how best to support New Majority founders, built deep relationships with founders across the country and sought to understand capital gaps in the market.

1863 explores the use of an alternative investment structure, Revenue-Based Financing (“RBF”), which is a promising substitute for venture capital and bank loans. RBF is a non-dilutive model that mixes aspects of debt and equity, and that can be acquired quickly and repaid based on monthly or annual recurring revenue. RBF is structured as a loan, but returns are tied directly to the company’s performance, which is more like equity. There is no dilution of ownership and control, and the structure of the loan incentivizes investors to help the company grow.

### IMPACT UPDATE:

1863 Venture Fund I has made 30 portfolio investments with a combination of debt, equity, and RBF investment structures. The current portfolio is across sectors including retail, service, software as a service, marketplace, and creator brands. Portfolio investments include companies such as Brown Toy Box and Richualist. Brown Toy Box is

an educational toy company curating STEM toys, media, and experiences for centering and celebrating Black children where all children can enjoy, learn, and have fun. Richualist is a company that develops tech-enabled hair styling appliances tailored for textured hair. Their flagship product, The Mint, is an all-in-one hair tool that detangles, applies product, and styles with just one stroke.

In addition to the investments noted above, 1863 Ventures supports over 3,200 entrepreneurs across the United States, leveraging capital investments, owned curricula, grant funding, as well as corporate and philanthropic partnerships to scale businesses from high potential to high growth.

# Blackstar Stability Distressed Debt Fund



### INVESTMENT TYPE

Senior secured loan



### BLENDED CATALYST FUND INVESTMENT

\$3,000,000



### GEOGRAPHY

United States



### PURPOSE

Homeownership financing to counteract predatory lending



### YEAR OF INVESTMENT

2020



### EXPECTED IMPACT

Purchase and restructure 50 contracts-for-deed and 5 nonperforming mortgages



1

NO POVERTY



3

GOOD HEALTH AND WELL-BEING



4

QUALITY EDUCATION



11

SUSTAINABLE CITIES AND COMMUNITIES

## INVESTMENT OVERVIEW & INNOVATION:

The Blackstar Stability Distressed Debt Fund (the “Fund”) is a joint-venture partnership between Blackstar Real Estate Partners and Stability NW, LLC. The Fund seeks to promote wealth creation for people of color through homeownership, and to undo the harm of predatory lending practices and products which have rendered such wealth accumulation by these groups difficult.

The investment thesis of the Fund is to purchase nonperforming loans as well as predatory contract-for-deed (“CFD”) and lease-to-own (“LTO”) assets at a discount, with the intent to restructure the assets into conventional, market-rate, performing mortgages. The restructuring allows the individual homeowner to equitably participate in the residential mortgage market in a manner that promotes wealth creation. The Fund plans to hold the mortgages for up to 12-18 months; once they have been seasoned, the Fund will sell the performing mortgages in the open market as its exit strategy.

The Fund seeks not only to achieve attractive risk-adjusted returns, but also to stabilize families and neighborhoods by facilitating the ownership of affordable single-family housing, keeping families in their homes, and attacking predatory lending practices.

## IMPACT UPDATE:

As of June 2024, the Fund had converted 90 CFDs and LTOs into traditional mortgages and holds 89 CFDs and LTOs that it is in the process of converting, with six actively being marketed for disposition. These figures far exceed the 50 CFD purchases and conversions the Fund originally targeted. The mortgage conversions have created \$3.8 million in equity transferred to 90 families, or nearly \$42,000 per family. On average, families with converted mortgages saw monthly payments decrease 29%, with average interest rate savings of 3.64%. Additionally, through December 2023, 35 families had arrearages forgiven. More than half of Blackstar conversions have benefited people at or below 60% AMI, while more than 85% have benefited those at or below 80% AMI.

In addition to its core activities, the Fund has piloted a deferred maintenance program focused on repairs and replacements needed to originate new mortgages or to address safety issues, such as roofing, plumbing, siding, and electrical systems, further empowering low-income homeowners to stay in their homes. While this has slowed the pace of conversions as the average project lasts 57 days from work commencement to completion, the program has successfully addressed deferred maintenance issues, completing 24 deferred maintenance projects, at approximately \$10,900 per home.

# Central Baltimore Future Fund

 **INVESTMENT TYPE**  
Senior unsecured loan

 **BLENDED CATALYST FUND INVESTMENT**  
\$2,500,000

 **GEOGRAPHY**  
Baltimore, MD

 **PURPOSE**  
Commercial real estate investments aimed at eliminating blight and stimulating growth in Central Baltimore

 **YEAR OF INVESTMENT**  
2017

 **EXPECTED IMPACT**  
For each investment, 1 job created for every \$1 million in construction costs and 30% of project costs directed to Minority Business Enterprises (MBEs)

 <b>1 NO POVERTY</b>	 <b>2 ZERO HUNGER</b>	 <b>3 GOOD HEALTH AND WELL-BEING</b>	 <b>4 QUALITY EDUCATION</b>	 <b>7 AFFORDABLE AND CLEAN ENERGY</b>
 <b>8 DECENT WORK AND ECONOMIC GROWTH</b>	 <b>10 REDUCED INEQUALITIES</b>	 <b>11 SUSTAINABLE CITIES AND COMMUNITIES</b>	 <b>13 CLIMATE ACTION</b>	 <b>17 PARTNERSHIPS FOR THE GOALS</b>

**INVESTMENT OVERVIEW & INNOVATION:**

In April 2017, the Blended Catalyst Fund closed a \$2.5MM loan to Reinvestment Fund (“RF”) for the Central Baltimore Future Fund (“CBFF”), formerly the Baltimore Homewood Community Partners Initiative Development Fund. CBFF is a \$10MM debt pool on RF’s balance sheet used for loans that advance Living Cities’ Baltimore Integration Initiative work by financing revitalization projects in ten Baltimore neighborhoods near Johns Hopkins’ Homewood Campus.

CBFF advances the goal of the Baltimore Integration Initiative, led by the Baltimore Integration Partnership (“BIP”), for all anchor institutions in Baltimore to implement economic inclusion policies and practices. The BIP supports anchor institutions so that they can develop policies and practices that prioritize inclusive local hiring. The BIP has further refined its goal to connect low-income Baltimore residents, who are predominately African American, to economic opportunity. CBFF-funded projects, which incorporate inclusive hiring and hiring goals, further the mission of the BIP.

**IMPACT UPDATE:**

To date, CBFF has made loans to 12 projects totaling \$13.5MM with five loans still outstanding. The Fund targets small commercial and non-profit use projects including single-family housing and mixed-use commercial spaces for arts, mental health services, and co-working.

Construction is complete for all investments except one, and nearly 15% of all construction costs were directed to MBE contractors. The projects have created a total of 17 home-ownership units, 203 rental units, 46,000 square feet of retail space, 9,106 square feet of educational space, and 159,000 square feet of other mixed-use space. Loans originated by CBFF have supported total project costs of \$49 million.

The Fund has been able to support the Central Baltimore neighborhoods in other ways as well throughout the investment period. During the COVID-19 pandemic, the Fund was patient with its capital, allowing some borrowers to defer payments and rework terms as appropriate. The Fund’s flexibility during this time ensured that projects could weather the storm and finish development. The explicit focus on Central Baltimore has allowed RF to deepen relationships in the area and build strong partnerships with other institutions especially pertaining to business development.

