



Q4 2022 Report

# Fair Food Fund

## Message from our Team

What more appropriate time to celebrate happy endings and new beginnings than the start of a new year. As we begin 2023, Fair Food Network is proud to celebrate the end of an era and a new stage in our evolution as an organization.

Reflecting on our accomplishments over the past year, we want to give many thanks to our founder, **Oran Hesterman**, for his more than 50 years helping to define the good food movement and his past 13 as founder and CEO at Fair Food Network. Now as our resident champion, Oran will continue to support our work as we help more food businesses become economic engines in their communities. We also want to recognize the many contributions of Michigan Good Food Fund's former director **Jean Chorazycsewski** who helped build the collaborative over the past seven years and helped guide its next chapter. We wish Jean the very best as she begins hers.

This month, we're excited to welcome **Aaron Jackson** as the new director of Michigan Good Food Fund. Aaron brings 13 years of experience in community and economic development to his new role and was most recently the program manager of the Detroit Neighborhood Entrepreneurs Project (DNEP) at the University of Michigan. Fair Food Network worked with members of the collaborative's Stakeholder Board to facilitate this exciting new hire.

Finally, **Kate Krauss** has taken the helm as Fair Food Network's CEO. During her tenure as COO and

Executive Director, Kate built a strong foundation for growth, developed Fair Food Network's operational infrastructure and diversified its funding and programming.

Since first coming to the organization in 2015, Kate has grown the organization's budget fivefold, expanding work across community-based impact investing, nutrition incentives, evaluation, and public policy. Kate will lead Fair Food Network as we build on over a decade of impact and growth, guided by a Theory of Change that provides a blueprint for the expansion of our mission and demonstrates our commitment to equity and justice and a new emphasis on environmental regeneration.

As part of our efforts toward creating a more resilient environment, we aim to support more food businesses like **Superfrau**, a woman-owned beverage company that Fair Food Fund supported with a line of credit in Q4. Superfrau partners with yogurt makers to convert liquid whey — a byproduct of the manufacturing process — into a delicious, carbonated energy drink that is high in protein and packed with nutrients that support optimal health. And because they divert excess whey from being tossed, Superfrau energy drinks are helping to fight food waste.

### Superfrau is one of our 13 investments made in 2022.

In the coming year and beyond, we look forward to supporting more promising food businesses that are growing healthier, wealthier, and more equitable communities. Thank you for your continued support to make this work possible.

— Fair Food Fund Team

## Quarterly Highlights

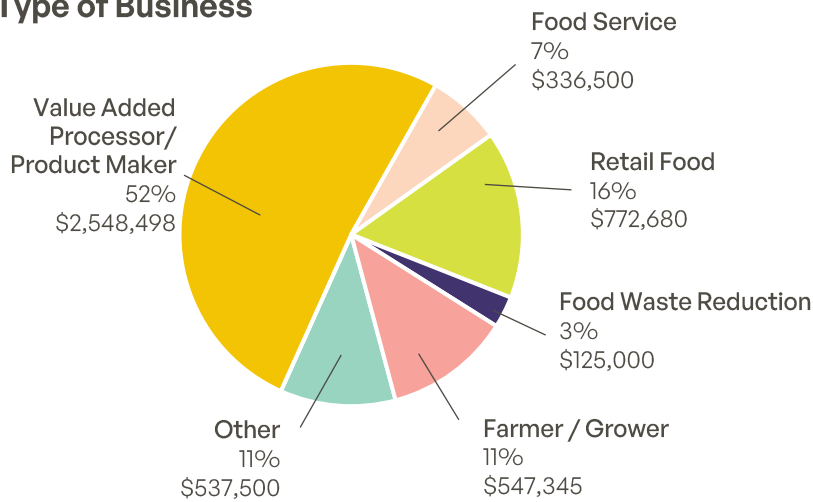
- **Superfrau** is a woman-owned business in Massachusetts that repurposes liquid whey, a nutrient-dense byproduct of the yogurt manufacturing process, to produce a line of delicious, fizzy protein drinks. Fair Food Fund provided a line of credit to Superfrau to help build inventory and ramp up production.
- In Q4, we attended **ESG for Impact!, Opportunity Finance Network**, and **Mission Investors Exchange**. We hope to see you March 7–9 at **Confluence Philanthropy!** We will host a field trip during the conference, “A Taste of Boston: Food Enterprises as Engines of Community Health and Wealth,” and we look forward to you joining us as we explore the Boston food system.
- Our team also funded a loan to **Simply Spanish** to support the expansion of this successful Detroit-area food truck business with an equipment purchase that will help the owner to package paella for sale in grocery stores and retail outlets.
- Following our **Food Finance Essentials** — a multi-week training designed to improve financial literacy and accelerate entrepreneurs' ability to secure financing — two more participants, **Crumbs Cookie Station** and **Safari Meats**, received funding from Michigan Good Food Fund partners in Q4. These latest deals demonstrate our commitment to helping food entrepreneurs to access resources to grow their businesses.

