

# 2019 ANNUAL REPORT



**RAZA**  
**DEVELOPMENT**  
**FUND**

SERVING AMERICA

A Support Corporation of UnidosUS

20<sup>TH</sup> ANNIVERSARY

# PRESIDENT'S MESSAGE



*20 years serving the Latino and poor communities throughout the Country*

**Tommy Espinoza**  
President & CEO

Dear Friends,

**F**aith, Hope and Love are the pillars of RDF's community development journey, inspired by the teachings of St. Pope John Paul II of respecting the Human Dignity of every person; the teachings of St. Mother Teresa of serving the poorest of the poor; and the influence of our Virgen of Guadalupe that greatly overflows the boundaries of Mexico, spreading to the whole of the Americas. RDF has been able to fulfill its mission through visionary leaders creating Latino organizations, investors funding dreams for community development, UnidosUS and its affiliates, our board and team members—all providing direct services to Latino and poor families across the country.

As the largest Latino Community Development Financial Institution (CDFI), RDF has a unique product offering that allows us to provide a diversified community-lending model and capital financing to multiple aspects of community development to include education finance, affordable housing, community health clinics and facilities, and small businesses.

S&P Global Ratings has assigned, two years in a row, an AA(-) credit rating to RDF, validating the business viability of RDF's mission. The rating agency stated, "With its national footprint, the Fund is positioned to respond to the needs of underserved communities, facilitate financing to projects, and provide technical assistance that aims at breaking the cycle of poverty in low-income communities across the country by working through

community-based organizations." Founded in 1999 as a support corporation of then the National Council of La Raza, now UnidosUS, RDF provides access to capital and financing solutions to non-profits, UnidosUS affiliates, and other Latino-serving organizations across the country with the mission of breaking the cycle of poverty in low-income communities. Since inception, RDF has originated over \$675 million of community development loans in 34 states across the nation, leveraging over \$3 billion of capital into low-income communities. Headquartered in Phoenix, Arizona RDF lends nationwide and has offices in Seattle, Washington and New York City, New York.

20 years of service could not be possible without the servant leadership of countless individuals that have impacted our organization and the communities we serve. We have produced a historical documentary titled "Faith, Hope and Love: Our Journey in Community Development", to tell our success story. The documentary can be seen at our website. Thank you to all of you for making these 20 years a great success for our community!

**Tom Espinoza**  
President & CEO



# OVERVIEW OF 2019

In 2019 RDF financed projects that resulted in the expansion or creation of new services **for 7,133 students and 2,553 Housing Units**. RDF provided financing to health and community facilities that provided social services to **313,538 patients and 30,700 families** on an annual basis. In addition RDF provided critical lending to **3 small businesses**.

Through our NMTC Program we supported the creation of **37 jobs and helped maintain 147 jobs**. All projects financed through NMTC were located in areas with **poverty rates above 25%**, have a **median unemployment rate of 15%** (above the national unemployment rate for 2019) and a **Median Family Income (MFI) below 60%** -meaning they are designated extremely and very low income areas.

Total RDF Loans in 2019

**\$78,282,129**

Total NMTC

**\$48,500,000**

2019 Total

**\$126,782,129**



In celebration of our growth and impact for the past 20 years, **Raza Development Fund** recognized four organizations with the **Community Excellence Award** for their continued advancement of Latino and poor families. These organizations represent the heart and soul of the projects that we fund and the communities that we serve. 20 years of service could not be made possible without the servant leadership of countless individuals that have touched RDF.



## Tiburcio Vasquez Health Center

Since 1971, Tiburcio Vasquez Health Center (TVHC) has been a leading provider of multi-cultural and linguistically appropriate health-care in Central and Southern Alameda County. This approach has built tremendous trust and credibility to prevent health disparities in a multicultural community. Immigrants in the area know they can turn to TVHC for high-quality services in their preferred language and in a culturally welcoming setting.

RDF financed the construction of a 20,500-square-foot Federally Qualified Health Center in San Leandro, CA, serving the local low-income Latino and African American population (64% low-income and 75% Latino). RDF provided a Sponsor Loan with which the proceeds allowed TVHC to make a senior leverage loan to the Investment Fund. Additionally, RDF made an \$8 million QEI in the form of QLICI loans. RDF had previously provided TVHC with a Construction Loan.

The new facility allowed the health center to expand from offering basic medical services to comprehensive, healthcare services to include primary care, mental health, dental services, obstetrics and gynecology for over 6,100 patients annually who are nearly all under-insured or uninsured.