# ChicagoTREND

 **INVESTMENT TYPE**  
Senior secured loan

 **BLENDED CATALYST FUND INVESTMENT**  
\$500,000

 **GEOGRAPHY**  
Chicago, IL & Baltimore, MD

 **PURPOSE**  
Support in the acquisition of community shopping centers in partnership with Black entrepreneurs

 **YEAR OF INVESTMENT**  
2021

 **EXPECTED IMPACT**  
Preserve affordable CRE for local businesses and offer small-dollar investment opportunities to community members

**9** INDUSTRY INNOVATION AND INFRASTRUCTURE

**10** REDUCED INEQUALITIES

**11** SUSTAINABLE CITIES AND COMMUNITIES

**13** CLIMATE ACTION

**16** PEACE, JUSTICE AND STRONG INSTITUTIONS

**INVESTMENT OVERVIEW & INNOVATION:**

The ChicagoTREND Corporation (“TREND”) is a benefit corporation that catalyzes, accelerates, and finances strategic commercial development to strengthen communities. Co-founded in 2016 by Lyneir Richardson and Robert Weissbourd, the firm seeks to drive inclusive growth by working with investors, developers, and local leaders to identify and facilitate developments that move overlooked and undervalued neighborhoods forward.

TREND’s investment thesis is principally focused on strategic commercial real estate investments in underserved communities of color, in which it seeks to partner with a range of community stakeholders to understand the challenges, opportunities, and priorities of the communities in which it works.

The loan from BCF supports the acquisition of community shopping centers in partnership with Black entrepreneurs and catalyzes TREND’s community development initiative to directly address the racial wealth gap in America.

**IMPACT UPDATE:**

TREND used the loan from BCF to acquire two properties, a mixed-use property in Chicago, and a shopping center in Baltimore. The Baltimore shopping center was partially financed through a unique capital structure, allowing 123 Black, local, and other small impact investors to have a collective 49% ownership interest. This collective ownership creates pride in the community and the opportunity for small-dollar investors to financially benefit through stewardship of the property.

TREND has worked to improve the Baltimore shopping center with improvements to the façade as well as security upgrades. Most recently, TREND has started work to rebuild a space, formerly occupied by Rite-Aid, into 3-5 smaller storefronts meant to attract smaller, local tenants. The leasing strategy focuses on cultivating local and Black-owned tenants that provide neighborhood services, leading to new leases with a Black-owned laundromat and a local restaurateur in 2023.

The mixed-use property in Chicago is currently fully leased, with the three commercial units housing local, Black-owned businesses including food service and a coworking space. All five residential units are also occupied.

## CNote Wisdom Fund



### INVESTMENT TYPE

Senior unsecured loan



### BLENDED CATALYST FUND INVESTMENT

\$2,500,000



### GEOGRAPHY

United States



### PURPOSE

Provide flexible, affordable debt to CDFIs financing women-owned and/or led small businesses, with a focus on serving women of color



### YEAR OF INVESTMENT

2020



### EXPECTED IMPACT

\$25K-\$2MM senior, general obligation loans to CDFIs for on lending



5 GENDER EQUALITY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES

### INVESTMENT OVERVIEW & INNOVATION:

BCF made a \$2.5MM loan to CNote's Wisdom Fund in November 2020. CNote is an Oakland, CA-based women-owned fintech company and impact investing platform launched in 2016 by co-founders Catherine Berman and Yuliya Tarasava. CNote is focused on creating impact through new financial products built in collaboration with CDFIs and aligned investors to bring greater financial opportunity and equality to overlooked and underserved communities.

The Wisdom Fund (the "Fund") is a managed account at CNote that functions as both a capital source and a learning collaborative to CDFIs focused specifically on lending to women of color entrepreneurs. The structure, created based on CDFI feedback, allows CNote to scale as needed, by raising capital on a rolling basis and deploying it as soon as they receive it. For CDFIs, receiving capital as they need it provides flexibility, the ability to control costs, and better operational insight.

The Fund makes senior, general obligation loans to its CDFI partners which have been intentionally sought out for being in regions with the fastest growing number of women-led businesses and include organizations such as TruFund, based out of New York; LIFT Fund, based out of Texas; Carolina Small Business Development Fund, based out of North Carolina; and CDC Small Business Finance, based out of California.

A key element of the Wisdom Fund lies in the collaborative learning and data-sharing function of the partnership. The Wisdom Fund provides members with an

opportunity to aggregate data across multiple entities to identify gaps and collectively solve for the fact that less than 5% of small business lending dollars flow to women, despite the fact that women have proven to have higher repayment rates and stronger financial performance than their male counterparts according to the 2018 State of Women-owned Businesses Report commissioned by American Express.

### IMPACT UPDATE:

CNote's fintech platform and ability to aggregate capital, particularly from nonaccredited retail investors, have made it a unique firm and capital source in the market. In June 2021, PayPal announced a \$135MM deposit into mission-driven financial institutions and management funds that help underserved communities of color fight barriers to economic equity, including CNote's Wisdom Fund. With this influx of low-cost capital to the Fund, the BCF loan was repaid in full in September 2021.

## Denver Supportive Housing Social Impact Bond



### INVESTMENT TYPE

Investment in a Pay for Success project



### BLENDED CATALYST FUND INVESTMENT

\$500,000



### GEOGRAPHY

Denver, CO



### PURPOSE

Provide funding to scale services of two non-profits providing wrap-around services to at least 250 chronically homeless individuals



### YEAR OF INVESTMENT

2016

### EXPECTED IMPACT



Housing stability for the 393 chronically homeless in the program and a 20% or greater reduction in jail days for the same group



### INVESTMENT OVERVIEW & INNOVATION:

The BCF investment to the Denver Supportive Housing Social Impact Bond Initiative (“Denver SIB”) aims to break the pernicious homelessness-jail cycle by providing permanent affordable housing and intensive case management to chronically homeless individuals.

During project development, analysis of city data demonstrated that a number of chronically homeless individuals in Denver were getting arrested eight or more times each year and engaged in a perpetual homelessness-jail cycle. In total, the City of Denver estimated it spends ~\$7.3MM a year on serving individuals caught in the homelessness-jail cycle without helping them achieve a better quality of life.

Denver SIB was the first Pay for Success transaction in the U.S. structured without any subordination, which was interpreted as evidence of the market’s increasing comfort with the PFS structure. The transaction has become a leading example of the effectiveness of permanent supportive housing in breaking the homelessness-jail cycle, and how cities and counties can utilize innovative cross-sector partnerships to make permanent housing more widely available to their constituents.

### IMPACT UPDATE:

Based upon the success level of the project, as evaluated by Urban Institute, the City of Denver ultimately paid out \$9.64MM in success payments in 2021, representing a \$1.04MM return on their investments – including a \$5.10MM payment for the jail days tranche, which BCF was invested in. The project provided promising evidence that it helped participants get and stay in housing performing in line with expectations and consistent with past research.

