



2018 ANNUAL REPORT



RAZA
DEVELOPMENT
FUND
SERVING AMERICA
A Support Corporation of UnidosUS



For almost 20 years, the Raza Development Fund has funded affordable housing, healthcare, and social services projects that benefit families and children in poor Latino communities nationwide. But, we're perhaps best known for our leadership in financing alternative education models that build character and transform lives through values-based instruction. At the end of this fiscal year, \$174 million of our \$376 million in assets under management were in education related investments.

We know that education is the key to self-sufficiency and access to increased economic opportunities. Our team of investment professionals provide high-touch, value-added support to a wide variety of quality private and public schools that serve our community from Pre-Kindergarten through high school and beyond. We're focused on college and/or career readiness and now support a number of uniquely impactful, mission-aligned, higher education and vocational/technical training institutions.

Through customized public and private partnerships with a variety of stakeholders, including the Bill & Melinda Gates Foundation and the U.S. Department of Education, we're able to structure innovative financial solutions to complex community development challenges. For instance, RDF is currently one of only a few community development financial institutions that provide facilities financing to the emerging charter school sector in Washington State.

To effectively lead some of our most specialized initiatives, we've invested heavily in the professional development of our future leaders and staffed a number of key positions to bring first-hand, operational understanding to our credit underwriting process and increase our ability to serve as a trusted advisor to our clients. We've also expanded our board of directors to ensure fidelity to UnidosUS and its



mission; and provide systems-level perspective and connectivity across the educational continuum.

Our investments are beginning to bear fruit and we're now starting to see real progress as low-income students enrolled in RDF supported programs successfully transition into high quality opportunities that may have historically seemed inaccessible. Our double bottom-line approach to community investment has been validated and a virtuous cycle of shared responsibility for future generations has been set in motion through the collective good works of the people and institutions that appreciate and value the dignity of the human person.

Tommy Espinoza
President & CEO

OVERVIEW OF 2018



Total Loans Approved in 2018

\$96 million

Total Leveraging

\$644 million

Total Community Impact (served)

113,000



For the past 20 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 Housing Investments

\$22 million

Leveraging

\$570 million

Total Community Impact
(Units)

1,557

HEALTHCARE

Total Healthcare Investments

\$11 million

Leveraging

\$19 million

Total Community Impact
(Patients Served)

42,000

COMMUNITY FACILITIES/ SOCIAL SERVICES

Total Approved Community
Investments

\$35 million

Leveraging

\$23 million

Total Community Impact
(Families Served)

66,000

EDUCATION

Total Education Investments

\$28 million

Leveraging

\$32 million

Total Community Impact
(Students Served)

3,432

EDUCATION

As an emerging Washington State charter management organization, Impact Public Schools was founded in 2016 in response to the urgently expressed desire for public school choice for children across elementary school ages. Its first school opened in August 2018 and will work with families and communities in the historically underserved area of Tukwila, WA.

A 41,305 square foot commercial facility was redeveloped to house Puget Sound Elementary and will serve 504 students when it becomes a fully developed elementary school.

COMMUNITY HIGHLIGHTED PROJECT

Organization

Impact Public Schools:
Puget Sound Elementary

Location

Tukwila, WA

Financing

**Real Estate Secured
Bridge Loan**

Impact

500 students served

As the newest addition to the Tukwila School District, this neighborhood school will be among five others serving approximately 3,000 students in that district. With its mission always in mind, Puget Sound Elementary strives to serve students who may fall through the cracks in the traditional school system— both in terms of academic preparation and the need for academic accelerations.



COMMUNITY FACILITIES/ SOCIAL SERVICES

CLUES is Minnesota's largest Latino-led nonprofit, founded in 1981 to provide linguistically and culturally relevant services. Their programming in health wellness, economic empowerment and education enrichment uphold and celebrate cultural richness and community assets.

CLUES embarked on a \$7 million fundraising campaign to expand services to the East Metro Area. The expansion doubled the size of the headquarters building while maintaining the original, iconic building. CLUES moved to the eastside of St. Paul over a decade ago to be an institutional anchor in a dilapidated, low-income neighborhood.