### COMMUNITY EXCELLENCE AWARD

Location:

**San Leandro, CA**

Financing:

**New Market Tax Credits and Sponsor Loan**

Impact:

**6,100 patients annually**





# Esperanza Health Centers, Brighton Park

Since 2004, communities in Southwest Chicago have benefited from the valuable healthcare thanks to services provided by Esperanza Health Centers. As an UnidosUS affiliate and federally qualified health center, they provide a wide array of primary care services to a predominantly Latino (91.7%) patient population from three locations serving Chicago's southwest side. Its 108 FTEs are all bi-lingual and bi-cultural; and have earned Esperanza the distinction of being ranked among the Top 5% of health centers, nationwide, for quality care.

In 2017, Esperanza served 22,132 patients. With Federal New Markets Tax Credit (NMTC) financing, Esperanza constructed a new 26,100 sf healthcare facility to expand its operations in Brighton Park, Chicago. Mujeres Latinas en Acción, another UnidosUS affiliate and long-time RDF client, which provides social services that address domestic violence, sexual assault, leadership and youth development,

## COMMUNITY EXCELLENCE AWARD

Location:

**Chicago, IL**

Financing:

**New Market Tax Credits and Sponsor Loan**

Impact:

**20,000 patients annually**

positive parent support and homelessness prevention, leases space in the NMTC Project, which is staffed with three education specialists, four counselors, and an administrator. Additionally, an on-site laboratory and pharmacy employs 23.5 Full Time Employees. As a result of this financing, Esperanza is able to serve an additional 20,000 patients; created 70 new permanent jobs; and retained 14 jobs.





# Berea College – Margaret A. Cargill Natural Sciences and Health Building

Upon its founding in 1855, Berea College became the first interracial and coeducational college in the South, offering a high-quality education to academically promising students with limited economic resources. Upon awarding every student with a Tuition Promise Scholarship, they ensure that no Berea student ever pays tuition. Through Work Colleges Consortium, Berea students work and use those earnings toward general living expenses and cost of attendance.



## COMMUNITY EXCELLENCE AWARD

Location:

**Berea, KY**

Financing:

**New Market  
Tax Credits**

Impact:

**1,600**

**students served  
annually**

RDF financed the construction and development of a new Health and Sciences Facility at Berea College. The 125,000 square foot facility houses the college's biology, chemistry, mathematics, physics and nursing departments. This new building replaced two outdated and undersized buildings – the science building, first built in 1928 and last renovated in 1987; and the nursing building that was constructed in 1969. Combining these two facilities and housing the sciences, mathematics, and nursing in a modern, spacious and well-equipped facility advances these programs and, coupled with a new technology building, expands Berea's capacity to educate STEM majors by 25% with no student paying tuition.





# Hacienda CDC, Portland Mercado

Formed in 1986, Hacienda CDC is a Latino Community Development Corporation that strengthens families by providing affordable housing, homeownership support, economic advancement, and educational opportunities. As an incubator model and economic development initiative of Hacienda CDC, the Portland Mercado began in 2010 bringing together a community of more than 16 permanent businesses in its public market and many more in its incubator kitchen.

RDF financed a multi-project initiative for Hacienda Community Development Corporation to include the development and construction of a new 11,280 sf administrative headquarters, the rehabilitation of a 13,441 sf building to be used as a community center and the rehabilitation of an 8,016 sf building to function as a business incubator for entrepreneurs. These facilities will enable this 22-year-old non-profit to serve the needs of Oregon's growing Latino population in terms of educational opportunities, housing, youth & family support, and economic development.