In 2018, the City of Denver finalized a contract to scale the Denver SIB efforts to house an additional 75 participants. This is particularly notable because it is the first project domestically to be taken up directly by the government partner. One of the critical questions with PFS is whether or not next steps will be taken after the project to institutionalize any positive impacts. The purpose of a PFS project is often to mitigate the risk to government by providing a proof of concept for a specific intervention. The fact that the City of Denver is willing to pay directly for the wrap-around services needed to implement permanent supportive housing—prior to final outcomes being evaluated—is noteworthy, and provides a model for other cities, counties, and states involved with PFS to follow.

## Detroit Community Loan Fund



### INVESTMENT TYPE

Senior unsecured loan



### BLENDED CATALYST FUND INVESTMENT

\$1,000,000



### GEOGRAPHY

Detroit, MI



### PURPOSE

Small business development



### YEAR OF INVESTMENT

2017

### EXPECTED IMPACT



Microloans to entrepreneurs and small business owners for whom access to capital is a challenge



### INVESTMENT OVERVIEW & INNOVATION:

The Detroit Community Loan Fund (“DCLF” or the “Fund”) is a \$2MM pool of capital that provides loans to small and growing businesses that are owned by entrepreneurs who have traditionally faced obstacles to obtaining financing. The Fund provides micro-loans (\$5,000 to \$50,000) to enterprises in underserved neighborhoods that typically do not have access to capital that have operated for less than three years and startups with less than \$100,000 in annual revenue.

The BCF loan to the Fund builds on Living Cities’ past Integration Initiative in Detroit attempting to provide capital to entrepreneurs, small businesses, and social ventures deemed “high-risk”. The Detroit Development Fund, a nonprofit CDFI established in 1996, manages the DCLF.

The Fund requires eligible borrowers to have a mentoring or technical assistance relationship with DCLF, another community lender, or partnering technical assistance provider to aid in assessing the true level of risk for these borrowers, which the fund partners believe is lower than what is perceived.

### IMPACT UPDATE:

During the pandemic, DCLF focused on seeking opportunities to have a greater understanding of the barriers and needs of the aspiring entrepreneur, enhance customer relationships, and provide the tools necessary

for customer sustainability, growth, and success.

In this process, DCLF focused its efforts on building microbusiness capacity and infrastructure to support long-term business sustainability through technical assistance to businesses in the pipeline and post-loan coaching to existing borrowers. The Fund provided over 260 hours of in-house pre-application assistance to over 50 entrepreneurs and over 60 hours of direct in-house post-loan coaching to 28 borrowers. The Fund averaged \$850K of loan activity to small businesses – 98% to minority-owned businesses and 70% to women of color-owned businesses.

Due to the unforeseen impacts of COVID-19, DCLF’s deployment pace significantly decreased due to their increased focus on portfolio management given the small business concentration of their lending portfolio. As DCLF adjusted to meet the needs of its borrowers coming out of the pandemic, the BCF loan was repaid in full in November 2021.

## Domestic Small Cap PFS Fund I

 **INVESTMENT TYPE**  
Subordinate loan

 **BLENDED CATALYST FUND INVESTMENT**  
\$2,000,000

 **GEOGRAPHY**  
United States

 **PURPOSE**  
Social services, recidivism & chronic homelessness

 **YEAR OF INVESTMENT**  
2017

 **EXPECTED IMPACT**  
Investment in four Pay For Success projects



### INVESTMENT OVERVIEW & INNOVATION:

The Domestic Small Cap Pay for Success Fund I (the “PFS Fund”) originates senior loans into Pay For Success (“PFS”) projects across the U.S. that support the scaling of promising policy interventions. PFS projects combine private capital and philanthropic funds to pursue specific social impact outcomes, with return on investment increasing based on the achievement of pre-determined program success targets. The PFS Fund focuses on making investments in “small cap” transactions under \$10MM.

At origination, the PFS Fund was intended to serve as a proof-of-concept to help Reinvestment Fund establish a track record and show a demand for such a fund among investors who are new to PFS or impact investing. In addition, as it was the first fund of its kind at the time, the PFS Fund sought to create efficiencies, and potential scale, in the PFS market. Until the PFS Fund’s creation, layers of capital in PFS transactions had been sourced on a deal-by-deal, investor-by-investor basis, creating elongated capital raising cycles and high transaction costs. By organizing capital, the PFS Fund sought to mitigate these inefficiencies that make it difficult for the PFS market to grow.

### IMPACT UPDATE:

The PFS Fund has committed over \$7MM to five PFS projects supporting the chronically homeless, decreasing recidivism, and creating sustainable agricultural practices. Four of the five projects have repaid and have provided social services to approximately 650-700 people in California. The sustainable agriculture PFS project’s success has led to the program scaling to over 14 states post-repayment with grant support from the USDA and approximately \$62MM in commitments from partners. Since 2021, the program has enrolled over 540,000 acres of farmland, with enrolled farmers having sequestered over 450,000 metric tons of greenhouse gases. The PFS fund was an early funder of the program, providing a \$270K loan in February 2021.

The PFS Fund’s remaining outstanding investment, which closed in September of 2021, is in a Ready to Work Project. This project provides supervised work experience, housing, and case management for trainees who are chronically homeless, and may have been previously incarcerated, struggle with drug abuse, or struggle with mental health. The program is tracking trainees graduated out of total trainees enrolled and continues to follow up with the graduates during the 12-month post-graduation assessment period to understand how the program has impacted their ability to retain employment and housing.

## Fortis Capital



### INVESTMENT TYPE

Senior unsecured loan



### BLENDED CATALYST FUND INVESTMENT

\$2,000,000



### GEOGRAPHY

Minneapolis, Minnesota



### PURPOSE

Small business lending



### YEAR OF INVESTMENT

2020



### EXPECTED IMPACT

Loans up to \$400,000 to small businesses paired with technical assistance through a city program



### INVESTMENT OVERVIEW & INNOVATION:

Fortis Capital (the “Fund”) is a non-profit lender created in conjunction with the City of Minneapolis (“City”) to increase access to debt on reasonable terms for small and growing businesses owned by entrepreneurs of color or businesses in challenged communities in Minneapolis. The Fund purchases non-recourse participations in loans originated by local banks, CDFIs, and other lenders.

The Fund is based on a pre-existing program in Minneapolis, the “2% Loan Program,” which is administered through the City of Minneapolis’s Department of Community Planning and Economic Development. By operating under broader eligibility standards than the City financing program, the Fund expands the credit box to reach those not served well by existing capital programs.

### IMPACT UPDATE:

Fortis Capital is focused on supporting BIPOC-owned businesses, which, as research has demonstrated, have more difficulty accessing capital than their white peers. Entrepreneurs of color face a legacy of structural racism when seeking startup and expansion capital for their small businesses and are less likely to have a network of high-net-worth individuals that they can leverage. According to the U.S. Small Business Administration 7(a) and 504

Summary Report for 2023, borrowers identifying as Black or African American received less than 5% of SBA 7(a) and 504 loan dollars. This capital gap, amongst many other factors, contributes to the staggering disparities in income and wealth for people of color, which is true nationally, and in Minneapolis as well.

The Fund was established to increase capital access to small businesses in Minneapolis, to increase jobs created or retained, and to improve overall community well-being. The Fund focuses on low-income, high-poverty areas of Minneapolis, including the federally designated Promise Zone in North Minneapolis and Opportunity Zone designated tracts.

