



**OFFERING MEMORANDUM FOR
COMMUNITY NOTES,
SOLIDARITY NOTES AND
PHILANTHROPIC NOTES
OF
BOSTON IMPACT INITIATIVE FUND**

Boston Impact Initiative Fund is a 501(c)(3) tax-exempt public charitable organization.

THE OFFERING OF COMMUNITY NOTES IS ONLY OPEN TO RESIDENTS OF
MASSACHUSETTS.

May 23, 2018

Introduction to Boston Impact Initiative Fund

Boston Impact Initiative Fund (“BII Fund”) is delighted to hereby offer notes to fund its social impact investing. BII Fund makes loans to and equity investments in social enterprises, charitable groups and community groups that impact economically disadvantaged areas in Eastern Massachusetts. BII Fund is a supporting organization of RSF Social Finance, The Commonwealth Foundation, Inc. (including its program, Center for Economic Democracy) and City Life/Vida Urbana. Our ambition is to build a model that investors can contribute to in Eastern Massachusetts, as well as to share with other communities our knowledge and experience regarding the powerful role that impact investing can play in promoting economic justice and social welfare, combating community deterioration, eliminating prejudice and discrimination and relieving poverty.

BII Fund is offering the following types of notes:

(i) Debt securities to non-accredited investors residing in Massachusetts in amounts ranging from \$2,000 to \$25,000, with a 3 year term and a 3% interest rate per year (the “Community Notes”);

(ii) Debt securities to accredited investors in amounts ranging from \$10,000 to \$1,000,000, with either a 3-year term and a 3% interest rate per year or a 7-year term and a 4% interest rate per year (together, the “Solidarity Notes”); and

(iii) Debt securities to accredited investors in amounts ranging from \$5,000 to \$250,000, with a 5-year term and offering 1% interest per year (the “Philanthropic Notes” and, collectively with the Community Notes and the Solidarity Notes, the “Notes”).

BII Fund currently anticipates offering \$1,000,000 in principal amount of the Community Notes, \$7,000,000 in principal amount of the Solidarity Notes and \$1,000,000 in principal amount of the Philanthropic Notes, but these amounts are subject to change by BII Fund in its sole discretion.

BII Fund is a nonprofit corporation formed under Delaware law and is exempt from federal income tax under section 501(c)(3) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”).

As an impact investment fund, BII Fund takes an integrated capital approach to investing, using a combination of investing, lending and giving, and will identify social enterprises in Eastern Massachusetts that are dedicated to creating a better future for lower income communities and communities of color, but which may suffer from a lack of access to capital due to traditional financial institutions’ reluctance and unwillingness to take risks on entrepreneurs with non-traditional backgrounds. In addition to making investments in these social enterprises, BII Fund will work with such businesses to strengthen the impact they can have in their communities, provide advice and assistance relating to impact investing to improve the effectiveness of entrepreneurial services in Eastern Massachusetts, and educate fellow investors and philanthropists.

As described in greater detail in this offering memorandum, BII Fund invests in enterprises throughout Eastern Massachusetts that address the growing wealth gap and ecological challenges of

our times. Why do we do this? Because we believe there won't be any change in the fundamental conditions that contribute to persistent poverty and injustice unless and until there are more opportunities for people to own and control their future. Together, the full portfolio of businesses supported by our community investments will work to achieve these goals, which include job creation, racial equity and creating opportunity for all – especially those most oppressed or abandoned under the current economic system – to lead a dignified and productive life.

Thank you for your consideration.

Sincerely,

Deborah Frieze
President
Boston Impact Initiative Fund

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Notices Regarding the Offering

This offering memorandum (the “Offering Memorandum”) regarding this offering of Notes (the “Offering”) contains forward-looking statements that involve risks and uncertainties. We use words such as “anticipates,” “believes,” “plans,” “expects,” “future,” “intends,” and similar expressions to identify such forward-looking statements. You should not place undue reliance on these forward-looking statements. BII Fund’s actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including but not limited to the risks described under the heading “Risk Factors” and elsewhere in this Offering Memorandum.

Neither the Securities and Exchange Commission (the “SEC”) nor any state securities regulator has approved, disapproved, or endorsed these securities, nor determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

THE NOTES ARE INTENDED FOR INVESTORS WHOSE PRIMARY MOTIVATION IS CHARITABLE AND WHO WISH TO ALIGN THEIR INVESTMENTS WITH THE PROMOTION OF ECONOMIC JUSTICE AND SOCIAL WELFARE FOR ALL, AND THE ELIMINATION OF PREJUDICE AND DISCRIMINATION IN ECONOMICALLY DISADVANTAGED AREAS OF EASTERN MASSACHUSETTS. ALTHOUGH THE NOTES WILL BEAR INTEREST AND WILL BE REPAYABLE AT MATURITY, THE PROCEEDS OF THE NOTES WILL BE USED FOR CHARITABLE PURPOSES, AND THE RATES OF INTEREST PAYABLE ON THE NOTES MAY BE LESS THAN MARKET RATES FOR COMMERCIAL DEBT AND OTHER INVESTMENTS. INVESTORS WHOSE PRIMARY GOALS ARE MAXIMIZING INTEREST INCOME AND OTHER INVESTMENT RETURNS SHOULD SEEK PROFESSIONAL ADVICE BEFORE CONSIDERING AN INVESTMENT IN THE NOTES.

This Offering is being made on a continuous basis to individuals and institutions pursuant to the terms of an Investment Agreement that must be submitted by each prospective investor. This Offering Memorandum will be updated if there are any material events of which investors should be aware for the purposes of making an investment decision. BII Fund has not engaged an underwriter or placement agent in connection with the Offering and will not pay any direct or indirect fees or sales commissions to any person in connection with the Offering. Therefore, substantially all of the proceeds of this offering will be available to support BII Fund’s mission. BII Fund reserves the right to accept or reject any application for an investment in BII Fund and may request additional conditions to an investment or information from any prospective investor.

This Offering is exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”), pursuant to Section 3(a)(4) thereof, as an offering to charitable investors. BII Fund, in conducting the Offering, is also excluded from the requirement to register, and will not be required to comply with the governance and other regulatory provisions of an investment company, under Section 3(c)(10) of the Investment Company Act of 1940, as amended (the “Investment Company Act”). The Offering and BII Fund are exempt from several other provisions of the securities laws pursuant to the federal Philanthropy Protection Act of 1995, 104 P.L. 62 (the “Philanthropy Protection Act”). Investors in the Offering will not be afforded the protections of registration and regulation under these laws.