## COMMUNITY EXCELLENCE AWARD

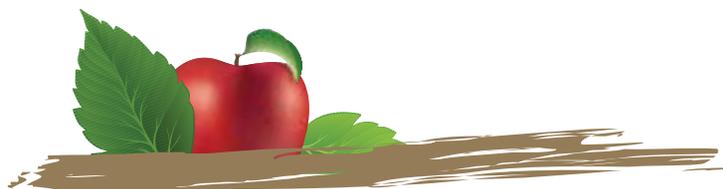
Location:  
**Portland, OR**

Financing:  
**New Market Tax Credit  
& Bridge Loan**

Impact:  
**20**  
**small businesses in  
incubator annually**

**Jobs**  
**created 128 FTE jobs &  
maintained 71 FTE jobs**



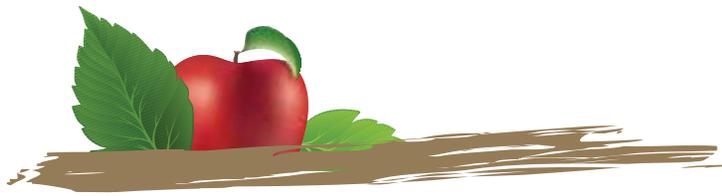


# FINANCIALS

Balance Sheet	2019
Cash and Cash Equivalents	22,877
Restricted Cash & Cash Equivalents	2,507
Restricted Investments	17,979
Unrestricted Investments	
Accounts Receivable	838
Loan Receivables, Net	185,255
Other Assets	3,226
<b>Total Assets</b>	<b>\$232,682</b>
Accounts Payable	2,106
Notes Payable, net	160,188
Unrestricted Net Assets	45,780
Temp. Restricted Net Assets	24,608
<b>Total Liabilities &amp; Net Assets</b>	<b>\$232,682</b>

Statement of Activities	2019
Grants & Contributions	1,554
Loan Interest & Fee Revenue	15,290
Other revenue	479
<b>Total Revenue</b>	<b>\$17,323</b>
Interest Expense	4,906
G&A	11,760
<b>Total Expenses</b>	<b>\$16,666</b>
Change in Net Assets	657
<b>Net Assets Beginning of Year</b>	<b>69,732</b>
<b>Net Assets End of Year</b>	<b>\$70,389</b>





# BOARD OF DIRECTORS



**James W. Feild**  
SVP Community Development Executive  
Bank of America  
**BOARD CHAIR**



**Tommy Espinoza**  
Raza Development Fund  
**PRESIDENT & CEO**



## BOARD MEMBERS



**Janet Murguia**  
President & CEO UnidosUS



**Roldan Trujillo**  
RCT Advisory



VICE CHAIR:  
**Arabella Martinez**  
Retired: Latino Community  
Foundation



**Art Ruiz**  
Retired: State Farm  
Insurance Co.



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



**Janis Bowdler**  
Managing Director  
JP Morgan Chase & Co.



**Joseph F. Reilly**  
President & CEO  
Community Development Trust



**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



**Rodrigo Vela**  
Chief Financial Officer



**Mark Van Brunt**  
Chief Operating Officer



**Scott Ritchter**  
Chief Credit Officer



**David Clower**  
Chief Investment Officer



**Elvira Espinoza**  
Chief Communications Officer



## DEPARTMENT DIRECTORS



**Adrian Ruiz**  
Director of Education



**Guadalupe Gomez**  
Director of Small  
Business Initiatives



**Amanda Sanchez**  
Director of Pacific  
Northwest Region



**Juan Madrid**  
Director of  
Compliance/Controller



**Tony Lopez**  
Manager of Financial  
Planning & Reporting



**Brian Champeau**  
Director of East Coast Region



**Melissa McDonald**  
Deputy Chief Investment Officer



**Francisca Montoya**  
Director of Research and Planning

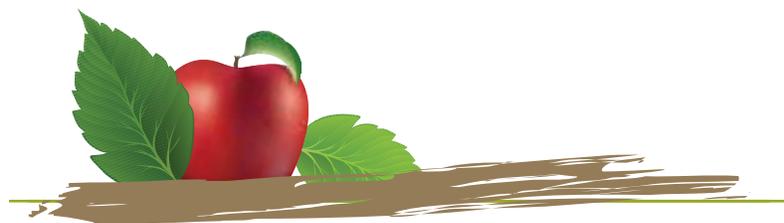


**Catherine Kes**  
Director of Specialty Finance



**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.

From its first \$10 million investment, RDF had steady growth in its asset base to over \$100 million in its first 10 years.

**2006 Academy of Math & Science, Tucson, AZ**

RDF funding allowed for tenant improvements on a 20,740-square-foot commercial/retail building in Tucson, Arizona, facilitating AMS to provide superior education in math, science, foreign language, music, and art to underserved neighborhoods in need of high-quality educational programs.

**2005 Texas ACORN Housing Corporation, Houston, TX**

Acorn Housing Corporation, Inc. was formed to aid those who have found homeownership unattainable for reasons that include race, economic status and neighborhood conditions. RDF, in partnership with JP Morgan Chase Bank, granted financing for 93 affordable housing units to low-income individuals and families.

**2004**

\$4.9 million from the U.S. Department of Housing and Urban Development.  
\$7.5 million from U.S. Department of Education for Charter School Facilitation credit enhancement.  
\$4 million from JP Morgan Chase in grant capital as loan guarantee funds.  
RDF Satellite office opens in NYC.