The Fund has built a portfolio of 18 loans deployed to small businesses in the Minneapolis area. Of the funds deployed, 94% have gone to BIPOC-owned businesses and 50% have gone to woman-owned businesses. To date, loans have supported several Minneapolis-based commercial developments, helping provide communities with new amenities such as restaurants, bakeries, laundry services, and newly renovated commercial space. The Fund has been raising additional capital, leveraging BCF’s commitment to grow into a sustainable long-term source of capital for Minneapolis’s small business community.

### Founders First Capital Partners, Inc.



#### INVESTMENT TYPE

Equity investment



#### BLENDED CATALYST FUND INVESTMENT

\$500,000



#### GEOGRAPHY

United States



#### PURPOSE

Growth capital investment in management company



#### YEAR OF INVESTMENT

2021



#### EXPECTED IMPACT

Invest in up to 400 small and medium businesses by 2024



#### INVESTMENT OVERVIEW & INNOVATION:

Founders First is a San Diego-based business accelerator and investment firm co-founded and led by Kim Folsom with the mission to empower underrepresented founders to become leading premium-wage job creators within their communities.

To achieve these goals, Founders First offers a revenue-based investment (“RBI”) platform alongside an advisory services and education component supported by its affiliated non-profit. The RBI platform, also known as revenue-based financing (“RBF”), provides flexible, non-dilutive growth capital in the form of three- to five-year RBI notes, with a 1.5x to 2x cap payback of principal and 5% royalties until the cap is achieved.

At origination, Founders First had a commitment from Community Investment Management for a \$100 million credit facility but needed to raise growth capital in order to scale to fully deploy the credit facility.

#### IMPACT UPDATE:

In November 2021, Founders First closed an \$11 million Series A round welcoming several high-profile philanthropic organizations such as the W.K. Kellogg Foundation and Pivotal Ventures, a Melinda French Gates company. The Series A closing allowed Founders First to expand their operations including the addition of new staff

members. In 2023, Founders First was selected to be on ImpactAssets’ annual IA50 list as an Emerging Impact Manager.

As of 2023 year end, Founders First had disbursed over \$8.7 million in revenue-based financing, with an average deal size of \$255k. On average, portfolio businesses have increased revenues by 29% post-investment. More than 74% of funded companies had existing debt prior to funding, with the average founder carrying \$142k in an average of two sources of debt.

## ICA (fka Inner City Advisors)

	<b>INVESTMENT TYPE</b> Senior unsecured loan
	<b>BLENDED CATALYST FUND INVESTMENT</b> \$1,000,000
	<b>GEOGRAPHY</b> Bay Area, CA
	<b>PURPOSE</b> Small Business
	<b>YEAR OF INVESTMENT</b> 2020
	<b>EXPECTED IMPACT</b> \$8MM or 80% of all ICA's capital invested in minority-owned businesses
  	

### INVESTMENT OVERVIEW & INNOVATION:

In October 2020, BCF closed a \$1MM loan as the lead investor in ICA's \$10MM capital raise. ICA is an Oakland, CA-based 501(c)(3) and Community Development Financial Institution formed in 1996. The organization's mission is to accelerate high-growth small businesses o to close racial and gender wealth gaps. ICA accomplishes this by providing 1) advisory services to businesses, primarily through its accelerator program, and 2) convertible note and equity financing to early and growth-stage businesses.

At the time of the capital raise, approximately 80% of ICA's investments were to be allocated toward businesses with annual revenues of at least \$500K that are led by or have a workforce comprised primarily of women and people of color; have strong potential for profit and growth; and demonstrated an intention to provide fair and equitable compensation, benefits, and wealth-sharing opportunities for employees.

### IMPACT UPDATE:

As of June 30, 2024, ICA has deployed over \$9MM from the \$10MM capital pool, including \$1.2MM in early-stage funding from the ICA Seed Fund. 100% of companies funded by the ICA Seed Fund were led by women or people of color. During 2023, ICA supported a total of 116

businesses through capital and/or training, of which 71% were run by BIPOC owners, and 66% were run by women. Additionally, of the businesses that ICA Fund worked with in 2023, 42% are located in low-income communities.


ICA has focused on supporting entrepreneurs in the Bay Area through a combination of financing, education, technical assistance, and by creating a professional network for ICA's members. Each year, ICA has two cohorts complete their programs, which are focused on getting companies investment ready for their next stage of growth. The Accelerator focuses on high-growth, more established companies, while the Lab focuses on early-stage companies. In Q2 2023, after unprecedented interest, ICA had its largest Accelerator cohort with 50 new companies. To better support companies after graduation, in 2023 ICA launched Circle, an online platform where members can connect with advisors and each other. Additionally, ICA has created a shared services platform, "Ramp Up Studio", through which ICA members can access high-quality professional services. Given the success of these programs, ICA is working to spread this model to reach entrepreneurs beyond the Bay Area by partnering with non-profits across the country.

## Impact Ventures III (City Light)


 **INVESTMENT TYPE**  
LP interest in venture capital fund

 **BLENDED CATALYST FUND INVESTMENT**  
\$2,000,000

 **GEOGRAPHY**  
United States

 **PURPOSE**  
Investments in early-stage social enterprises

 **YEAR OF INVESTMENT**  
March 2016

 **EXPECTED IMPACT**  
Invest in 10-15 early and growth stage companies in education, safety, and environment sectors



The grid shows 15 Sustainable Development Goals (SDGs) with icons: 1. No Poverty, 2. Zero Hunger, 3. Good Health and Well-being, 4. Quality Education, 7. Affordable and Clean Energy, 8. Decent Work and Economic Growth, 9. Industry, Innovation and Infrastructure, 11. Sustainable Cities and Communities, 12. Responsible Consumption and Production, 13. Climate Action, and 15. Life on Land.

### INVESTMENT OVERVIEW & INNOVATION:

Impact Ventures III (“IV3”) is a \$57.4MM venture capital impact investment fund that invests in early-stage social enterprises addressing urban issues related to education, safety and sustainability. IV3 is the third fund managed by City Light Capital, a New York-based firm that is led by Managing Partner Josh Cohen and is dedicated to generating both strong financial returns and measurable social impact. IV3 investees are required to report to City Light on 10-20 agreed-upon impact data points annually so that City Light can measure outputs, outcomes, and long-term impact of its investments.

IV3 typically makes initial investments between \$1-3MM in the Series A round of its portfolio companies. It also offers smaller “City Spark” investments of \$50,000 into businesses it believes are future Series A candidates.

### IMPACT UPDATE:

IV3 invests in companies with a direct relationship between financial outcomes and measurable social impact. In reviewing potential portfolio companies, it identifies who the primary beneficiaries of the companies’ products and services are, which may include Medicaid recipients, seniors, and/or low-wage hourly workers.

Through Q1 of 2024, IV3 has invested into in 28 companies, including 11 Series A investments and 17 City Spark investments. City Light identifies itself as the most active investor in mental health, with 28 mental health deals since 2018, most notably including IV3’s investment in Ginger, which subsequently merged with Headspace to form Headspace Health. Since Q1 of 2022, City Light has also increased its focus in the environmental sector through companies that are modernizing and supporting a

sustainable energy grid.