The Notes have not been registered with the securities departments of any states, in reliance on laws exempting from registration securities of certain religious, charitable and educational organizations. Additionally, no securities department of any state has passed upon the merits of the securities hereby offered or recommended or given approval to the securities or the accuracy of this Offering Memorandum.

The Community Notes may be sold only in Massachusetts and BII Fund will only accept Investment Agreements for these Notes from Massachusetts residents. The Community Notes may not be sold in, and Investment Agreements will not be honored from, any other states.

NOTICE TO PROSPECTIVE INVESTORS IN THE NETHERLANDS: The Notes that are the subject of this Offering Memorandum have been and shall be offered, sold, transferred and delivered exclusively to qualified investors (within the meaning of Directive 2003/71/EC, as amended) in the Netherlands. For the purposes of this paragraph, “an offer to the public” in relation to any Notes in the Netherlands means the announcement or communication in any form and by any means of sufficient information on the terms of the Offering and the Notes so as to enable an investor to decide to purchase or subscribe for the Notes.

The Notes are not savings or deposit accounts or other obligations of a bank and are not insured by the Federal Deposit Insurance Corporation, any state bank insurance fund or any other governmental agency. The payment of principal and interest to an investor in the Notes is dependent upon BII Fund’s financial condition. Any prospective investor is entitled to review BII Fund’s financial statements, which will be furnished at any time during business hours upon reasonable request. The Notes are obligations of BII Fund and are not obligations of, nor guaranteed by, any other person or organization.

Purchasing a Note is not a donation to BII Fund and is not tax deductible. Interest paid on a Note is taxable. You should not rely on this Offering Memorandum for investment, legal, accounting or tax advice. You should consult your own professional advisors before investing in any of the Notes.

INVESTING IN THE NOTES IS SUBJECT TO CERTAIN RISKS, AND YOU SHOULD NOT INVEST IN THE NOTES IF YOU CANNOT AFFORD TO LOSE THE PRINCIPAL AMOUNT OR IF YOU NEED LIQUIDITY (SEE “RISK FACTORS”).

To invest in the Notes, please review the instructions in the “How to Invest in the Notes” section of this Offering Memorandum (see page 40), then complete and submit the attached Investment Agreement for the particular Notes in which you wish to invest and mail the completed agreement to:

Boston Impact Initiative Fund
P.O. Box 300443
Jamaica Plain, MA 02130

If your investment is accepted, BII Fund will mail you a copy of your Investment Agreement and the appropriate Note, both signed on behalf of BII Fund. If you do not hear from BII Fund within 14 days of sending in your Investment Agreement, please contact BII Fund to make sure it was received.

For more information please contact BII Fund at (617) 340-6630 or by email at info@bostonimpact.com.

No one has been authorized to give you any information or to make any representations in connection with this offering other than those contained in this Offering Memorandum. You should not rely on any information or representation that is inconsistent with this Offering Memorandum.

Summary of the Offering

Boston Impact Initiative Fund

Incorporated in April 2017 as a Delaware nonprofit corporation, Boston Impact Initiative Fund (“BII Fund”) is working to build a sustainable, inclusive and equitable economy by investing integrated capital in regenerative local enterprises that improve the productive capacity of communities of color in Eastern Massachusetts. As an economic development organization, BII Fund is dedicated to pursuing economic justice, promoting social welfare and combating community deterioration by encouraging and facilitating investment in opportunity for all – especially those most oppressed or abandoned under the current economic system – to lead a dignified and productive life. BII Fund takes an integrated capital approach to investing, combining investing, lending and providing other types of financial support, such as credit enhancements, which allows BII Fund to choose the best capital instrument for the age and stage of each organization in which it invests. BII Fund will make loans to, credit enhancements for and equity investments in social enterprises, community groups and individuals and charitable organizations that impact economically disadvantaged areas in Eastern Massachusetts. In addition to making investments in these social enterprises, BII Fund will provide programming designed to support its portfolio investments, strengthen the potential impact these businesses can have in their communities and improve the effectiveness of entrepreneurial services in Eastern Massachusetts.

The Boston Impact Initiative and the Supported Organizations

BII Fund has been established in close connection with Boston Impact Initiative, LLC (the “Boston Impact Initiative”), a Massachusetts limited liability company owned by Deborah Frieze and Michael Frieze, who are co-founders of BII Fund. Like BII Fund, the Boston Impact Initiative was established as a social impact investment vehicle for investment in enterprises throughout Eastern Massachusetts to address the growing wealth gap and the ecological challenges of our times. The Boston Impact Initiative has donated assets having an approximate value of \$472,075 to BII Fund (such assets, the “Donated Assets”), which were originally investments made by the Boston Impact Initiative and which have been donated for the purpose of providing income-generating assets to BII Fund. BII Fund has no ability or obligation to meet any capital calls in connection with the Donated Assets and is not responsible for the discharge of any liabilities of the Boston Impact Initiative or any of its equity holders, including Deborah Frieze or Michael Frieze, in connection with the Donated Assets. BII Fund will use the Donated Assets in conjunction with the institutional knowledge and network of its co-founders and employees (and the funds raised in this Offering) to further its social impact mission in Boston and Eastern Massachusetts.

BII Fund is a supporting organization of the Rudolf Steiner Foundation, Inc., a New York nonprofit corporation doing business as RSF Social Finance (“RSF”), The Commonwealth Foundation, Inc., a Massachusetts nonprofit corporation, including its program The Center for Economic Diversity (“CED”), and Urban Revival, Inc., a Massachusetts nonprofit corporation doing business as City Life/Vida Urbana (“City Life,” and together with RSF and CED, the “Supported Organizations”). Each of the three Supported Organizations is also an organization

exemption from federal income tax under section 501(c)(3) of the Code, and together they appoint a majority of the directors who serve on BII Fund’s Board of Directors (the “BII Board”) (see “Management, Staffing and Administration” on page 26 for more information). BII Fund will support the Supported Organizations in two ways. First, BII Fund will make grants to the Supported Organizations. Second, BII Fund will support the Supported Organizations by directly and actively carrying out their exempt functions and purposes.