**2003 Carlos Rosario International Public Charter School, Washington, DC**

The Carlos Rosario Center, a cutting-edge one-stop center for the immigrant community of this nation's capital, impacted the lives of thousands of immigrants in the greater District of Columbia community since its founding. Over 2,000 students per year have received English language and vocational training in the new facility financed by RDF.

**2002**

\$5 million from the U.S. Department of Housing & Urban Development.  
\$5 million from the U.S. Department of Education for Charter School Facilitators credit enhancement.  
Citibank agrees to loan participation up to \$100 million.

**2001 Student Alternatives Program, Inc., Laredo, TX**

The Student Alternatives Program was contracted by the Texas Independent School District to reach at-risk students and dropouts. RDF financed the conversion of an office building into Laredo's first charter school. The school gave vulnerable students in this community the opportunity for quality, individualized education.

**2007**

Chase approves \$5 million NMTC for lending capital.  
Wells Fargo CDC approves \$1 million for lending capital.  
RDF & Citibank launch \$80 million Raza School Building Fund.  
State Farm Insurance Companies \$20 million PFI to increase capital for the Hope Fund.  
Bank of America \$20 million PFI for the Hope Fund.  
Merrill Lynch, BoFA \$10 million NMTC for lending capital.

**2008 Rocketship Education, San Jose, CA**

Rocketship Education's K-3 charter school in the Mayfair neighborhood of San Jose was focused on serving low-income children and closing the achievement gap in one of the most at-risk neighborhoods in California. RDF funded Rocketship Education through New Markets Tax Credit transaction with Merrill Lynch NMTC Corporation.

**2009 Achievement First (AF) Endeavor, New Haven, CT**

RDF provided funding to a growing network of non-profit, high performing, college preparatory K to 12 public charter schools in Connecticut, New York and Rhode Island with a mission of creating great schools that serve and support students from low-income, high-need communities in achieving academic success at the same elevated levels as their more affluent peers.

**Mujeres Latinas en Accion Program Center, Chicago, IL**

RDF construction gap financing supported the organization in converting a 17,000-sq-ft industrial building where all its counseling, education, day care and administrative programs were consolidated. This allowed them to serve the needs of immigrant Latinas in areas such as parenting support, domestic violence, sexual assault, homelessness, prevention, youth crisis intervention.

**1999**

Bank of America invests \$10 million over 10 years for RDF start-up and development of NCLR.  
Initial capitalization of the Hope Fund; \$10 million in lending capital from BoFA.  
\$7 million in lending capital for the Hope Fund from State Farm.  
\$2.5 million in lending capital for the Hope Fund from Allstate Insurance Company.  
State Farm donates \$1 million to strengthen RDF balance sheet and debt structure.

**2000 Washington State Migrant Council, Sunnyside, WA**

RDF refinanced the program center with working capital to operationalize a Migrant Head Start program. The Council was able to serve 250 children and provide quality primary childcare, education and employment training programs throughout rural Washington State.



**RAZA DEVELOPMENT FUND**  
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**1999**  
A DECADE OF HOPE  
**2009**

10 Investing / Lending partners + 47 Charter School borrowers + 28 Housing Borrowers + 27 Community facilities Healthcare centers borrowers = 102 Total Borrowers  
2 Founding investors + 2 Offices: Phoenix & New York

**\$64.5 M**  
in servicing balance

**\$46.8 M**  
in growth of the  
a net asset base

**\$157 M**  
in loan origination

In its 20th year of service, RDF's asset base growth has risen to over \$400 million.

**2016 St. Gabriel Health Clinic, St. Gabriel, LA**

As a Federally Qualified Health Center, SGHC was in jeopardy of losing an entire federal grant, forcing them to close doors and leaving many low-income underserved individuals without health services. RDF provided an emergency line of credit and SGHC continued its services to the community.

**2017**

RDF received a \$6 million grant from Bill & Melinda Gates Foundation for Washington State Charter School Initiative.

\$65 million received in NMTC Allocation, and RDF opens Seattle office.

**2018**

RDF receives Standard & Poor's Investment Grade Rating of AA-, one of the top level ratings.

\$55 million received in NMTC Allocation.

**2019**

RDF makes its first Small Business Loan to South Phoenix business enabling them to expand and grow their operation.