Environmentally focused portfolio companies include OhmConnect, Omnidian, Vgrid, and XAGE. OhmConnect is a technology company focused on smoothing energy-grid demand to reduce carbon emissions. OhmConnect recently merged with Google Renew Home, and IV3 now has a stake in the merged company. Omnidian provides performance guarantees, monitoring, and servicing for residential and commercial solar installations. VGrid recycles agricultural waste products to sequester carbon and generate carbon-negative energy. Xage is a cybersecurity company that IV3 believes will help protect the growing, de-centralized renewable energy grid from cyber-attacks.

## Jacmel Growth Partners



### INVESTMENT TYPE

Senior unsecured loan



### BLENDED CATALYST FUND INVESTMENT

\$750,000



### GEOGRAPHY

United States



### PURPOSE

Working capital for a BIPOC-led fund focused on equity investments into mid-sized companies



### YEAR OF INVESTMENT

2020



### EXPECTED IMPACT

Launch \$100 million fund by 2023 and deploy into approximately 10 mission-aligned investments



### INVESTMENT OVERVIEW & INNOVATION:

In December 2020, BCF made a loan commitment of \$750K to Jacmel Growth Partners, LLC (“Jacmel”). Founded in 2016, Jacmel is a BIPOC-owned private investment firm that promotes employee empowerment by ensuring fair pay, enhancing employee benefits, and providing professional development opportunities at portfolio companies. At underwriting, Jacmel intended to launch its first formal investment fund, which was anticipating a targeted raise of \$100MM to further the investment thesis tested by its earlier individual investment activities. Jacmel had previously conducted its investment activities on a project-by-project basis, with each transaction capitalized by varying equity and debt sources.

Jacmel offered an opportunity to explore providing working capital in support of an underrepresented fund manager working to raise a private equity fund. Traditional capital markets channels have proven difficult for underrepresented fund managers to access despite having professional experience and credentials equal to that of their non-diverse peers, or even greater.

### IMPACT UPDATE:

In the fall of 2021, Jacmel received a significant investment from a leading global asset management firm. The Blended Catalyst Fund’s loan worked to catalyze Jacmel’s fundraise providing capital to support the startup of the fund and was fully repaid in early 2022.

## MA Pathways Pay for Success



### INVESTMENT TYPE

Equity in a Pay for Success project



### BLENDED CATALYST FUND INVESTMENT

\$650,000



### GEOGRAPHY

Greater Boston, MA



### PURPOSE

Scale services for JVS, a Boston-based non-profit, to improve economic security for 2,000 immigrants and refugees in the Greater Boston area



### YEAR OF INVESTMENT

2017



### EXPECTED IMPACT

Increased annual earnings for ~2,000 immigrant and refugee participants



### INVESTMENT OVERVIEW & INNOVATION:

In January 2017, the BCF closed a \$650,000, six-year equity investment in Common Class shares as an anchor investor in the Massachusetts Pathways to Economic Advancement Pay for Success (PFS) Project (“MA Pathways”). MA Pathways was the first PFS initiative in the nation to be focused exclusively on workforce development. The project raised \$12.43MM from 40 investors: \$9.94MM (80%) in Class A Preferred interests and \$2.49MM (20%) in Common Class interests. MA Pathways was the first PFS project that brought in investors through Donor Advised Funds (DAFs), with 16 of the project’s 40 investors participating via DAFs.

MA Pathways strives to improve economic outcomes and provide better quality of life for a diverse population of approximately 2,000 English language learners (ELLs) living in low-income neighborhoods in the greater Boston area. In answer to the demand for quality English language skill and workforce services, Jewish Vocational Services (JVS) is providing program participants with increased access to vocational English classes, skills training, and better jobs through a tiered intervention program. To accommodate varying language levels, personal resources, employment objectives, and educational goals among program participants, JVS is serving project participants through four program tracks: Rapid Employment, Occupational Skills Training, English for Advancement, and Bridges to College. The multi-track approach makes it possible for MA Pathways to serve more people than we have seen in past PFS projects while still providing targeted support to program participants.

### IMPACT UPDATE:

MA Pathways’ outcomes greatly exceed expectations. BCF was fully repaid in 2020 and received the final outcomes report in 2021. MA Pathways was a first-of-its-kind project serving as a blueprint for PFS projects in workforce development and solidified the Commonwealth of Massachusetts’s commitment to workforce development for adult learners.

## Mission Driven Finance Advance



### INVESTMENT TYPE

Senior unsecured loan



### BLENDED CATALYST FUND INVESTMENT

\$2,000,000



### GEOGRAPHY

San Diego, CA



### PURPOSE

Lending to small businesses, non-profits, and social enterprises in the San Diego region



### YEAR OF INVESTMENT

2020

### EXPECTED IMPACT

Fill capital gaps for organizations that benefit the community through access to healthcare, education, or housing; providing quality jobs; or building systems and infrastructure



### INVESTMENT OVERVIEW & INNOVATION:

Mission Driven Finance (“MDF”) is a San Diego-based firm, co-founded by David Lynn and Lauren Grattan in 2015, that works to close capital gaps in order to close opportunity gaps. MDF’s place-based strategies invest in small businesses, social enterprises, and nonprofits that deliver critical services, create paths to quality jobs, and lead inclusive economic development.

MDF created the Advance Fund to address inequities in access to capital for entrepreneurs in the San Diego-region. MDF defines success as how well they are building assets in the community, in addition to assets under management.

MDF has developed new underwriting methodologies that are more equitable in assessing entrepreneurs of color who have historically been denied access to capital. This new methodology incorporates a private equity approach and character-based lending in place of FICO scores and assets. With this alternative approach, MDF works to avoid re-creating or perpetuating a model in which people who have historically faced barriers in access to capital hit the same wall with MDF. MDF places equal weight on a business’s leadership, expected financial performance, and impact.

### IMPACT UPDATE:

The Advance Fund has disbursed more than \$22.6 million across 64 borrowers. As of June 2024, 26 borrowers in the portfolio have successfully exited their loans allowing Advance to redeploy funds to increase impact. Recent investments in the Advance portfolio include a loan to a non-profit working to help first-generation, low-income students access college as well as a loan to a minority and women-led consulting firm focused on providing

accessible training and consulting for minority-led non-profits and small businesses. Using lessons learned from the Advance Fund, MDF is now working on capitalizing a new fund to bring the Advance model to all of California.

# Native Community Capital



### INVESTMENT TYPE

Senior unsecured loan



### BLENDED CATALYST FUND INVESTMENT

\$500,000



### GEOGRAPHY

Arizona and New Mexico



### PURPOSE

Lending capital to make small business, commercial real estate, and homeownership investments in Native communities



### YEAR OF INVESTMENT

2021

### EXPECTED IMPACT

Growth capital to support Native women-led businesses and financing for Native home mortgages



### INVESTMENT OVERVIEW & INNOVATION:

In March 2021, BCF approved a \$500K loan to Native Community Capital (“NCC”), a Native-led Community Development Financial Institution serving Native communities across New Mexico and Arizona with a mission to advance tribal self-determination by working as a lender and honest broker for unlocking capital resources necessary to build tribal economies. NCC’s vision is that private sector capital shall be as readily accessible on tribal lands for housing, community development, and economic development as in any non-Native community.

