



Q2 2020
Report

Fair Food Fund

Message from the Fund Director

Over a 30-year career in finance, I was fortunate to gain some access to the rooms where exclusive relationships and backroom financial machinery brokered capital decisions. I came to realize that decisions were being made that have deep, lasting impact on people who don't even know that the rooms exist. More pointedly, it was apparent how little people of color were represented in these spaces. This alongside a reductionist lens that too often does not see interrelations between problems and opportunities, results in blind spots that play out with dire consequences for communities of color, families experiencing poverty, climate and the environment, etc.

Although I was achieving financial and professional success, I felt an increasing disconnect. I wondered how could we direct capital to places that were capital-starved? How could investments engage both investors and beneficiaries to stimulate systemic solutions? More personally, how could I merge my professional expertise with my civic interests to generate deeper impact?

I decided to dedicate the remainder of my professional life to this work, which at its core is about the redistribution of power and resources in the movement toward a more equitable society.

I was excited to bring this background to lead the next chapter of Fair Food Network's Fair Food Fund. The Fund invests in food entrepreneurs who work to close health and wealth gaps in their communities. We take a holistic approach braiding together multiple resources — capital,

capacity building, and programming — with a place-based focus and equity lens. Plus, our work is centered on something so essential we forget its radical and transformative power: Food.

Food enterprises are bedrocks in every community. In addition, the food economy offers an accessible pathway that attracts a disproportionate number of entrepreneurs of color, women, and new Americans seeking economic independence. Unfortunately, as the coronavirus pandemic continues, it is these same businesses that are most vulnerable to being swept away.

This past quarter has seen the translation of our vision into on-the-ground impact with two new investments. Together, we are also demonstrating answers to the questions I started asking so long ago. Through a blend of philanthropic and investment capital, we can develop innovative financial products that support entrepreneurs left behind from mainstream finance. We can advance broader, deeper change without further extracting from the very communities we are purporting to serve. Investors and beneficiaries can partner to grow a stronger, more equitable tomorrow. Thank you for your support and partnership in this work.



Mark Watson
Fund Managing Director



Quarterly Highlights

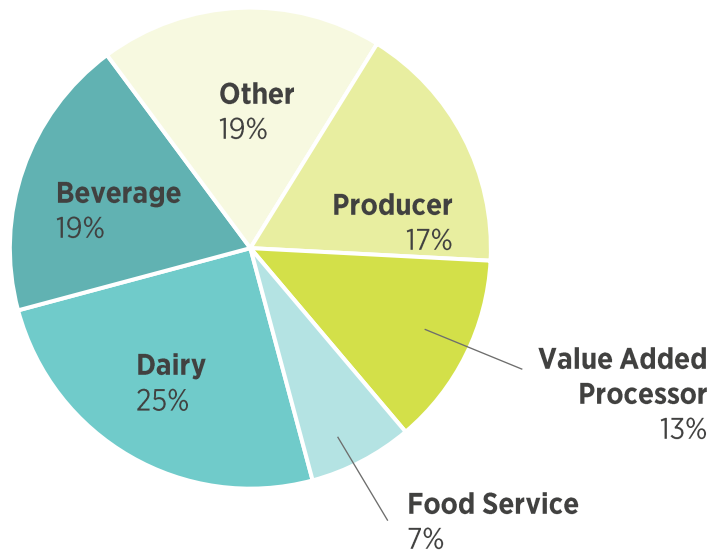
- Closed **two new deals in Detroit and Maine** supporting women-led food businesses that are serving up good food and creating jobs.
- **Collateral Initiative launches** aimed at stimulating investments during COVID-19 crisis by other lenders in the Northeast and Michigan to support Fair Food Fund mission-aligned businesses.
- New investment from **Ralph C. Wilson, Jr. Foundation** launches expanded work in Michigan.
- **Fair Food Fund partners with CapShift** and its donor advised fund providers, including Fidelity Charitable, to make it easy for donors to invest or provide a recoverable grant to support our work.
- Fund Managing director Mark Watson joins **Inclusive Capital Collective and Chicago Food Policy Action Council**.
- Team speaks about equity in food system at **Confluence Philanthropy**.

Portfolio Overview

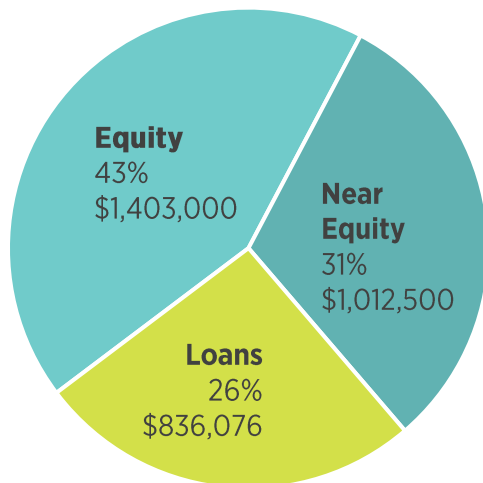
Financing Committed	\$3,251,576
Financing Outstanding	\$2,577,873
Investment Income	\$592,760

Default Rate: As of June 30, 2020, the annualized default rate since the Fund's inception (December 2013) is 1.45% 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



Investing in Detroit with Financing and Business Assistance



Financing: We are thrilled to announce our first Michigan investment in The Kitchen, by Cooking with Que, in Detroit. While we have been working with owner Que Broden since 2019 through the Michigan Good Food Fund, we were able to provide additional 1:1 support and financing to support Que as she ramped up meal prep and delivery service to sustain her business during COVID-19 crisis. Today, Que's business is on the rise as the team delivers locally sourced, healthy food to Detroiters.



Business Assistance: While Midtown Detroit has experienced a boom of development, there are still few grocery stores featuring fresh produce. That's shifting thanks to one neighborhood store that is changing its inventory following its participation in our Neighborhood Grocer Training. Marcus Market recently swapped part of its liquor display with a new cooler along with floor displays featuring produce and other fresh food offerings. This shift was informed by customer surveys that our team conducted in February. What's more, select produce is being sourced from nearby Eastern Market, not only creating wins for local families, but also for area farmers.