



2017 ANNUAL REPORT



RAZA
DEVELOPMENT
FUND
SERVING AMERICA

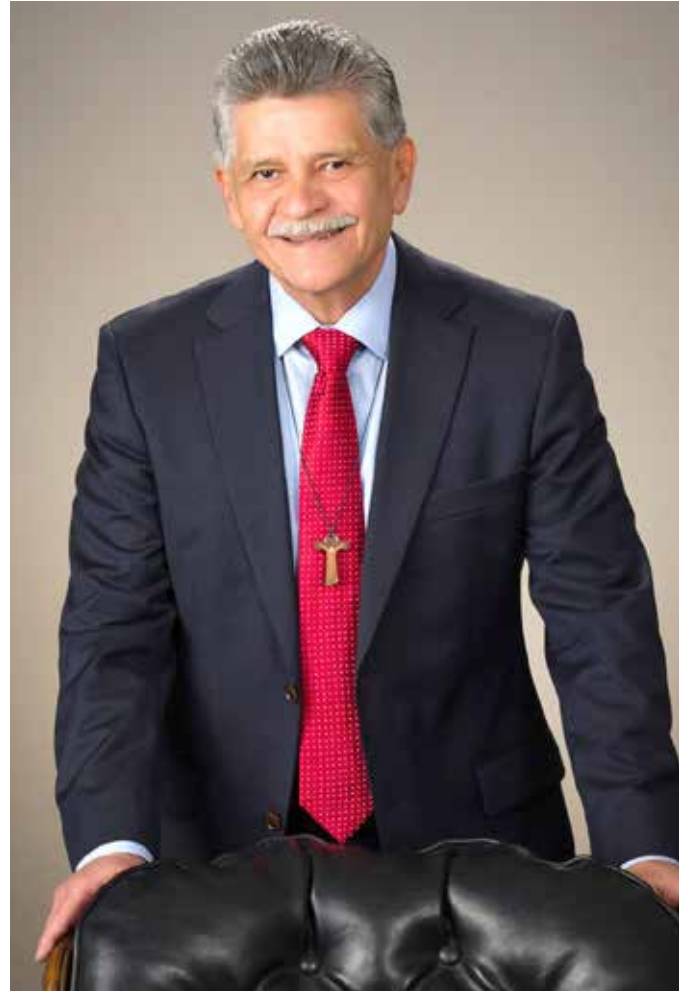


Dear Community,

The Raza Development Fund team is humbled by the humanitarian service provided by the wonderful organizations we have financed across this great nation in 2017. We have been inspired by the students, parents and staff members of the charter schools and work-study schools and colleges that provide high-quality education and valuable work experience to low-income communities. Our hearts have been moved by the healthcare providers in the healthcare facilities that serve our vulnerable communities, especially our elderly and when we visit with the residents of affordable housing developments, we have financed that provide residents of low-income communities with a dignified home to nurture their families. We truly realize that we are the beneficiaries of the love received by the community by the projects we invest our capital and technical assistance.

This great work of financing community development projects throughout the country could not exist without the investment of our lenders Bank of America, Chase Bank, State Farm Insurance, Alliance Bank, the Federal Home Loan Bank of San Francisco, the U.S. Community Development Financial Institution, Northern Trust and many other investors, we thank you for your ongoing confidence in the organization.

One of the significant accomplishments reached this year was the Standards and Poor's underwriting of Raza Development Fund, which allowed us to start 2018 year with an investment grade rating of AA-, thereby placing RDF in a small group of "first of class" Community Development Financial Institutions (CDFIs) in the country. Moreover, the rating validated that a double bottom line of solid financial return and the social impact of investments in Latino low-income commu-



We look forward to another year of serving our community!

nities is possible through the stellar work of senior management team, complemented by a line staff of devoted Servant Leaders, coupled with a committed Board with expertise in financing, community development, corporate management, foundation management and a heart for serving poor communities.

Tommy Espinoza
President & CEO

OVERVIEW OF 2017



Total Loans Approved in 2017

\$74 million

Total Leveraging

\$234 million

Total Community Impact (served)

56 thousand



For the past 19 years, RDF has provided capital to Latino serving organizations nationwide. These organizations have received technical assistance and loans which have helped leverage nearly \$3 billion in private capital for education, affordable housing and healthcare projects.



HOUSING



Total Approved Housing Loans

\$27 million

Leveraging

\$149 million

Total Community Impact (Units)

1,316

COMMUNITY HIGHLIGHTED PROJECT

Organization

**201 Development
Group, LLC**

Location

Boerne, TX

Financing

**Real Estate Secured
Bridge Loan**

Impact

300 senior housing units

Affordable housing in the City of Boerne, Texas is very limited, so when the idea of an active senior housing facility came about, the city government became very supportive of the project. The 174-unit senior housing facility will include 1 and 2-bedroom apartments with 150 units in a three-story, elevator-served building, as well as 23 cottages in 2-bedroom duplex buildings.

In this elderly community, 55% of the units are restricted to 60% of median income, allowing for those citizens to have an equal opportunity in finding an affordable place to call home. Providing a clean, safe and family friendly environment with access to local amenities.