The exempt functions and purposes of RSF include creating new models of finance that move the economy toward greater equity and inclusion. RSF does this by providing social enterprises, including small businesses, community organizations and charitable organizations, with loans, equity, and grants so they can have a positive impact on their local community.¹ BII Fund will make impact investments in the same types of social enterprises as those supported by RSF, thereby carrying out RSF’s exempt purpose.

The exempt functions and purposes of CED include building the capacity of communities to transform American capitalism into a more just, sustainable and democratic economy. CED pursues these purposes by providing research, technical assistance and training to grassroots groups to develop community-owned enterprises.² BII Fund will make impact investments in community-owned enterprises like those supported by the Center for Economic Democracy, thereby carrying out the CED’s exempt purposes.

The exempt function and purpose of City Life/Vida Urbana is to fight for racial, social and economic justice and gender equality by building working class power through direct action, coalition building, education and advocacy. The organization does this by promoting tenants’ rights and preventing housing displacement.³ BII Fund will partner with City Life/Vida Urbana to make impact investments in communities experiencing housing displacement, with a goal of strengthening such communities, including potentially investments that allow communities to own and control the real estate assets in those communities, thereby carrying out City Life/Vida Urbana’s exempt purpose.

The Notes

BII Fund is offering the Notes in the targeted amounts specified below. The proceeds of the Offering will be used to support and sustain local businesses and enterprises throughout Boston and Eastern Massachusetts that meet the criteria outlined in the Boston Impact Initiative Investment Policy and Guidelines (the “Investment Policy”).

- \$1,000,000 in Community Notes
- \$7,000,000 in Solidarity Notes
- \$1,000,000 in Philanthropic Notes

BII Fund expects to offer and sell these targeted amounts, but the final amounts of the offerings of Notes are subject to change by BII Fund in its sole discretion. Acceptance of offers to

¹ RSF Mission and Values available at <http://rsfsocialfinance.org/our-story/mission-values/>

² Center for Economic Democracy description of activities and vision available at <https://www.newdemocracy.us/our-work>.

³ City Life/Vida Urbana mission, vision and description of activities available at http://www.clvu.org/about_us.

purchase any of the Notes is not conditioned upon the receipt of any minimum amount of total funding or any other event.

Community Notes

The Community Notes have a 3-year term and will receive interest at a rate of 3% per year. The Community Notes are open to non-accredited investors residing in Massachusetts, with a minimum investment of \$2,000 up to a maximum investment of \$25,000. Fifty percent of the principal investment in a Community Note will constitute a senior obligation (the “Senior Community Obligations” and the holders thereof, the “Senior Community Creditors”) and the remaining portion of the investment (the “Junior Community Obligations”) will be subordinate to the Senior Solidarity Obligations (as defined below) and will be pari passu with the other Junior Obligations (as defined below).

Solidarity Notes

The Solidarity Notes have either a 3-year term and will receive interest at a rate of 3% per year or a 7-year term and will receive interest at a rate of 4% per year. The minimum investment is \$10,000 and the maximum investment is \$1,000,000, open to accredited investors and institutions, including grant-making foundations, and others that meet the criteria in the BII Fund Solidarity Investment Agreement. An investment in a Solidarity Note will be subordinate to the Senior Community Obligations. Ten percent of the principal investment in a Solidarity Note will constitute a senior obligation (the “Senior Solidarity Obligations” and, together with the Senior Community Obligations, the “Senior Obligations” and the holders of the Senior Solidarity Obligations, the “Senior Solidarity Creditors”) to the Junior Obligations and the remaining portion of the investment (the “Junior Solidarity Obligations”) will be subordinate to the Senior Obligations and will be pari passu with the other Junior Obligations.

Philanthropic Notes

The Philanthropic Notes have a 5-year term and will receive interest at a rate of 1% per year. The Philanthropic Notes are open to accredited investors and institutions, including grant-making foundations, and others that meet the criteria in the BII Fund Philanthropic Investment Agreement, with a minimum investment of \$5,000 up to a maximum investment of \$250,000. An investment in a Philanthropic Note (together with the Junior Community Obligations and the Junior Solidarity Obligations, the “Junior Obligations”) will be subordinate to the Senior Obligations and pari passu with the other Junior Obligations.

Summary of the Offered Notes

	Notes Investments Open to	Minimum Note Amount Per Investor	Maximum Note Amount Per Investor	Expected Size of Note Offering	Applicable Form Investment Agreement and Note	“Senior” Percentage⁴

⁴ See “Subordination -- Priority of Payments” on page 32.

Community Notes	Non-Accredited Investors Residing in Massachusetts	\$2,000	\$25,000	\$1,000,000	See Appendix A	50%
Solidarity Notes	Accredited Investors (including institutions)	\$10,000	\$1,000,000	\$7,000,000	See Appendix B	10%
Philanthropic Notes	Accredited Investors (including institutions)	\$5,000	\$250,000	\$1,000,000	See Appendix C	0%

Prospective investors are directed to the “Risk Factors” disclosure that appears later in this Offering Memorandum.

Risk Factors

Each prospective investor must be aware that an investment in the Notes is speculative and involves a high degree of risk, including the possible loss of the entire investment. Each prospective investor should carefully read and consider the following Risk Factors and all matters specified in the offering documents prior to making an investment decision regarding whether to invest in the Notes. We believe that the following information identifies the material risks and uncertainties that we face, but other risks and uncertainties may also significantly impact us or the Offering and the value of the Notes.