The new building will provide the Education and Technology Institute with new classrooms for technology and academic enrichment, new access to coding and music film recording for youth and expanded career, and skill building services for both youth and adults.

RDF provided a \$7 million QEI which resulted in a net direct benefit of approximately \$1.4 million. Additionally, RDF provided a capital

COMMUNITY HIGHLIGHTED PROJECT

Organization

Comunidades Latinas Unidas En Servicio (CLUES)
UnidosUs Affiliate

Location

St. Paul, MN

Financing

New Markets Tax Credit & Capital Campaign Bridge Loan

Impact

35,000
community members served (annually)



campaign bridge loan of approximately \$2.6 million. To date the project has raised \$4.2 million from private sources.

COMMUNITY FACILITIES/ SOCIAL SERVICES

Since 1991, the Imperial Valley Food Bank (IVFB) has been combatting hunger by gathering, storing, and distributing quality foods throughout Imperial Valley. Partnering with neighboring schools, churches, and social organizations has allowed IVFB to reach a county with persistent unemployment, poverty, and high incidents of limited affordability for nutritious foods. IVFB plays a crucial role in providing fresh, frozen, canned, and boxed foods to families struggling to meet basic needs, veterans, disabled, and seniors living on fixed incomes. Over 83% of IVFB's recipients are minorities and 60% of the staff are Hispanic.

The food insecurity rate for children in the Valley remains one of the worst in the nation and the highest in childhood hunger in the State of California. At the same time, the community's need for food has outpaced their physical capacity to keep up with demand, and they do not have the space in their current facilities to house and properly manage the generous amounts of food IVFB receives.

For those reasons, RDF supported this organization in the construction of a new 28,000 sf food bank and outreach facility. With this facility, IVFB will be able to serve an additional 20,000 individuals per month, as well as provide programs

COMMUNITY HIGHLIGHTED PROJECT

Organization

Imperial Valley Food Bank (IVFB)

Location

Imperial, CA

Financing

**Capital Campaign
Bridge Loan**

Impact

20,000
individuals served



in a teaching kitchen that will include weekly classes, increasing healthy eating. An additional highlight of the program is a weekly backpack program where 700 school children receive a food backpack each Friday to take home to their families for the weekend, allowing the organization to distribute about 23,000 backpacks during the school year.

FINANCIALS

STATEMENT OF ACTIVITIES 2018

Grants & Contributions	3,726
Loan Interest & Fee Revenue	13,465
Other revenue	262
Total Revenue	17,453
Interest Expense	3,969
G&A	8,365
Total Expenses	12,334
Change in Net Assets	5,119
Net Assets Beginning of Year	64,613
Net Assets End of Year	69,732

BALANCE SHEET 2018

Cash and Cash Equivalents	9,212
Restricted Cash & Cash Equivalents	7,653
Restricted Investments	13,825
Unrestricted Investments	-
Accounts Receivable	855
Loan Receivables, Net	175,743
Other Assets	3,320
Total Assets	210,608
Accounts Payable	1,858
Pledges Held in Trust	-
Notes Payable, net	139,018
Unfunded Commitments	-
Unrestricted Net Assets	46,462
Temp. Restricted Net Assets	23,270
Total Liabilities & Net Assets	\$210,608

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 UnidosUS



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



Adrian Ruiz
Director of
Education



Tony Lopez
Manager of
Financial
Planning &
Reporting



Francisca Montoya
Director of
Research and
Planning



Guadalupe Gomez
Director of Small
Business Initiatives



Brian Champeau
Director of
East Coast
Region



Catherine Kes
Director of
Specialty
Finance



Amanda Sanchez
Director of Pacific
Northwest Region



Melissa McDonald
Deputy Chief
Investment
Officer



Star Reyes
Director of
Communications



Juan Madrid
Director of
Compliance/
Controller

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

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

razafund.org