**2015**

\$100 million from CDFI Fund

**Brilla College Preparatory Charter School, Bronx, NY**

RDF provided association funding for a start-up K-8 college preparatory charter school, funding a 28,748 square foot school facility located in Bronx, NY. The charter school brings classical curriculum into the 21st century through the implementation of a blended learning model and establishment of a scholarly school culture, focused on charter development with a faith-based after school program. 532 students were served and 52 permanent jobs were created.

**Esperanza Health Centers: Brighton Park Health Clinic, Chicago, IL**

Esperanza Health Centers provides a wide array of primary care services to their predominantly Latino patient population from their three locations serving Chicago's southwest side. With this facility expansion project, Esperanza served an additional 20,000 patients with a total of 42,000 patients annually in the Brighton Park area.

**CASA de Maryland, Baltimore, MD**

CASA, an UnidosUS Affiliate, was initially founded as a small social service organization responding to the influx of Central American refugees and migrants to the DC metro region in 1985. RDF helped finance the establishment of a permanent Baltimore Regional Education and Training Center by renovating a 12,200 sf building located in the Library Square area of the city. This center includes an onsite vocational training lab and will assist in the expansion of other programs to grow their workforce development assistance.

**2014**

RDF received \$6 million Chase grant for CDFI Collaboration, and \$33 million NMTC Allocation.

RDF 15th Year Anniversary

**Guadalupe Centers, Kansas City, MO**

Founded to service underserved Mexican immigrants in Kansas City, Guadalupe Centers continues to provide an array of services and programs in education, healthcare, workforce, finances and senior support. Through RDF's support, Guadalupe Centers financed building renovations, helping extend their capability to serve local individuals and families in need.



Healthcare

**2013**

RDF joins as a member of the Federal Home Loan Bank of San Francisco. RDF received \$1 million Chase grant for Educational Funding, and \$35 million NMTC Allocation.

**Hacienda Community Development: The Portland Mercado, Portland, OR**

The Portland Mercado is a public market that serves as a hub for up to 20 businesses, at least 90% of which are owned and operated by Latino entrepreneurs, providing goods and services for low-income, immigrant families. With the opening of the Portland Mercado, Hacienda CDC provided a place to incubate these small and minority owned businesses.

**2012**

Citi Foundation provides \$2 million grant for South Florida Focused Lending.



Housing



Education

**Excel Academy Charter School, Boston, MA**

RDF provided NMTC Allocation to finance the acquisition and renovation of a new campus for Excel—a state leading school for Math and English.

**2011**

RDF receives its first New Market Tax Credit Allocation from the U.S. Department of Treasury of \$35 million.

Citi Foundation provides \$2 million grant for U.S./Mexico Border Region Focused Lending.



Serving US Latino and Poor Families

**Berea College, Berea, KY**

Founded in 1855, Berea College has worked towards providing the opportunity to all students to obtain a higher education no matter their financial situation; this mission includes Latino and other low-income students. As a work college, Berea charges no tuition and instead asks students to cover the cost of attendance and living. In 2017, RDF provided \$10 million in New Market Tax Credit towards the construction of the Natural Sciences and Health Building. The new facility will house the college's chemistry, biology, mathematics, physics, and nursing departments, extending Berea's STEM programs.

**2010 NRP Project Equities, Cleveland, OH**

RDF and NRP Group Inc. established a partnership that created 5,000 affordable, multi-family housing units accessible to poor and Latino families for the growing population in the state of Ohio. With an on-going partnership, NRP has received a total of 28 loans to continue with projects that align with RDF's mission to serve the community.

**Comunidades Latinas Unidas En Servicio (CLUES), St. Paul, MN**

From its establishment, CLUES mission has always been to advance the capacity of Latino individuals and families to be healthy, prosperous, and engaged in their communities. In 2018, RDF provided \$7 million in New Market Tax Credit financing, allowing for the acquisition of an 18, 314-sf building. The building allowed for CLUES and the Mexican Consulate to continue a partnership that in turn has served 35,000 people annually with health and wellness services, economic empowerment, and educational enrichment.

**2010**  
A DECADE  
OF GROWTH  
**2019**

**233,986**  
Patients served

**244,630**  
Families served

**58,110**  
Housing units built

**77,482**  
Students served



**RAZA DEVELOPMENT FUND**  
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**20** ANNIVERSARY

**3** Offices: Phoenix, New York, Seattle  
**1** Satellite Office: Florida  
**13** Investing Lending Partners  
**3** Founding Investors



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

[razafund.com](http://razafund.com)