- **Certain Factors Beyond Our Control May Affect Our Future Success.** Any future success that BII Fund might achieve will depend upon many factors, including factors beyond our control and/or that cannot be predicted at this time. These factors include but are not limited to changes in general economic conditions; changes in viable investment opportunities; the impact on borrowers or equity investment values from competition, market forces, changes in laws, weather or other business-specific factors; or other factors that have not yet been identified. Any of these factors could have a material adverse effect upon our borrowers' businesses or the value of the investments of BII Fund, which could have a material adverse effect on the Notes.
- **We Are Dependent on Key Personnel.** Much of BII Fund's success depends on the skills, experiences and performance of BII Fund's management and staff. Control of BII Fund and all of its operations rests solely with the BII Board, upon whose judgment and skills investors must rely. Our success will also depend on our ability to recruit, train and retain qualified personnel. The loss of and subsequent failure to adequately replace the services of any key personnel, or a failure to recruit, train, and retain key personnel in the future, may have a material adverse effect upon the administration of BII Fund and the value of the Notes.
- **Competition May Affect BII Fund.** As awareness of social impact investing continues to grow in the Northeast, available capital may outpace the number of viable investments. While there is currently limited competition in Eastern Massachusetts for this type of fund, there is the possibility that competitors will develop. BII Fund may find itself competing with other investors or investment funds for investments, which could increase the risk and reduce the return of our investment portfolio, which could adversely impact our ability to pay interest on the Notes or make principal payments at maturity. In addition to competition for investments, we compete with other businesses, including certain of our Supported Organizations that engage in similar grant-making activities and provide advice and assistance related to impact investing similar to services that we offer. As awareness of social impact investing continues to grow, these competitive threats will likely expand in the future, making it more difficult for BII Fund to attract investment opportunities and retain clients, which could have a material adverse effect on BII Fund's revenue and financial condition.
- **BII Fund's Investments Are Subject to the Risk of Nonpayment.** Loans and other investments made from BII Fund are subject to non-payment risks, including: (i) the inability of borrowers to make interest and principal payments on loans; (ii) "lender-liability" claims by borrowers and third parties; (iii) environmental liabilities that may arise with respect to collateral securing a loan; and (iv) limitations on the ability of BII

Fund to directly enforce its rights with respect to loan participations. In analyzing each investment, BII Fund compares the relative significance of the risks against the expected benefits of the loan. Successful claims by third parties arising from these and other risks may result in a loss to Note holders.

- **We May Have Insufficient or No Collateral Coverage for Our Loans.** Although we may attempt to collateralize certain loans to borrowers, several factors may limit our ability to collect the full amount of such loans, even after exercising our rights to collateral. The realizable value of collateral for a particular loan may be less than the principal amount of that loan, particularly in light of fluctuating asset values. Certain borrowers may owe money to other creditors with rights senior to the same collateral pledged to us, including mechanics', materialmen's, real estate tax and other liens. In addition, not all of our loans will be collateralized.
- **There Are No Guarantees of Return.** No assurances can be given that an investor in the Notes will realize a substantial return on investment, or any return at all, or that such an investor will not lose a substantial portion or all of their investment. For this reason, each prospective investor should carefully read this memorandum and the relevant appendices attached hereto and should consult with an attorney, accountant and/or business advisor prior to making any investment decision.
- **Our Determination of Valid Benefits is Subjective.** There can be no assurance that the intended benefits of the particular projects we finance will be achieved. In addition, the measurement and valuation of these benefits is subjective. There can be no assurance that our determination of a successful project will correspond to the opinions of our investors.
- **BII Fund's Loans May Have Higher Risk Profiles.** BII Fund's underwriting criteria will include mission-related factors that extend beyond a traditional lender's focus on credit risk. Accordingly, BII Fund may make loans that would be considered higher risk by for-profit commercial lenders. Any or all of these borrowers could default, which could make it impossible for BII Fund to meet its obligations under the Notes.
- **Our Investments May Be Concentrated.** BII Fund has no formal guidelines for diversification. As a result, BII Fund's investment portfolio could become significantly concentrated in a small number of borrowers, industries or sectors. Moreover, its geographic focus is limited to Eastern Massachusetts. Any such concentration of risk may increase losses suffered by BII Fund.
- **We May be Unable to Sell a Sufficient Number of Notes in this Offering.** The Notes offer a low rate of return compared to other investments of comparable risk. Because of this lower rate of return or other factors, we may not be successful in our ability to sell the Notes and, therefore, may be unable to carry out our objectives, which may exacerbate the other risks mentioned in this Offering Memorandum.
- **Tax Risks.** No representation or warranty of any kind can be made by BII Fund, the officers, directors, affiliates, employees or agents of BII Fund, or counsel or any other professional advisors to BII Fund, with respect to any tax consequences of any investment in BII Fund. EACH PROSPECTIVE INVESTOR SHOULD SEEK THE

INVESTOR'S OWN TAX ADVICE CONCERNING THE TAX CONSEQUENCES OF AN INVESTMENT IN BII FUND.

- **Earnings on the Notes Are Not Tax-Exempt.** All of the interest, if any, earned on the Notes will be taxable as ordinary income to investors other than tax-exempt organizations. Although BII Fund has been granted status as a registered 501(c)(3) tax-exempt public charitable organization under the Code, earnings from an investment in BII Fund are not tax-exempt.
- **BII Fund Has No Operating History.** BII Fund is a new entity that commenced operations in 2017 and lacks any operating history; therefore, any estimates of our performance, administration or investment returns may not meet expectations. While the founders of BII Fund have made similar investments for the past five years, there is no assurance that BII Fund will generate significant revenues and/or that its operations will be profitable.
- **BII Fund's Ability to Raise Capital is Limited.** Traditional for-profit financial institutions sell stock and retain earnings to build capital. The capital is available to cover overhead and to provide liquidity and reserves against losses. As a nonprofit corporation, BII Fund cannot issue stock, and does not have or expect to have substantial retained earnings.
- **BII Fund Expects to Rely Upon Grant Funding to Support Its Operations.** BII Fund will seek, and expects to rely upon, philanthropic grants to support its operations. If BII Fund does not receive philanthropic grants, it may have insufficient funds available to support its operations, which may materially and adversely affect BII Fund and its ability to pay interest and principal on the Notes.
- **The Loss of Our Tax-Exempt Status Could Threaten Our Continued Viability.** We have received an Internal Revenue Service determination that we are an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). If our operations or structure deviate materially from the description we provided to the Internal Revenue Service, or if there are changes in Section 501(c)(3) of the Code, we may lose our tax-exempt status. Loss of tax-exempt status would impose significant additional expenses on us and might seriously threaten our continued viability.
- **An Economic Downturn or Volatility could have a Material Adverse Impact on our Business or Financial Condition and the Notes.** The United States and world economies have experienced significant economic uncertainty and volatility during recent years. A weakening of economic conditions could have a material adverse affect on our borrowers' businesses or the value of the investment of BII Fund, reduce the availability of viable investment opportunities for BII Fund, reduce demand for BII Fund's advice and assistance relating to impact investing, or reduce interest in impact investing on the part of potential investors, among other things. Any of these factors could have a material adverse effect upon BII Fund, its borrowers and the value of the Notes.
- **This is a Speculative Investment.** Each prospective investor in the Notes must be willing and able to tolerate a total loss of his/ her investment, as this is a speculative

venture. While the Notes are expected to be interest-bearing as set forth herein, there is no prospect for capital appreciation in ownership of the Notes.