NCC is the result of three previously separate organizations agreeing to operate as one. NCC was formed in the summer of 2019 through a corporate merger as a strategy to make more significant investments in tribal economies.

NCC is working with Native Women Lead, founded in 2017 and dedicated to revolutionizing systems and inspiring innovation by investing in Native women-led businesses, to provide growth capital to Indigenous women-owned businesses in New Mexico & Arizona. NCC also boasts a growing residential construction loan portfolio and prioritizes financing for Native home mortgages.

### IMPACT UPDATE:

Through its lending, NCC and its partners, like Native Women Lead, aim to help close the racial wealth gap by providing individuals with access to affordable, culturally competent loans. Through the loans that NCC makes, borrowers can start or scale businesses, buy homes on non-tribal land, or rehabilitate existing homes on tribal land, which helps build wealth and stability.

Due to unforeseen delays following the 2019 merger and BCF’s deployment timeline, the commitment to NCC went unfunded.

## NewCorp BuildNOLA Mobilization Fund



### INVESTMENT TYPE

Senior unsecured loan



### BLENDED CATALYST FUND INVESTMENT

\$2,000,000



### GEOGRAPHY

New Orleans, LA



### PURPOSE

Lending capital for loans to contractors qualified as disadvantaged business enterprises



### YEAR OF INVESTMENT

2020



### EXPECTED IMPACT

Up to a \$10,000,000 revolving fund for DBE subcontractors



### INVESTMENT OVERVIEW & INNOVATION:

NewCorp, a New Orleans-based Community Development Financial Institution, piloted the BuildNOLA Mobilization Fund (“BuildNOLA”) to catalyze the participation of disadvantaged business enterprises (“DBEs”) in government infrastructure projects. BuildNOLA on-lends to minority-owned contracting businesses who have been awarded contracts by the City of New Orleans, but have difficulty accessing the capital required to fulfill those contracts.

These projects, many of which are focused on major storm repairs and infrastructure improvements, can be profitable but require contractors to fund project costs prior to payment. Through BuildNOLA, DBEs gain access to funds to bridge the receipt of project fees, allowing DBEs to meaningfully participate in the city’s major infrastructure projects.

### IMPACT UPDATE:

BuildNOLA is focused on supporting DBEs managed by entrepreneurs of color and seeks to partially address the capital gap for people of color by providing increased access to capital.

The BuildNOLA Mobilization Fund has been highly successful. Given the quickly recycling nature of the fund, in early 2022 NewCorp determined that drawing the BCF funds was not necessary. As such, the BCF commitment

went unfunded. Up to that point, 27 DBE subcontractors had already benefited from the program. The \$8 million fund had recycled nearly 2x since its start in 2020, with no payment defaults. NewCorp hopes to reach \$20 million of annual deployment through BuildNOLA and is considering expansion of the program across Louisiana to support the success of highly capable DBEs who would otherwise be held back because of inadequate access to capital.

Due to adjustments in BuildNOLA’s deployment strategy given the quickly recycling nature of BuildNOLA, the need for revolving capital, and BCF’s deployment timeline, the commitment to NewCorp went unfunded.

## Passbook Ventures (fka Aux21 Capital Partners)



### INVESTMENT TYPE

Senior secured loan



### BLENDED CATALYST FUND INVESTMENT

\$500,000



### GEOGRAPHY

United States



### PURPOSE

Working capital for an early-stage venture fund



### YEAR OF INVESTMENT

2020



### EXPECTED IMPACT

Invest up to \$100 million in early-stage ventures led by underrepresented founders



### INVESTMENT OVERVIEW & INNOVATION:

Passbook Ventures (“Passbook”) is a Washington, DC-based early-stage venture capital firm founded in 2020 by Chinedu Enekwe and Mark Fleming. The BIPOC-owned firm believes companies must have a global strategy embedded in their DNA to maintain a competitive advantage in their respective sectors. The firm seeks to identify markets in which technology is creating efficiencies globally. Passbook Ventures is committed to supporting enterprises led by immigrants and people from underrepresented communities whose lived experience informs their work.

### IMPACT UPDATE:

Backed by BCF’s working capital commitment, Passbook Ventures generated \$2.3 million of investor commitments in its initial fundraising round.

While Passbook Ventures continues to work toward raising additional capital, the BCF commitment went unfunded. Passbook Ventures plans to invest in early-stage, consumer-focused fintech and commerce companies that provide people access to opportunities that empower their lives. With a double bottom line focus, it will generate commercial, risk-adjusted returns while increasing access to capital for diverse founders.

Due to unforeseen fundraising delays and BCF’s deployment timeline, the commitment to Passbook went unfunded.

## Project Equity Fund II



### INVESTMENT TYPE

Super-senior unsecured loan



### BLENDED CATALYST FUND INVESTMENT

\$500,000



### GEOGRAPHY

United States



### PURPOSE

To provide financing to transition businesses to employee-owned vehicles



### YEAR OF INVESTMENT

2021



### EXPECTED IMPACT

Provide \$5 million in employee ownership transition financing by 2023



### INVESTMENT OVERVIEW & INNOVATION:

In March 2021, BCF made a \$500K loan to Project Equity Fund II LLC (“Employee Ownership Catalyst Fund” or the “Fund”), which is managed by Project Equity. Project Equity was founded in 2014 in the San Francisco Bay Area by Alison Lingane and Hilary Abell and is a national leader in the movement to harness employee ownership to maintain thriving local business communities and to address income and wealth inequality.

The Fund targets US-based businesses with 25-50+ employees, majority workers of color or employees who are low-to-moderate income, that want to transition to employee ownership but need capital to finance the transition. Employee ownership has the potential to create a pathway to economic mobility and wealth creation in sectors or jobs for workers who may not have had that opportunity otherwise. Project Equity’s Silver Tsunami data project highlights that as business owners in the US continue to age and retire, there is a large and growing opportunity to transfer those businesses to employee ownership structures.<sup>4</sup>

The Fund provides a revolving pool of capital for financing employee ownership, which can take many forms, such as an Employee Stock Ownership Plan, an Employee Ownership Trust, or a worker-owned cooperative.

### IMPACT UPDATE:

The Fund has provided transition/working capital loans to six companies, totaling \$2.4MM in original commitments. An additional six smaller forgivable loans were made with grants, five of which have been forgiven or are on track to be forgiven based on reaching milestones toward employee ownership. Five of the transition and working capital loan borrowers have transitioned to full employee ownership, with the sixth partially transitioned and planning on reaching 100% employee ownership over 10 years. In 2023, three of the transitioned companies reported a combined \$215K in accrued profit sharing to be paid out to the employee-owners. Borrowers have also reported increased revenues, wages, and better working conditions post-transition. All companies financed have a majority of employees who are low-to-moderate income and/or are people of color.

Project Equity has also continued advocating for the benefits of employee ownership more broadly, through policy work, research, articles, technical assistance, a monthly webinar, and an eight-hour continuing education training summit for CPAs, business advisors, and exit planners.

