



Fair Food Fund

Q3 2021
Report

Message from our Team

After the Flint water crisis in 2014, the last two major grocery stores left the city's north side, leaving residents without access to healthy food at the moment it was needed most.

Pastor Reginald Flynn, a Flint native who returned to the city 13 years ago to minister at the Foss Avenue Baptist Church, was not surprised. Nor was he going to beg them to come back. Instead, spurred by residents, the [North Flint Reinvestment Corporation](#), a place-based nonprofit led by Pastor Flynn, decided to open a new grocery store — one that was by and for the community.

Says Pastor Flynn, "This is a place where corporations come and go at their will. We don't want to be subjected to that. We want to *be* the solution."

The journey has not been without financial and bureaucratic hurdles. Yet after six years, North Flint Reinvestment Corporation raised over \$7 million and the North Flint Food Market broke ground, revitalizing a long-vacant and obsolete building.

Our Fair Food Fund was part of the capital stack, providing a critical bridge loan that helped cover transaction costs — a common hurdle, especially for community-based developers that lack deep balance sheets to prepay such hefty expenses.

Beyond financing, we've been honored to know and partner with Pastor Flynn over the past five years through our work with the [Michigan Good Food Fund](#).

Given Fair Food Network's deep work in Flint with our Double Up Food Bucks SNAP incentive program, we recognized early on the importance of this grocery project. In addition to bringing healthy food to North Flint, the co-op was the first step toward a broader vision of community-first development and cooperative economics.

This was a project that needed to come to fruition, and we wanted to help. We engaged a member of our Fair Food Fund investment committee, Daniel Tellalian, Founder and CEO of Angel City Advisors. With expertise in healthy food retail and community development finance, Tellalian served as an embedded thought partner and collaborator with Pastor Flynn, tackling the financial plan, brokering connections, and coordinating a complex capital stack.

It has been a long-haul adventure — more than five years, 12+ sources of funds recruited, tax credit financing, hundreds of hours, and a few thousand emails. Yet it is this type of integrated, long-term support that demonstrates the reimagined healthy food financing that's often needed to support good food enterprises.

It also models how we can root our investments in the vision, priorities, and entrepreneurialism of the communities in which we work. Alongside public and private investments, the co-op market was funded by 900+ member-owners and more than \$200,000 that was raised by the community itself.

While this project was powered by the vision and tenacity of Pastor Flynn, there were so many others that stepped up and provided financial support along the way, including the State of Michigan, the City of Flint, Charles Stewart Mott Foundation, Community Foundation of Greater Flint, Ruth Mott Foundation, ELGA Credit Union, USDA Community Food Projects, Healthy Food Financing Initiative, LISC, and the Food Co-op Initiative, as well as other community funders and New Markets Tax Credit partners.

Learn more about this project and follow its journey at NorthFlintFoodMarket.org

— Fair Food Fund Team

Quarterly Highlights

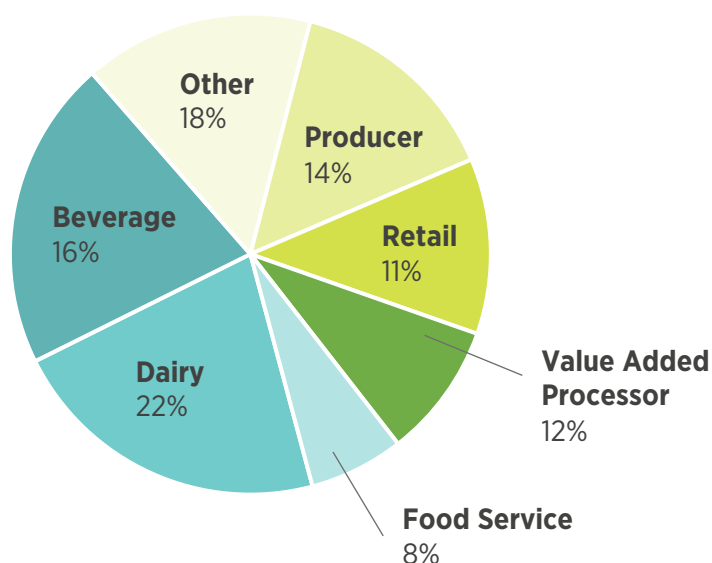
- **NEW Collateral Initiative investments** including to Detroit Soul restaurant in partnership with Michigan Good Food Fund lender, Detroit Development Fund.
- Supported launch of Washtenaw County Black Farmers Fund, **a new initiative investing** in Black Farmers in SE Michigan.
- Our Team presented at Pathstone seminar "Investing in Regenerative Agriculture: Voices from the Field." In our home state, we spoke at the Michigan Impact Investing Hub kick-off hosted by Council of Michigan Foundations, Michigan Local Food Council Network, and Michigan Department of Agriculture and Rural Development.

