



Q4 2020  
Report

# Fair Food Fund

## Message from the Fund Director

Five years ago, Fair Food Network helped launch a first-of-its-kind healthy food financing initiative in Michigan. Working in partnership with Capital Impact Partners, Michigan State University Center for Regional Food Systems, and W.K. Kellogg Foundation, the Michigan Good Food Fund broke new ground with its commitment to support businesses from farm-to-fork and its grounding in equity. It also demonstrated a new collaborative model that harnessed a network of partners aligned in a shared commitment to increase healthy food access and spark economic opportunity in places that need it most.

Since 2015, initiative partners have deployed nearly \$17 million in loans and grants, and the 300+ enterprises supported with financing or businesses assistance have in turn created or retained 1,000+ jobs.

We're proud of what we've accomplished together and have learned so much, not least of which is the necessity to keep evolving to meet the needs of those this initiative was designed to serve.

And those needs have never been more serious. While the past year has been turbulent for all businesses, it has been devastating for those led by Black and Brown entrepreneurs. According to a report from the Federal Reserve Bank of New York, 41% of Black businesses nationwide shuttered from February to April compared to 17% of white businesses, a figure that has likely only increased since.

As we look toward the next chapter of this collaborative, there is a need to further center racial equity in this work in support of Black and Latinx entrepreneurs as well as deepen community engagement to ensure alignment with and accountability to community voice. We also aim to

move from individual transactions to entrepreneur cohorts with multiple rounds of financing and business assistance to support their continued growth. Finally, we have made good progress expanding our lending network and will continue doing so to ensure diversity of capital products.

As we move into this next chapter, Fair Food Network is honored to step into management of this initiative starting in 2021. Our impact investing arm, Fair Food Fund, will also join Detroit Development Fund, Grand Rapids Opportunities for Women, Michigan Women Forward, Northern Initiatives, and Lake Trust Credit Union as an initiative lending partner bringing equity and near-equity products for Michigan entrepreneurs.

We want to acknowledge and extend appreciations to Capital Impact Partners, initiative manager from 2015-2020, for its leadership, partnership, and dedication. It remains a critical partner in this work and will continue to serve as a collaborator and lending partner. We also couldn't do this work without the continued partnership of MSU Center for Regional Food Systems, which has been at the table since day one.

We can only achieve the change we know is possible — and needed — with this incredible network of partners. And it's never been more important for us to stand up together.



**Mark Watson**  
Fund Managing Director



## Quarterly Highlights

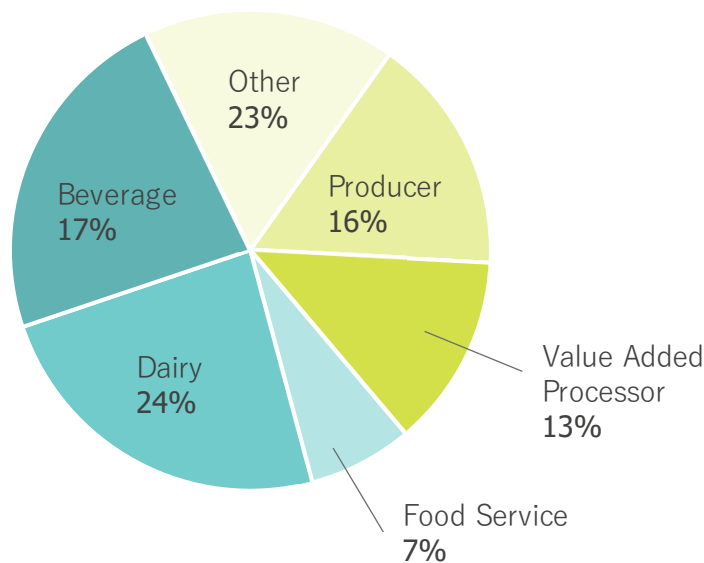
- **New investment in Chelsea Business Foundation**, a nonprofit supporting Latino-led and small businesses in Chelsea, MA, in partnership with Boston Impact Initiative. This line of credit will continue its business support grant program, which has been critical during the COVID-19 crisis in supporting small food businesses.
- Fund Manager Mark Watson spoke on **Restorative Finance for the NEXT Economy** at **Social Venture Circle** fall 2020 conference.
- With Michigan Good Food Fund partners, presented at annual **Michigan Good Food Summit**, exploring ways food and farm businesses are pivoting and what additional support is needed.

## Portfolio Overview

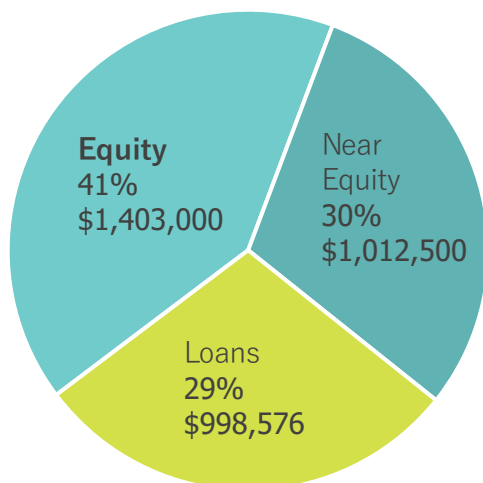
Financing Committed	\$3,414,076
Financing Outstanding	\$2,428,003
Investment Income	\$627,607

Default Rate: As of Dec. 31, 2020, the annualized default rate since the Fund's inception (Dec. 2013) is 1.3% or 11% cumulatively. This includes all realized write offs on an investment of capital pool of \$3.58 million.

## Type of Business



## Type of Structure



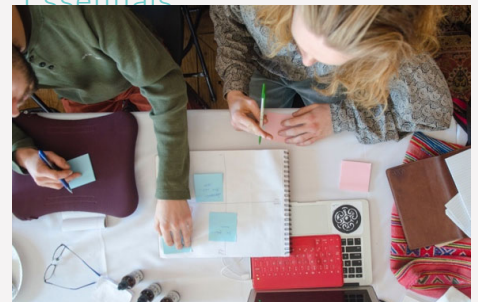
## Portfolio Spotlight: Five Acre Farms



Too many families and farmers continue to struggle as the coronavirus continues. In response, we've teamed up with portfolio company Five Acre Farms to bring fresh milk and eggs from Northeast farmers to area food banks. Every dollar given feeds children and families in need, while putting more money in the pockets of American farmers.

**Help us do more:**  
[fairfoodnetwork.org/farms-to-families/](https://fairfoodnetwork.org/farms-to-families/)

## Business Assistance: Food Finance Essentials



Fair Food Network delivered a multi-week training designed to improve financial literacy and accelerate entrepreneurs' ability to secure financing. Five Detroit-based businesses participated in online group sessions and 1:1 mentoring from seasoned advisors. Enterprises walked with increased financial know-how, updated pitch decks, and three months of free accounting services. Reflected one entrepreneur: "I have more knowledge about MY financial position than ever before. The homework was hands-on and allowed me to get into my numbers...and as a result, now I can make informed decisions."