<sup>4</sup> [Small business closure crisis | Project Equity \(project-equity.org\)](#)

## Propeller Social Venture Fund



### INVESTMENT TYPE

Senior secured loan



### BLENDED CATALYST FUND INVESTMENT

\$650,000



### GEOGRAPHY

New Orleans, LA



### PURPOSE

Small business lending



### YEAR OF INVESTMENT

2017



### EXPECTED IMPACT

Lend to 15 businesses operated by entrepreneurs of color



### INVESTMENT OVERVIEW & INNOVATION:

Propeller is a New Orleans-based incubator and accelerator that has worked to grow and support entrepreneurs tackling New Orleans’ most pressing social and environmental disparities since 2009. Its Social Venture Fund (“SVF”) was co-created with Foundation for Louisiana (“FFL”). SVF is a managed account at FFL, which acted as BCF’s borrower and is the lender, asset manager, and fund manager. Propeller supports pipeline generation and underwriting for SVF and is the primary source of technical assistance to SVF borrowers.

SVF was created to fill a financing gap in the New Orleans capital ecosystem by providing affordable loans from \$25,000 to \$100,000 and technical assistance to entrepreneurs of color who are seeking to grow their early-stage businesses. Ultimately, the Fund hopes to better prepare entrepreneurs of color and emerging small businesses to graduate into the formal banking system through services such as training, mentoring, and access to networks for funding, customer acquisition, and government programs.

### IMPACT UPDATE:

SVF has made 12 loans to 10 borrowers totaling \$630,000. Borrowers include an educational services provider serving over 1,500 local students annually, as well as construction-related businesses, food and beverage producers, and a fitness center. All borrowers are minority-owned businesses and 38% are women-owned businesses. The loans provided by the fund created 5 permanent jobs in New Orleans in addition to bringing new retail amenities and local food products to market, increasing the quality of life in New Orleans neighborhoods.

On August 29, 2021, Hurricane Ida struck Louisiana, impacting all of SVF’s borrowers due to the severe damage in the area. Propeller assisted borrowers in handling the loss or damage of infrastructure and allowed many borrowers to defer payments while they worked to reopen their businesses or, in some cases where damage was too severe, to unwind operations with as little harm to the business principals as possible. SVF’s role as a patient, social impact-focused lender helped limit the economic damage of the storm to its borrowers, providing critical support in a difficult time.

FFL repaid the loan to BCF in early 2023 giving SVF the structural flexibility to allow loans within the fund to give additional grace to their borrowers in the wake of Hurricane Ida.

# Regional Equitable Development Initiative (REDI)



### INVESTMENT TYPE

Subordinate loan



### BLENDED CATALYST FUND INVESTMENT

\$3,500,000



### GEOGRAPHY

Puget Sound Region, WA



### PURPOSE

Equitable transit-oriented development



### YEAR OF INVESTMENT

2016



### EXPECTED IMPACT

85% of total housing units created will be affordable



## INVESTMENT OVERVIEW & INNOVATION:

In November 2016, the BCF committed a \$3.5MM subordinate loan to the \$21MM Regional Equitable Development Initiative Fund (“REDI”), which was established to support the development and preservation of affordable housing around transit sites in the Puget Sound region in Washington State. REDI was developed to fill a gap in the market for affordable housing developers in the region who have had trouble competing for the acquisition and/or development of sites, particularly given the region’s ambitious \$25BN transit plan, which has caused a continued increase in the cost of land around transit centers. Through REDI, qualified developers can access longer-term, flexible financing to effectively compete for key properties in designated geographic locations.

REDI represents a unique collaboration of multiple public agencies, including the State of Washington; the City of Seattle; King, Pierce, and Snohomish Counties; ARCH (A Regional Coalition for Housing, a partnership of 16 member governments in East King County); and the Puget Sound Regional Commission (“PSRC”), all of which contributed staff time and financial resources toward development of the Fund. Local governments used limited public resources to attract private capital to ultimately

leverage five private dollars for every one public dollar.

## IMPACT UPDATE:

REDI has supported eight mixed-use and affordable housing projects with loans totaling approximately \$21.9MM. In total, these loans are expected to finance the creation of 1,201 units of housing, of which ~88% (1,051) are expected to be affordable to households earning 80% of Area Median Income (“AMI”) or less, as well as at least 22,000 square feet of space for organizations serving community needs.

Six project loans have been repaid, five of which have since completed construction. Highlights for these projects include: 101 units with 88% of units affordable at 50% AMI and the remainder at 80% AMI; 100 units of permanent supportive housing for people with disabilities and formerly homeless residents; 125 energy efficient units affordable at 60% AMI; 182 family-friendly units affordable at 60% AMI, with on-site affordable childcare; and 25 units for a non-profit supporting homeless women. The final repaid loan was to support a multi-phase project which has begun pre-development for 215 units affordable at 80% AMI, and 129 units at 60% AMI. The second phase is expected to start in 2027 and result in up to 200 additional units of affordable housing.

## Salt Lake County REACH Pay for Success



### INVESTMENT TYPE

Subordinate loan



### BLENDED CATALYST FUND INVESTMENT

\$500,000



### GEOGRAPHY

Salt Lake, UT



### PURPOSE

Recidivism and employment



### YEAR OF INVESTMENT

2016



### EXPECTED IMPACT

Reduction in recidivism & improvement in employment



8 DECENT WORK AND ECONOMIC GROWTH



11 SUSTAINABLE CITIES AND COMMUNITIES

### INVESTMENT OVERVIEW & INNOVATION:

In December 2016, the BCF closed a \$500,000 loan into the Salt Lake County REACH PFS Project, a \$6.05MM initiative to address the revolving door of the criminal justice system by providing comprehensive services to reduce recidivism for those most likely to re-enter prison in the Salt Lake City area. First Step House, a local non-profit, implemented a community-based treatment model called the REACH program, which stands for Recovery, Engagement, Assessment, Career and Housing. REACH incorporates services and treatments to address criminogenic needs, such as substance abuse, treatment and employment support, and non-criminogenic needs, like short-term housing and ongoing case management.

Project partners have seen 1) a decrease in recidivism, defined as a reduction in the number of statewide arrests, days in county jail and days in state prison, and 2) an increase in employment, defined as number of quarters employed, over a six-year period. Salt Lake County will make outcomes payments to investors on these metrics based on a Randomized Control Trial evaluation conducted by Utah Criminal Justice Center (“UCJC”). The REACH project ensures incentives among project partners are financially aligned by allowing First Step House to share in the success fees earned if impact targets are met, a practice that was not common in the industry. Before this

project, it was not common practice for service providers to share in the upside of PFS projects.

### IMPACT UPDATE:

BCF was repaid and received the final outcomes report in 2023. In the Final Year Outcome Report, the UCJC reported the following:

- The statewide arrests metric shows a *significant* effect ( $p=.003$ ) where the comparison group was found to have a rate of arrests 1.3x greater than the treatment group.
- The number of days incarcerated metric identified a *significant* effect ( $p=.020$ ) where the comparison group had a rate of incarceration days 1.7x greater than the treatment group.
- The number of quarters employed metric shows a marginally significant effect ( $p=.063$ ) where the treatment group was employed at a rate 1.2x greater than the comparison group.
- The treatment engagement metric found, of the 252 cases randomized to treatment, 164 enrolled.