- **Lawsuits Could Adversely Impact BII Fund.** BII Fund may in the future be a party to legal and regulatory proceedings and investigations, including matters involving governmental agencies, entities with whom we do business or employees or other proceedings and investigations arising in the ordinary course of business. Assessing and predicting the outcome of such matters, should they arise, involves substantial uncertainties, and any lawsuit or investigation against BII Fund could delay or interfere with the profitability of BII Fund by diverting both time and financial resources to defend against the suit.
- **We are Unable to Predict what Changes to Laws, Regulations and other Requirements Might be made in the Future or how Those Changes Could Affect Our Business or the Costs of Compliance.** BII Fund has attempted to structure its operations to comply with legal, regulatory and other requirements applicable to us directly, our Supported Organizations, our borrowers and contractors, but there can be no assurance that our operation will not be challenged or impacted by changes to various legal, regulatory or other requirements. Any changes to existing legal, regulatory or other requirements could require us to change or terminate portions of our business, limit the types of investments BII Fund is able to make, adversely affect demand for our services or force us to expend significant capital to ensure BII Fund remains in compliance with such changes.
- **BII Fund Shares Employees under a Contract with Boston Impact Initiative.** BII Fund and Boston Impact Initiative have signed service agreements under which BII Fund employees will spend a portion of their time on maintenance and disposition activities related to the winding down of investment activities of the Boston Impact Initiative. Because BII Fund's success is dependent on the skills, experiences and performance of BII Fund staff, the division of employee time between BII Fund and Boston Impact Initiative may have a material adverse effect upon the administration of BII Fund and the administration of its investment portfolio. (See "Management, Staffing and Administration" beginning on page 26).
- **BII Fund May Incur Additional Indebtedness.** The Notes will not limit the ability of BII Fund to incur additional indebtedness.
- **Assets of BII Fund Could Be Encumbered.** Priority liens on the assets of BII Fund given to other creditors could lead to the liquidation of assets in the event of a default, with insufficient assets remaining to operate or to redeem the Notes.
- **The Notes Are Not Insured.** Investments in BII Fund are not insured by the FDIC or any other governmental or private entity. The risks of an investment in the Notes may be greater than the risk that is implied by the relatively low interest rates on the Notes.
- **The Notes Are Unrated.** The Notes have not been submitted to any rating agency to obtain an opinion or rating of the risk of timely collection of principal and interest.
- **No Early Redemption and No Secondary Markets.** The Notes cannot be redeemed before their due date, and there is no known secondary market in which to sell or trade

them before maturity. Each prospective investor should expect to hold their investment in the Notes until maturity.

- **Subordination Will Be Ineffective to Prevent Payment of Junior Obligations Prior to a Bankruptcy Event.** The subordination provisions only apply to payments after the occurrence of a Bankruptcy Event. Prior to a Bankruptcy Event, BII Fund will not be (a) restricted from prepaying any of the Junior Obligations and, to the extent such Junior Obligations become due, will be required to pay such Junior Obligations or (b) required to satisfy the Senior Obligations prior to making payments on the Junior Obligations.
- **No Other Person Takes Responsibility for BII Fund or the Funds Raised in Conjunction with this Offering.** None of the Boston Impact Initiative or any of the directors, officers, affiliates, employee or agents of the Boston Impact Initiative or BII Fund accepts any legal responsibility for BII Fund.
- **BII Fund Has Limited Liquidity.** BII Fund intends to invest the majority of the proceeds from the sale of the Notes into borrowing enterprises, but investments may also take the form of equity (including limited or general partnership interests). The outgoing loans will typically have maturities ranging from three to seven years. Such loans are not publicly traded, are illiquid and are subject to long-term financing commitments. The equity investments will not have a maturity, and will also not be publicly traded and illiquid. BII Fund does not expect to be able to easily dispose of such investments and, in some cases, may be prohibited from doing so. Since the investments themselves are illiquid, the sources of repayment of the Notes are limited to regularly scheduled loan payments from borrowing enterprises, dividends and distributions (if any) from the equity investments and cash reserves. Accordingly, substantial losses or delinquencies in the loan portfolio, accompanied by depletion of BII Fund's undeployed cash, may impede BII Fund's ability to pay principal and interest on the Notes in a timely fashion.
- **Investments in Equity Securities May Be More Volatile.** Investments in equity securities are more volatile and carry more risks than some other forms of investments. The price of equity securities may rise or fall because of economic or political changes or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries selected for BII Fund's portfolio or the securities market as a whole, such as changes in economic or political conditions. When the value of such securities goes down, BII Fund's investment decreases in value.
- **We Are Relying on Exemptions from Laws.** The Offering and BII Fund will operate under various exemptions from otherwise applicable securities laws provisions that provide certain protections to investors in connection with the offering of securities, the governance and operation of investment funds, the advice of investment advisers and the ownership and trading of securities, as a charitable organization. Investors in the Notes will not enjoy these legal and regulatory protections that otherwise would apply. For example, the Offering will not be registered under the Securities Act and BII Fund is not and will not be registered as an investment company under the Investment Company Act. BII Fund relies on the exclusion from the definition of an investment company provided in Section 3(c)(10) of the Investment Company Act, which applies to companies organized and operated exclusively for religious, educational, benevolent, fraternal,

charitable, or reformatory purposes, the net earnings of which do not inure to the benefit of any private shareholder or individual. Accordingly, the provisions of the Investment Company Act (which, among other things, prohibit BII Fund from engaging in certain transactions with its affiliates and regulate the relationship between advisors and investment companies) are not applicable.

- **Holders of Notes are Subject to Risk Associated with Bankruptcy or Insolvency of BII Fund.** If BII Fund seeks relief under bankruptcy or related laws, a bankruptcy court could attempt to consolidate BII Fund's assets into the bankruptcy estate, possibly resulting in delayed or reduced payments to Noteholders.