Portfolio Overview

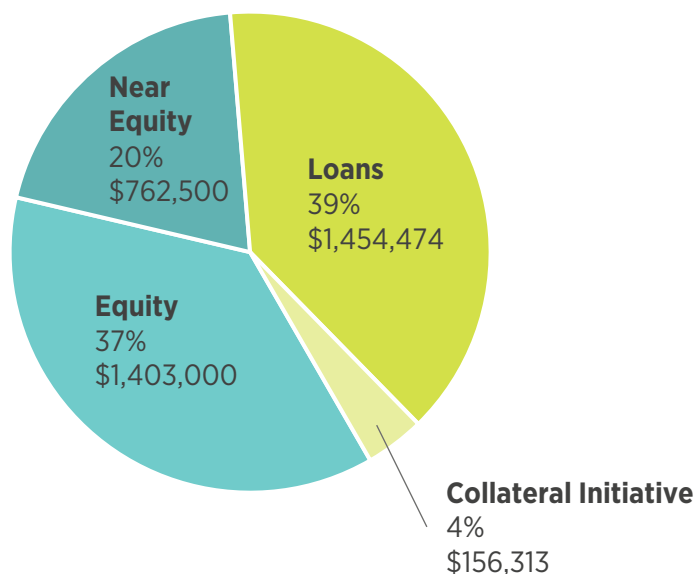
Financing Committed	\$3,776,287
Financing Outstanding	\$2,748,316
Investment Income	\$720,471

Default Rate: As of September 30, 2021, the annualized default rate since the Fund's inception (2012) is .71% or 6.38% cumulatively. This includes all realized write-offs on an investment of a capital pool of \$6 million.

Type of Business



Type of Structure



Borrow Spotlight: Detroit Soul



In 2010, Detroit residents Jerome Brown and Samuel Van Buren started Detroit Soul, which serves up homestyle cooking with healthful substitutes.

While working full-time jobs, Brown and Van Buren built a customer base for their catering business, eventually moving to a brick-and-mortar location for carry-out meals. By 2020, even amidst the disruptions of COVID, sales were soaring, and they were ready to expand to a second location with dine-in seating.

While their first venture had been self-funded, they needed financing to grow, so they connected with local lender Detroit Development Fund (DDF). While the project was promising, DDF was cautious to make another restaurant investment given the number already in its portfolio and the challenges facing the food industry.

Fair Food Fund was able to de-risk this investment by providing \$50,000 in collateral, enabling it to move in partnership with Detroit Development Fund. In addition to financing, Collateral Initiative support includes follow-on businesses assistance: We're now working with Detroit Soul on a marketing plan and building a new website.

Business Assistance: Teffola

Teffola is a healthy snack business whose star ingredient is the nutrient dense teff grain grown on the family's 7th generation farm in southern Michigan. Six years ago, the farm started to grow teff and has since expanded to other crops like buckwheat, millet, and oats, while building a gluten-free cleaning and processing facility for its granola and other products. We provided 1:1 support with a consumer packaged goods consultant to help with sales channel strategy, financing planning, and co-manufacturing set-up. Says owner Claire Smith: "Working with this team has led me to take the most impactful steps. I couldn't be more excited for what's to come."