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 (CDFI’s) 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 communities 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.

We look forward to another year of serving our community!

Tommy Espinoza
President & CEO
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.

**Total Loans Approved in 2017**

$74 million

**Total Leveraging**

$234 million

**Total Community Impact (served)**

56 thousand
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.
The Hispanic American Organization (HAO), a long-time NCLR affiliate, is a multi-faceted social services organization that has been improving the lives of Latino families for over 40 years by promoting economic self-sufficiency through better health, education, communication, and technology.

With a focus on providing quality education to the community of Allentown, HAO opened the Roberto Clemente Charter School, serving grades 6-12 in the 2000/2001 school year. Due to its success in closing the achievement gap and reducing the dropout rate in Allentown, it was apparent that there was a need for additional financing. RDF, HAO was able to acquire, expand, renovate, and open a 23,761 SF commercial building in time for K-5th grade students for the 2014/2015 school year. RDF subsequently provided a long-term, fixed-rate refinancing for HAO under the CDFI Fund Bond Guarantee Program, which provided valuable cash-out for working capital for operations.

### Total Approved Education Loans

- **$36 million**

### Leveraging

- **$66 million**

### Total Community Impact (Students Served)

- **3,871 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.
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.
### Statement of Activities 2017*

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants &amp; Contributions</td>
<td>6,324</td>
</tr>
<tr>
<td>Loan Interest &amp; Fee Revenue</td>
<td>12,952</td>
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<tr>
<td>Other revenue</td>
<td>180</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>19,456</strong></td>
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<tr>
<td>Interest Expense</td>
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<tr>
<td>G&amp;A</td>
<td>10,124</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>13,669</strong></td>
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<tr>
<td><strong>Change in Net Assets</strong></td>
<td><strong>5,787</strong></td>
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<tr>
<td>Net Assets Beginning of Year</td>
<td>58,826</td>
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<tr>
<td>Net Assets End of Year</td>
<td>64,613</td>
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</tbody>
</table>

### Balance Sheet 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>17,169</td>
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<tr>
<td>Restricted Cash &amp; Cash Equivalents</td>
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<tr>
<td>Restricted Investments</td>
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<tr>
<td>Unrestricted Investments</td>
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<td>Accounts Receivable</td>
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<tr>
<td>Loan Receivables, Net</td>
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<tr>
<td>Other Assets</td>
<td>3,700</td>
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<tr>
<td><strong>Total Assets</strong></td>
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<td>Accounts Payable</td>
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<tr>
<td>Pledges Held in Trust</td>
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<tr>
<td>Notes Payable, net</td>
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<tr>
<td>Unfunded Commitments</td>
<td>-</td>
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<tr>
<td>Unrestricted Net Assets</td>
<td>44,490</td>
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<tr>
<td>Temp. Restricted Net Assets</td>
<td>20,124</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Net Assets</strong></td>
<td><strong>$177,107</strong></td>
</tr>
</tbody>
</table>

*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

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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
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

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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.