

# Fair Food Fund

## 2019 ANNUAL REPORT



### Message from the Fund Managing Director

2019 was an important transition year for the Fair Food Fund, the impact investing initiative of national nonprofit Fair Food Network. After 12 investments of \$3.2 million across the Northeast food value chain since the Fund's inception, Fair Food Network leadership made a decision to extend this work nationally. This expansion is harnessing the learnings gained in our work in the Northeast and Michigan in deal sourcing, creative capital structuring, blended investments, and entrepreneur-centered business assistance. As a longstanding member of the investment committee, I was thrilled to be asked to lead this effort in the fourth quarter of 2019 as Fair Food Fund's new Managing Director.

This past year has yielded the opportunity to reconsider how the Fund can best advance our mission of growing community health and wealth through food. Much has changed since the Fund's inception in 2013, and a national deployment strategy required careful reconsideration of our capital structure, capacity, and offerings, as well as our guiding principles and desired impact. This all builds upon six years of excellent work including the leadership of Alex Linkow, who previously served as Fund Manager, and Joel Moyer, who currently serves as Fair Food Fund's Portfolio Manager.

This report details our work and the key milestones we met over the past year. While we did not make any financial commitments in 2019, we did make considerable investment of business assistance in portfolio companies and field building work in both the Northeast and Michigan. More detail on this follows in two spotlights.

While this report covers our work in 2019, it feels remiss to not mention the current COVID-19 crisis. The coronavirus pandemic has severely impacted food businesses while revealing the instability of the entire food system. In addition, its disproportionate impact on communities of color, layered on centuries of deeply rooted and systemic oppression, underscores the necessity of continuing and intensifying our work to bring equity to our food system. Fair Food Fund has and will continue to partner with entrepreneurs, investors, and other community stakeholders, with the resolve to emerge from this crisis stronger than we entered.

I am proud of what we have achieved together this past year and I know this is only the beginning of this exciting next chapter. And it would not have been possible without the support of our investors and funding partners, including some who have been with us since the beginning. Your capital is helping us fill a gap left by traditional finance and open opportunities for more people, in more places. Thank you for your commitment and leadership in investing for impact. Together, we are making change and growing healthier, wealthier, more equitable communities.



**Mark Watson**  
Fund Managing Director

### Highlights From the Year

**We augmented the Investment Committee.** In 2019, we brought on new advisors with diverse backgrounds and spheres of influence with multiple geographies. Several of the Investment Committee members may also hold responsibilities to source and vet deals in their respective regions as paid advisors.

**We revised the deployment strategy.** Moving ahead, we are advancing a holistic approach that makes “blended” investments, weaving together catalytic capital and wrap-around business assistance with a place-based focus and equity lens. Specifically, we will make 10–20 investments in geographic clusters to build communities of practice consisting of food entrepreneurs, farmers, and others who subscribe to our belief of “deconsolidating” the current food system as means to open access and stimulate more equitable opportunity. Immediate areas of geographic focus for such direct and indirect investments include Michigan, Northeast US, Illinois, and Camden, NJ.



**We further progressed codifying a business assistance curriculum.** This curriculum includes proprietary content alongside local knowledge that is culturally relevant to the communities we serve. It builds upon our successful business boot camps in the Northeast and Michigan as well as the dense and community-based technical assistance work we have conducted as part of our work with the Michigan Good Food Fund.

### PORTFOLIO SPOTLIGHT:

#### Fresh Food Generation

**We provided catalytic business assistance support to longtime portfolio company Fresh Food Generation as it launched into its next chapter of continued growth.** This farm-to-table catering service, food truck, and community café serves up healthy and affordable Latin American and Caribbean food sourced from local farms, with a focus on benefitting Boston’s underserved neighborhoods. In 2019, Fair Food Fund focused on the development of a capital budgeting framework that could inform decisions concerning the types and sources of capital Fresh Food Generation should seek to support its continued growth. With this new tool in hand, Fresh Food Generation was able to successfully complete an equity capital raise and repay its loan to Fair Food Fund. We are honored to have partnered with this company since we first met at our business boot camp five years ago, and ultimately to help them prepare for and successfully access additional investments.





### Highlights From the Year (Continued)

**We restructured the Fund.** We now allow note investors to enjoy a 20 percent “first loss” credit enhancement when making commitments. We also made the decision to introduce a recoverable grant investment option for donor-advised funds and foundations as an additional manner of engagement. Finally, Fair Food Fund investors can now directly co-invest alongside our investments to develop more capital options for our pipeline as it grows.

**We initiated exploration of more intentional impact measurement.** Our aim here is to make visible not only the outcomes of our investments but the longitudinal impact of our engagement with those same food entrepreneurs, as well as the communities they serve. This includes a deepening racial and social equity lens with a focus on businesses led by women and people of color, two groups that continue to be overlooked by traditional financing.



**We established investor relations capacity.** We brought on new team member Lolita Nunn to serve as the Fund’s Investor Relations liaison and assist with reporting and market presence.

**We engaged community knowledge.** In addition to deep work in the Northeast and Michigan, Fair Food Network’s healthy food incentive programming is now in 25+ states from coast to coast. Looking ahead, we aim to leverage the value of these many partnerships to identify additional places where capital and capacity building can be particularly additive to local work.

### BUSINESS ASSISTANCE SPOTLIGHT:

#### Neighborhood Grocer Training

**Our business assistance work in Michigan alone connected with 40+ entrepreneurs working to close health and wealth gaps in their communities through food.** We designed and deployed multiple group trainings, including a six-week Brand Story Accelerator “Boot Camp” and a Neighborhood Grocer Training for small, Detroit-based stores looking to introduce fresh produce. One-on-one assistance continues with neighborhood grocers and many other entrepreneurs as we work together to help move their businesses toward operational stability and on a path toward capital readiness. This work is not only building a pipeline for future investments, it’s also increasing healthy food access in communities. As one participating grocer put it, “This training has taught me so much. I’ll never look at a grocery store the same way again!”