EDUCATION



Total Approved Education Loans

\$36 million

Leveraging

\$66 million

Total Community Impact (Students Served)

3,871

COMMUNITY HIGHLIGHTED PROJECT

Organization

**Green Dot Public Schools (GDPS):
Rainier Valley Leadership
Academy Middle School**

Location

Seattle, WA

Financing

**Real Estate Secured
Construction & Term Loan**

Impact

600 students served

The communities in the South Seattle School District area are made up of about 77% minorities and are 75% of the lowest performing schools in South Seattle Washington. Green Dot Public Schools (Green Dot) believes that providing a high-quality, rigorous middle and high school education will help contribute to closing the achievement gap. Green Dot is a top-tier charter management organization that works to eliminate barriers to learning and continuously strives for students' success. With the construction of a three-story, 40,000 square foot middle school facility, this neighborhood school will prepare ALL students to graduate prepared for college, leadership, and life.

In August 2017, RDF provided a construction and term loan financing to Rainier Valley Leadership Academy (RVLA), the second GDPS to open in Washington State. As a neighborhood school in South Seattle, RVLA is committed to nurturing its diverse community. With a disciplined "smart growth" enrollment strategy RVLA strives to serve 600 students in the community and become a fully developed middle school program. Green Dot Public Schools continue to show continuous student growth relative to national peers.

HEALTHCARE



Total Approved Healthcare Loans

\$11 million

Leveraging

\$19 million

Total Community Impact (Families Served)

51 thousand

COMMUNITY HIGHLIGHTED PROJECT

Organization

**Esperanza Health Centers:
Esperanza Brighton Park
Health Clinic**

Location

Chicago, IL

Financing

**Subordinated Secured NMTC
Source Term Loan**

Impact

42,000 patients

The community in Brighton Park, Chicago has benefited from the valuable healthcare resources in its community thanks to the services provided by Esperanza Health Centers. They have provided a wide array of primary care services to their predominantly Latino patient population from their three locations serving Chicago's southwest side.

As a New Markets Tax Credit Project, Esperanza is constructing a new 26,100 square foot healthcare facility to expand the services in the Brighton Park area. This project will be staffed with three education specialists, four counselors, and an administrator provided by Mujeres Latinas en Acción. This organization provides social services that address domestic violence, sexual assault, leadership and youth development, positive parent support, and homelessness prevention. With this expansion project, Esperanza will be able to serve an additional 20,000 patients and will create 55 new permanent jobs.

FINANCIALS

Statement of Activities 2017*

Grants & Contributions	6,324
Loan Interest & Fee Revenue	12,952
Other revenue	180
Total Revenue	19,456
Interest Expense	3,545
G&A	10,124
Total Expenses	13,669
Change in Net Assets	5,787
Net Assets Beginning of Year	58,826
Net Assets End of Year	64,613

Balance Sheet 2017

Cash and Cash Equivalents	17,169
Restricted Cash & Cash Equivalents	4,875
Restricted Investments	10,518
Unrestricted Investments	-
Accounts Receivable	768
Loan Receivables, Net	140,077
Other Assets	3,700
Total Assets	177,107
Accounts Payable	1,914
Pledges Held in Trust	-
Notes Payable, net	110,579
Unfunded Commitments	-
Unrestricted Net Assets	44,490
Temp. Restricted Net Assets	20,124
Total Liabilities & Net Assets	\$177,107

*Dollar amounts are in thousands.

BOARD OF DIRECTORS

BOARD CHAIR



James W. Feild
SVP Community
Development Executive
Bank of America

PRESIDENT & CEO



Tommy Espinoza
Raza Development Fund

BOARD MEMBERS



Janet Murguia
President & CEO
National Council of
La Raza (NCLR)



VICE CHAIR:
Arabella Martinez
Retired: Latino Community
Foundation



Roldan Trujillo
RCT Advisory



Joseph F. Reilly
President & CEO
Community Development Trust



Art Ruiz
Retired: State Farm
Insurance Co.



Janis Bowdler
Managing Director
JP Morgan Chase & Co.



Kimberly Latimer-Nelligan
Chief Operating Officer
Low Income
Investment Fund (LIIF)



Kenneth I. Trujillo
Shareholder
Chamberlain Hrdlicka

INVESTORS

FOUNDING INVESTORS

Bank of America

Citi Foundation

State Farm Insurance Companies

INVESTING LENDING PARTNERS

Alliance Bank

Ally Bank

BBVA Compass

Capital One Bank

Charles Schwab

Deutsche Bank

Federal Financing Bank
(CDFI Bond Guarantee Program)

Federal Home Loan Bank of San Francisco

JP Morgan Chase

KS State Bank

Northern Trust

PNC Bank

Wells Fargo

EXECUTIVE LEADERSHIP

MANAGEMENT TEAM



Tommy Espinoza
President & CEO



Mark Van Brunt
Chief Operating Officer



Rodrigo Vela
Chief Financial Officer



David Clower
Chief Investment Officer



Scott Richter
Chief Credit Officer



Elvira Espinoza
Chief Communications
Officer

DEPARTMENT DIRECTORS



Greta Mayans
Director of Education



Brian Champeau
Director of East Coast Region



Guadalupe Gomez
Director of U.S. /
Mexico Border Region



Melissa McDonald
Director of Specialty Finance



Juan Madrid
Director of Compliance/
Controller



Francisca Montoya
Director of Research
and Planning



Tony Lopez
Manager of Financial
Planning & Reporting



Star Reyes
Director of Communications

MISSION/ VALUES

Our Mission

Raza Development Fund invests capital and creates financing solutions to increase opportunities for the Latino community and low-income families.

Our Values

Raza Development Fund adheres to core values of integrity, honesty, respect, trust, dignity, transparency, accountability and professionalism in everything we do.



RAZA
DEVELOPMENT
FUND
SERVING AMERICA

1 E. Washington Street • Suite 2250
Phoenix, AZ 85004
602.417.1400

razafund.org