Background: Economic Distress in Eastern Massachusetts and the Need for Access to Capital

A Brookings Institute report released in January 2016 found that Boston was the number one city in the United States for income inequality, when the income of the highest-earning 5% of households was compared to the income of households at the 20th earnings percentile.⁵ The broader Boston metropolitan area was also among the top ten most unequal metropolitan areas in the country, and income inequality in the area has continued to grow since 2007 largely due to significant increases in top incomes while incomes near the bottom continue to decline.⁶ High levels of local income inequality can harm communities in a number of ways, including rising housing costs along with higher prices for private sector goods and services, thereby “making it even more difficult for [poor households] to get by on their limited incomes.”⁷ These changes may also narrow the tax base at the local level, thereby reducing the ability of municipalities to provide essential public services low-income communities.⁸

Differences between the top and the bottom of the income distribution are often marked by race. According to a 2015 Federal Reserve Bank of Boston report, *The Color of Wealth in Boston*, there is a startling gap between the asset base of white and non-white households.⁹ The median net worth of white families in the metropolitan area is \$247,500, while the median net worth of U.S.-born black families is only \$8, and that of Puerto Rican families is \$3,020.¹⁰ The unemployment rate in Boston’s black community is nearly twice the unemployment rate in the white community,¹¹ the percentage of black families without banking access is more than triple the percentage of “unbanked” white families, and the homeownership rate among black families is less than half the rate among white families.¹²

When a community has little to no asset base, it becomes extremely difficult for individuals in that community to start and sustain successful local businesses. In 2009, the Kauffman Foundation estimated that the average cost for getting a start-up of the ground was \$30,000.¹³ Many entrepreneurs rely on some form of “bootstrapping” for initial growth, made up of a combination of their own savings and credit, support from friends and family, and generation of early sales through community relationships. This type of reliance on family and community support for early financial investment is nearly impossible when the asset base in the entrepreneur’s neighborhood is essentially nonexistent. Accordingly, the core of BII Fund’s mission is a commitment to addressing structural inequity in our society by helping low-income

⁵ Brookings Institute, *City and metropolitan inequality on the rise, driven by declining incomes*, Jan. 14, 2016, available at <https://www.brookings.edu/research/city-and-metropolitan-inequality-on-the-rise-driven-by-declining-incomes/#cancel>.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ Federal Reserve Bank of Boston, *The Color of Wealth in Boston*, available at <https://www.bostonfed.org/publications/one-time-pubs/color-of-wealth.aspx>.

¹⁰ *Id.* at 20.

¹¹ Boston Redevelopment Authority Research Division, *Unemployment in Boston* (2014), available at <http://www.bostonredevelopmentauthority.org/getattachment/390b9ea9-61d7-467b-9a4c-f6e8588aa4b0>.

¹² Federal Reserve Bank of Boston, *The Color of Wealth in Boston*, available at <https://www.bostonfed.org/publications/one-time-pubs/color-of-wealth.aspx>.

¹³ Caron Beesley, *How to Estimate the Cost of Starting a Business from Scratch*, Nov. 21, 2011, available at <https://www.sba.gov/blogs/how-estimate-cost-starting-business-scratch>.

entrepreneurs build credit, gain access to capital, provide mentoring and technical support and leverage social networks beyond their own neighborhoods.

BII Fund's Mission

BII Fund will identify social enterprises in Eastern Massachusetts that are committed to creating a better future for lower income communities and communities of color in Massachusetts, but which may suffer from lack of access to capital due to traditional financial institutions' unwillingness to take risks on entrepreneurs with nontraditional backgrounds, venture capitalists lack of interest in funding community-oriented startups and philanthropists' reluctance to capitalize such entrepreneurs. In addition to making investments in these social enterprises, BII Fund will work with its Supported Organizations to provide programming designed to support its portfolio investments, strengthen the potential impact these businesses can have in their communities and improve the effectiveness of entrepreneurial services in Eastern Massachusetts. As a related goal, BII Fund also seeks to have a broader impact in the investment community by providing advice and assistance relating to impact investing, engaging in investor and community outreach via speaking engagements and other events to entrepreneurs, private investors and philanthropists, and increasing the awareness of those who may wish to focus their investing on economic justice, but may not presently be aware of impact investing's powerful potential to increase the financial resources that can be invested in economically disadvantaged communities.

BII Fund's Investment Process

BII Fund will identify social enterprises that qualify for financial assistance from BII Fund on attractive terms, including loans (which may be senior debt, mezzanine debt, subordinated debt, convertible debt, royalty-based debt, first lien debt, second lien debt or unsecured debt), equity investments and/or guarantees and other credit enhancements, and will provide funding to these qualifying businesses. The funding of any social enterprise may come directly from BII Fund, or from one or more of the Supported Organizations. BII Fund may also make grants to one or more of its Supported Organizations, and one or more of the Supported Organizations may make grants to one or more social enterprises identified by BII Fund.

BII Fund's investment process involves identifying areas in Eastern Massachusetts that are economically disadvantaged, and social enterprises, community groups or charitable organizations within those areas that cannot obtain adequate conventional investment or funding sources on favorable terms. BII Fund will identify specific opportunities for investments through various sources, including: capital providers (community banks, community development corporations, community development financial institutions, foundations, government agencies, microfinance institutions and other private lenders); technical assistance providers (government, non-profit and private providers); incubator and accelerator programs; grassroots, membership-based and neighborhood organizations; and personal networks.

In selecting loan, credit enhancement, grant or equity investment recipients, BII Fund will generally give a preference to enterprises that (i) have the potential to provide a benefit to the community in the form of training and employing unemployed or underemployed community members, (ii) build the asset-base of low-income communities by creating ownership opportunities, providing economic stimulus to local suppliers and vendors, providing convenient

services and products to the local community, and/or (iii) demonstrate ecologically responsible practices, including, for example, decreasing or mitigating carbon or water impacts, managing waste streams, or sourcing renewable energy.

The BII Board will administer the assets of BII Fund, with a majority of the BII Board appointed by the Supported Organizations. The BII Board has also appointed an investment committee (the “Investment Committee”), which will provide advisory recommendations to the BII Board relating to BII Fund’s financial and investment activities. The Investment Committee is responsible for evaluating potential investments in light of the criteria described in the BII Investment Policy, soliciting final approval of the Board for all specific investments and regularly reporting to the BII Board on BII Fund’s investments; however the BII Board remains responsible for all final investment decisions.