## Portfolio Overview

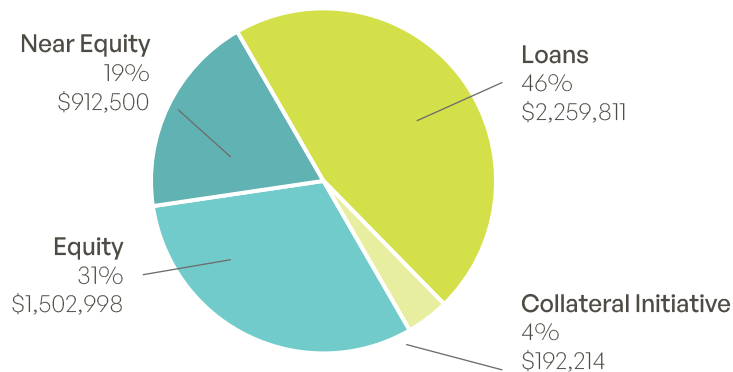
Financing Committed	\$4,867,523
Financing Outstanding	\$3,732,400
Investment Income	\$1,571,832

Default Rate: As of December 31, 2022, the annualized default rate since the Fund's inception (2012) is .45% or 4.6% cumulatively. This includes all realized write-offs on an investment capital pool of \$8.4 million.

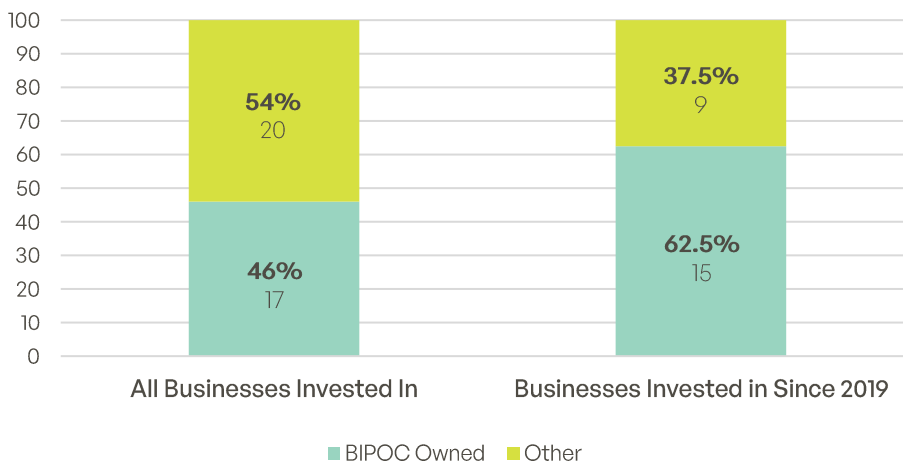
## Type of Business



## Type of Structure



## Portfolio by Demographics (Race)



## Investment Spotlights



### Superfrau

Each year, nearly 40 percent of food in the U.S. goes to waste. That's 190 billion pounds of food that ends up in landfills instead of on dinner tables.

Superfrau owner Melissa Martinelli saw a waste-to-value opportunity in the dairy space and set out to divert surplus liquid whey from landfills and waterways and repurpose it as the main ingredient in Superfrau's line of nutritious, carbonated protein drinks.

Superfrau launched its first flavors in the Northeast in fall of 2021, with plans to expand regionally and nationally and to explore the idea of using liquid whey as a platform ingredient for use in other upcycled products.

In Q4 2022, Fair Food Fund provided Superfrau with a line of credit to support another production run as the popularity of the product grows.

### Simply Spanish

Spanish immigrant Xavi Vitali started Simply Spanish as a Southeast Michigan food truck specializing in paella from his native Valencia.

His food truck's success signaled a demand for ready-made paella beyond just the casual food truck patron, leading Xavi to increase his business' capacity to produce and package ready-to-eat paella for retail consumption. Xavi's packaged paella is never frozen and is made in small batches using simple, all-natural ingredients — no preservatives or artificial colors or flavors.

Following technical assistance provided by our Michigan Good Food Fund partners, Fair Food Fund provided Simply Spanish with a term loan used to purchase a paella filler, allowing the business to increase supply and develop new retail and distribution relationships.