



Q1 2020  
Report

# Fair Food Fund

## COVID-19 Message from the Fund Director

As an organization dedicated to health and wealth equity, the COVID-19 pandemic has put our collective work in greater relief than ever.

There is a need to pivot our programs both in immediate response to this crisis and to ensure that the solutions we pursue lay the groundwork for the necessary repair and recovery of our communities in its aftermath.

Fair Food Fund efforts investing in food entrepreneurs is critical on both fronts: Businesses across the food system from farm to fork are experiencing tremendous economic hardship. Many of the community-based enterprises we want to support will struggle to survive, a loss which will have a deep and lasting impact on community health and economic well-being

We are pursuing a three-pronged response focusing on our two priority regions of Southeast Michigan and nine states across the Northeastern U.S. where we have deep networks of relationships with entrepreneurs as well as other lenders and technical assistance providers.

**Support to Existing Portfolio:** We are supporting existing portfolio businesses to navigate this moment-from loan deferments to intensive business assistance.

**New Lending:** We are accelerating deals in our pipeline to support high-impact, mission-aligned entrepreneurs as they pivot their business models. Such investments will be critical to stabilizing continued food access in communities over the next 24 months.

**Collateral Initiative:** Finally, we are launching a collateral initiative to catalyze the release of additional capital. This initiative will be comprised of grants and PRI dollars and be offered to local intermediaries to assist them in continuing to provide capital to businesses in their portfolios that align with Fair Food Fund’s mission.

The collateral initiative will be leveraged at least 4:1 meaning every \$1 of our collateral will catalyze the release of \$4 additional dollars aimed at stabilizing small businesses and continuing to stimulate local economies during and following this economic downturn. In addition to financial support, supported businesses will also have access to our technical assistance, thereby providing the additional and crucial wrap-around support entrepreneurs need.

Fair Food Fund’s efforts remain critical additions to the marketplace. As a community, we need to ensure that the businesses that have developed over the past decade are able to weather this crisis and lead the regeneration of their communities afterwards. This is the work at-hand and we’re honored to play a role in it.



**Mark Watson**  
Fund Managing Director



## Quarterly Highlights

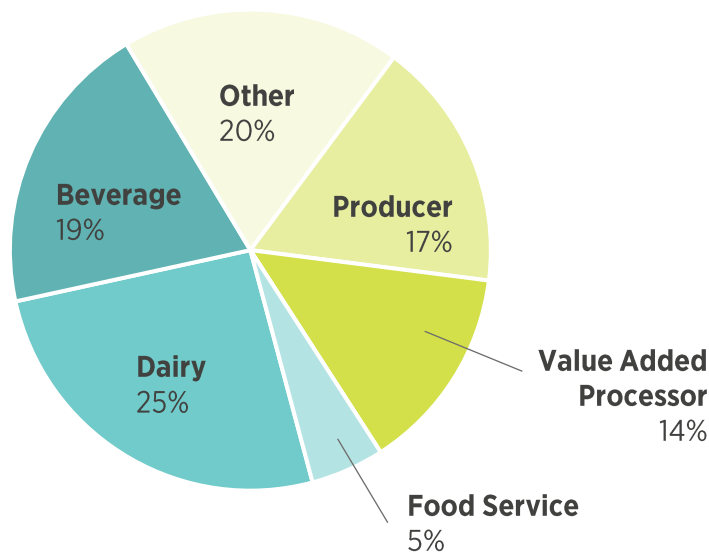
- Our portfolio companies are pivoting in this moment too: **New York Distilling Company** has shifted to make hand sanitizer and **Five Acre Farms** is donating milk to an area food pantry
- Fair Food Fund team presented at **Confluence Philanthropy** and the **2020 National Good Food Network Conference**
- As part of our work with the **Michigan Good Food Fund**, recent COVID-19 responsive webinars drew 100+ participants
- We partnered with **Detroit Food Policy Council** to get kits supporting safe shopping to 71 Detroit neighborhood grocery stores, many of which accept **Double Up Food Bucks**

## Portfolio Overview

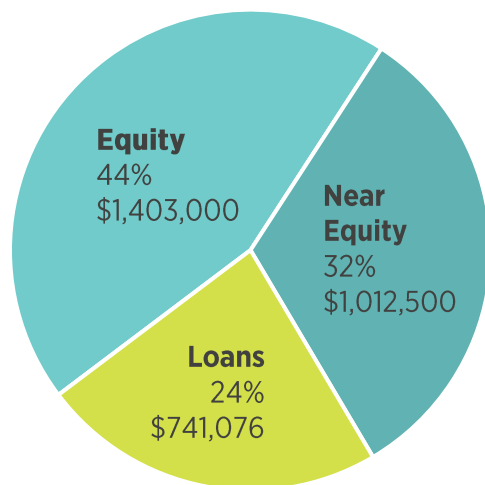
Financing Committed	\$3,156,576
Financing Outstanding	\$2,547,757
Investment Income	\$579,589

Default Rate: As of March 31, 2020, the annualized default rate since the Fund's inception (December 2013) is 1.5% or 11.4% cumulatively. This includes all realized write offs on an investment of capital pool of \$3.2 million.

### Type of Business



### Type of Structure



## Fair Food Fund COVID-19 Pandemic Stress Test and Technical Support

As the impact of the pandemic forced businesses to close or modify their business models throughout the nation, the Fair Food Fund team proactively contacted each of our portfolio companies about the impact the pandemic was having on their business in both the immediate and long term.

We wanted to understand what they were doing to adapt and respond to the pandemic. We also wanted to know what we could provide to help them during this uncertain time.

We offered intensive business assistance to support cash flow planning needs by helping the entrepreneurs think through how they could reduce their cash burn, pivot their business to more robust sales channels, and access the capital needed to keep operating the business.

These conversations yielded a view that the majority of the portfolio is in a good position to weather the immediate impacts of the pandemic due to the continued demand for food, pre-pandemic financing obtained, and government support through the Payroll Protection Plan.

Fair Food Fund deferred payments for three months for two companies and extended the balloon repayment on a line of credit for six months for another investment. More than half of the Fund's investments are equity investments. We remain closely monitoring the situation.