Once BII Fund has a potential lead on an investment, it will review preliminary due diligence to ascertain that the enterprise is financially viable and fits with BII Fund’s impact values. Investment prospects that pass a preliminary review will then have an opportunity to pitch their business to BII Fund’s Investment Committee. If the Investment Committee is interested, it will undertake a more rigorous due diligence process that will include reviewing the business’s characteristics in light of BII Fund’s Investment Policy, which was developed to ensure that BII Fund’s investments further its charitable purpose. The final terms of the investment must be approved by a majority of the Investment Committee in order for the investment to be recommended to the BII Board, which has the ultimate authority to approve all final investments.

The BII Board will make its final investment decisions based on the impact each potential investment is expected to have in meeting the criteria outlined in the BII Investment Policy. While no single business can address all of the challenges facing economically disadvantaged communities in Eastern Massachusetts, and BII Fund does not require enterprises to meet all of our criteria in order to be eligible for an investment, the following factors are considered favorably when assessing whether an enterprise may be an appropriate candidate for support by BII Fund:

(1) *Economic Justice.*

- **Ownership:** The enterprise is owned by persons from economically disadvantaged communities (such as those defined by race, immigration status, a history of criminal records, gender or sexual orientation); or the enterprise is committed to providing employees with ownership in the enterprise.
- **Opportunity:** The enterprise creates economic opportunities for persons from economically disadvantaged communities, providing a fair wage (based on MIT’s Living Wage calculation or other objective standard approved by the BII Board), employee benefits and workforce development training.
- **Participation:** Workers in the enterprise have input into how the enterprise is governed; or the organization practices democratic governance.

(2) *Community Resilience.*

- **Place:** The enterprise sells its goods and services locally; seeks to serve economically disadvantaged communities; or seeks to source portions of its supply chain locally.
- **Nature:** The enterprise takes steps to manage its environmental impact by decreasing and mitigating its carbon and water footprint, managing its waste stream and, where possible, sourcing renewable energy.
- **Relationships:** The enterprise builds and maintains meaningful relationships with its community, including customers, clients, suppliers, employees, business partners and even competitors.

(3) *Enterprise Health.*

- **Finance:** The enterprise maintains a sound financial position, including a capital structure that prepares it to meet an uncertain future.
- **Leadership:** Leaders in the enterprise maintain trust with employees and demonstrate the capacity to learn and adapt.
- **Organization:** The organizational culture supports creativity, innovation and appropriate risk-taking.

BII Fund’s Ongoing Support for Fund Recipients

In furtherance of its mission, BII Fund will go beyond identifying qualifying investments by providing support and education to the businesses in which it invests and working with portfolio companies to strengthen the impact they can have in their communities. BII Fund will begin each relationship with an impact assessment that will help the leaders of the business develop short- and long-term social impact goals for their business, and will periodically measure the performance of the business at achieving its social impact goals throughout the term of BII Fund’s investment. While social impact goals will vary from business to business, some goals BII Fund expects to encourage businesses to adopt include:

- *Commitments to maintain fair wage standards:*
 - This goal will be based on a “Living Wage” calculation based on the annual analysis conducted by the Department of Urban Planning at Massachusetts Institute of Technology, or similarly objective data as determined by the BII Board.
- *Commitments to create and maintain diversity (race and gender) on board, management and operational staff:*
 - This goal reflects the enterprise’s commitment to attempt to fill key leadership and governance positions with persons from

underrepresented populations, including race, gender and sexual orientation.

- *Commitments to job creation in an area of need:*
 - This goal reflects the enterprise's commitment to attempt to hire employees from economically disadvantaged communities.
- *Commitments to local sourcing:*
 - This goal addresses criteria for encouraging the company to select local suppliers.
- *Commitments to equitable pay within an enterprise:*
 - This goal reflects the commitment by the enterprise to maintain a compensation ratio between lowest and highest paid workers that promotes fairness and financial stability for all team members.
- *Commitments to create and maintain employee stock option programs:*
 - This goal reflects the enterprise's commitment to develop a path toward partial or complete ownership of the enterprise by its employees.

BII Fund's relationship with social enterprises, including the process of developing and progressing toward fulfillment of these social impact goals, will educate and equip business owners to increase their companies' chances at economic success and sustainable community impact and engagement.

BII Fund's Investment Portfolio

The Boston Impact Initiative has donated approximately \$472,075 in Donated Assets to BII Fund, which were originally investments made by the Boston Impact Initiative and which have been donated for the purpose of providing income-generating assets to BII Fund.

The BII Board has identified several enterprises that meet the investment criteria described above; in addition to the four investments donated by Boston Impact Initiative, BII Fund has closed nine initial investments in these enterprises as described below:

- 88 Acres, Inc. (“88 Acres”) – 88 Acres is an artisan food enterprise that produces healthy snacks free of the top eight food allergens. Their Dorchester-based manufacturing center generates more than a dozen good jobs for the local community. In 2017, BII Fund made a convertible debt investment to provide growth capital for expansion throughout the New England and Mid-Atlantic regions. The investment included impact covenants focused on maintaining fair wages, team diversity, local sourcing and an employee stock option program.
- CERO Cooperative, Inc. (“CERO”) – CERO (Cooperative Energy Recycling and Organics) is a worker-owned cooperative that collects waste from local businesses. CERO’s waste separation systems increase reclamation and sale of clean paper, plastics, metals, waste vegetable oil and organic food waste, reducing trash sent to landfill and incinerators by 50 percent or more. In 2017, BII Fund provided a loan for working capital.
- Fresh Food Generation, LLC (“Fresh Food Generation”) - Fresh Food Generation is a cafe, food truck and catering business serving healthy food sourced from local farms. Their Latin American and Caribbean-inspired cuisine is popular among many mission-aligned businesses, non-profits and community organizations. The company provides good jobs to underrepresented populations. In 2017, BII Fund provided a line of credit and convertible preferred equity to support FFG’s growth plans.
- RIA Brewing, Inc. d/b/a Democracy Brewing (“Democracy Brewing”) – Democracy Brewing is a start-up worker-owned brewery and pub committed to providing great beer and hosting community conversations about democratic ideals of liberty, justice and equal opportunity. As a cooperative, the business creates the opportunity for all its workers to enjoy the profit and pride that comes with ownership. The brewery will open its doors at 35 Temple Place in March 2018. In 2017, BII Fund purchased Direct Public Offering shares of Democracy Brewing.
- DoneGood, PBC (“DoneGood”) – DoneGood, a certified B Corp, is an app and browser extension that harnesses consumer purchasing as a force for change, helping consumers discover vetted companies with ethical

practices across eight categories: Go Green, Give Back, Support Workers, Nontoxic, Made in USA, Cruelty Free, Organic, and Diversity. In 2017, BII Fund made a convertible debt investment to support the platform in its efforts to redirect consumer dollars toward businesses owned by people of color and women.