The final report demonstrates the positive impact the project had on the program participants’ lives. This project helped individuals with a criminal history get jobs, obtain housing and treatment, and enjoy a life that does not involve returning to incarceration.

## UP Community Fund



### INVESTMENT TYPE

Senior unsecured loan & Subordinate unsecured loan



### BLENDED CATALYST FUND INVESTMENT

\$1.6MM Senior loan  
\$1MM Subordinate loan



### GEOGRAPHY

Southeastern United States



### PURPOSE

For on-lending to small to medium-sized enterprises



### YEAR OF INVESTMENT

2019



### EXPECTED IMPACT

\$250K - \$2MM loans to small and growing businesses in blue-collar industries



### INVESTMENT OVERVIEW & INNOVATION:

The UP Community Fund LLC (the “Fund”) is a \$19MM structured debt fund that provides loans to small and medium-sized enterprises that are primarily owned by people of color and women in the Southeast United States. While small to medium-sized businesses have difficulty accessing credit overall, this is particularly true for businesses that are owned by people of color and women.

The Fund seeks to fill this gap by providing flexible capital in the form of loans ranging from \$250K to \$2MM to businesses owned by entrepreneurs of color and women. The capital is to be supplemented by technical assistance that increases borrowers’ capacity and mitigates credit risk. It primarily targets the Southeast, where, as a region, social and economic disparity, and low economic mobility – symptoms of structural inequity – are most pronounced in the U.S.

The Fund is managed by UPC Management Company, a wholly owned subsidiary of Charlotte, North Carolina-based Urban Advisors. Led by David Sharp, Urban Advisors is a black-owned impact investment consulting firm focused on solving economic inequality for communities and people of color.

The Fund differentiates itself from traditional lenders via two key aspects: loan structure flexibility and technical assistance. The Fund works with borrowers to create loan and capital structures that best achieve the borrowers’ goals while limiting risk taken by the Fund. Additionally, the technical assistance provides the Fund with ongoing visibility into the activities of each borrower, improves

borrower performance, and acts as a risk mitigant to the Fund.

### IMPACT UPDATE:

Due to the unforeseen impacts of COVID-19 on small business capital needs and supporting the Fund’s current loan portfolio through the pandemic, UP Community did not draw the commitments from its second-close lender base which included the Blended Catalyst Fund.

# Urban Innovation Fund



## INVESTMENT TYPE

Limited partnership interest in venture capital fund



## BLENDED CATALYST FUND INVESTMENT

\$500,000



## GEOGRAPHY

United States



## PURPOSE

Invest in early-stage businesses solving challenges in urban areas



## YEAR OF INVESTMENT

2016



## EXPECTED IMPACT

Invest in up to 25 small and medium businesses by 2019



- Diversity of Impact: Investments include technology companies that can recycle up to 1 million solar panels a year, support the management of over 60,000 affordable housing units, and have delivered 7.1 million ounces of breast milk to working mothers. Other portfolio companies focus on sustainability, public transport, education, affordable housing, and healthcare access.

## INVESTMENT OVERVIEW & INNOVATION:

Founded by first-time fund managers Julie Lein and Clara Brenner, Urban Innovation Fund I (“UIF”) has aggressively targeted high-growth companies with high-impact products and services that address pressing urban challenges across a range of sectors. While the market coverage of UIF is broad, the technologies that UIF invests in are relatively narrow in focus, including mobile platforms, data analytics, web-based marketplaces, and social media technologies. These technologies are creating opportunities for new business models that did not previously exist. UIF is focused on the subset of these innovations that can have impact across broad urban populations. UIF Fund I is a \$24.5MM venture capital impact investment fund to which BCF committed \$500,000 in May 2016.

At origination in 2016, UIF was unique in that it: 1) was owned and operated by an all-women team, 2) focused on urban challenges and supporting innovations that could impact a broad set of populations, and 3) was one of few VC funds that intentionally focused on providing financial resources to overlooked entrepreneurs.

## IMPACT UPDATE:

As of June 30, 2024, UIF has called 100% of capital and deployed \$21.5M in seed and pre-seed funding to 23 early-stage companies supporting a variety of urban-focused industries. UIF has achieved the following impact metrics with its portfolio as of year-end 2023:

- Founder Diversity: 78% of companies have a woman and/or person of color on the founding team; 55% have an immigrant on the founding team.
- Board Diversity: 74% of companies have a woman and/or person of color on their board.

UIF has successfully raised two more funds since BCF’s investment in UIF Fund I, and now manages over \$200 million in assets.

## WEPOWER Elevate/Elevar Capital

	<b>INVESTMENT TYPE</b> Senior unsecured loan
	<b>BLENDED CATALYST FUND INVESTMENT</b> \$500,000
	<b>GEOGRAPHY</b> St. Louis, MO
	<b>PURPOSE</b> Small Business Ownership
	<b>YEAR OF INVESTMENT</b> March 2021
	<b>EXPECTED IMPACT</b> Increase access to capital, rate of business survival, & the number of family-sustaining wage jobs in 20 portfolio companies
	<b>8 DECENT WORK AND ECONOMIC GROWTH</b>
	<b>10 REDUCED INEQUALITIES</b>
	<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b>

### INVESTMENT OVERVIEW & INNOVATION:

In March 2021, BCF made a \$500,000 loan to WEPOWER’s Elevate/Elevar Fund (“E/E Growth Fund”). WEPOWER is a St. Louis, Missouri-based community empowerment organization and accelerator founded in 2018 by a woman of color, Charli Cooksey. WEPOWER has a mission to activate community power to re-design education, economic, health, and justice systems to be equitable for all. WEPOWER accomplishes this through three ways—first, by building authentic relationships; second, through policy advocacy and empowering community members to influence systems through elected office; and third, through catalyzing the creation of community wealth through investment in high potential Black and Latinx companies.

WEPOWER provides coaching and advisory services to its borrowers, something they believe is important to ensure success from both a financial and impact perspective. They are also involved in various initiatives to strengthen the capital landscape for entrepreneurs of color in St. Louis. The E/E Growth Fund particularly focuses on offering revenue-based financing, an atypical financing structure that sizes loan payments to revenue generated, increasing access to capital for startup and growth-phase ventures with uncertain cash flows.

### IMPACT UPDATE:

WEPOWER launched the E/E Growth Fund in August 2021. Since then, the Fund has made investments in three companies including a Black-owned sewer and drain cleaning company, a Black women-owned essential oil and herb e-commerce company, and an e-commerce platform curated to promote products from Black-owned brands. In addition to direct financing, WEPOWER has supported businesses through its coaching and advisory cohorts. In 2022, WEPOWER had two cohorts supporting sixteen businesses, increasing the total number of businesses supported since inception to over 30.

WEPOWER repaid the BCF investment in 2022 after successfully raising additional capital. At repayment, the fund had a pipeline of over \$1.1MM of potential investments spanning the manufacturing, retail, restaurant, transportation, technology, and educational services industries.



## CONTACT

470 7<sup>th</sup> Avenue, 10<sup>th</sup> Floor

New York, NY 10018

805 15<sup>th</sup> Street, NW – Suite 500

Washington, DC 20005

[catalystfunds@knownfin.com](mailto:catalystfunds@knownfin.com)