- Transformative Culture Project, Inc. (“TCP”) – In October 2017, TCP merged with Epicenter Community. The non-profit organization focuses on the economic potential of the creative economy, providing award-winning arts and economic development programming for youth and adults. A key program is AccelerateBOS, which provides entrepreneurs of color with a cohort-based model for advancing their business ideas. In 2017, BII Fund provided bridge financing to support the merger.
- Wash Cycle Laundry, Inc. (“Wash Cycle”) – Wash Cycle is a commercial laundry service that provides second-chance employment for vulnerable adults in Boston, Philadelphia and Washington DC. The company relies on high-efficiency washers and driers and delivers laundry by bike—saving thousands of gallons of water a year as well as fuel. In 2017, BII Fund made an equity investment to support the company’s expansion to the Boston metro area.
- WeSpire, Inc. (“WeSpire”) – WeSpire is an employee engagement platform that supports large organizations to design, deliver and measure the benefits of positive impact programs like sustainability, corporate social responsibility and well-being initiatives. In 2017, BII Fund made a convertible preferred investment in the platform to ensure that its diversity/inclusion module has the quality of content and influence that can transform the way corporate and nonprofit employees think about racial and economic justice.
- Delectable Desires Pastries – Delectable Desires Pastries provides gourmet home-baked goods from scratch, specializing in event cakes. DDP opened its first retail store in West Roxbury in 2015, followed by a South Station kiosk a year later. Owner Carlene O’Garro, a Mattapan native, says that her Caribbean roots influence her use of ingredients and baking style. Forgoing law school to pursue her passion, Carlene has received numerous awards for DDP. In 2017, BII Fund provided a working capital loan to support growth.
- Cooperative Fund of New England (“CFNE”) – The Cooperative Fund of New England (CFNE) is a community development loan fund that facilitates socially responsible investing in cooperatives, community-oriented nonprofits, and worker-owned businesses in New England and New York. CFNE provides financial products, business assistance, and investment opportunities that promote socially conscious enterprise. In

2013, Boston Impact Initiative, LLC became an investor in CFNE's Social Investment Fund; this note was donated to BII Fund in 2017.

- M.S. Peltier Insurance – M.S. Peltier Insurance is a black-owned business with expertise in the construction, marine, real estate and transportation industries. The company plans to grow its workforce, which it aims to be comprised of at least 50 percent employees of color. M.S. Peltier is committed to serving the Dorchester and Caribbean communities. In 2016, Boston Impact Initiative, LLC provided a loan to support business acquisition and establishment; this loan was donated to BII Fund in 2017.
- Sunwealth – Sunwealth is a pioneering clean energy investment firm working to unleash the power of commercial solar by delivering meaningful returns and tangible impact. In 2017, Boston Impact Initiative, LLC made an investment in a fund that aggregates low-income homeowners and anchor non-profits in economically distressed neighborhoods. This loan was donated to BII Fund in 2017.
- PSM Solar MA – PSM Solar MA, later renamed Sunwealth, is a pioneering clean energy investment firm working to unleash the power of commercial solar by delivering meaningful returns and tangible impact. In 2017, Boston Impact Initiative, LLC provided a loan to help finance clean energy on three houses of worship in Dorchester, Jamaica Plain and Roxbury, thereby reducing energy bills. This loan was donated to BII Fund in 2017.

Management, Staffing and Administration

Pursuant to the terms of the operating agreement between BII Fund and the Boston Impact Initiative dated December 29, 2017 (the “Operating Agreement”), for the period January 1, 2018 through December 31, 2018, BII Fund employees will spend a portion of their time on maintenance and disposition activities related to the winding down of investment activities of the Boston Impact Initiative, to include accounting, tax and auditing, investment management and other related support services, as well as legal and telecommunications services and record keeping. Boston Impact Initiative will reimburse BII Fund for services and facilities as specified in the Operating Agreement, with charges to be paid quarterly and include all direct and directly allocable expenses plus a reasonable charge for direct overhead spent on or used for Boston Impact Initiative matters. BII Fund will provide services in accordance with the written standards and guidelines of Boston Impact Initiative; provided that performance by BII Fund of such services shall at all times be subject to the direction and control of the Board, which may, in its sole discretion, decline to provide services to Boston Impact Initiative if provision would interfere with BII Fund’s ability to meet its obligations to Noteholders or would otherwise adversely affect BII Fund operations. The Operating Agreement may be terminated by mutual consent of the parties or by either party individually upon 30 days notice.

In addition to the BII Board and management team, BII Fund currently has 3 full-time employees. These BII Fund employees are motivated and incentivized to do great work through an incentive compensation program, which provides for employee bonuses based on both qualitative and quantitative factors, and use both time-based and performance-based metrics to evaluate achievement of individual and organizational goals.

BII Fund also engages certain independent contractors responsible for website and equipment maintenance and other ordinary course operational services. Independent contractors are not bonus-eligible and receive no other non-fixed payments for their services.

Directors and Officers

- Deborah Frieze (President, Board Chair and Founder)

Deborah is an author, entrepreneur and social activist and a co-founder of BII Fund as well as the Boston Impact Initiative. As former co-president of The Berkana Institute, Deborah joined Berkana to support pioneering leaders who were walking out of organizations and systems that were failing to contribute to the common good – and walking on to build resilient communities. These leaders are the subject of her book, *Walk Out Walk On: A Learning Journey into Communities Daring to Live the Future Now*, co-authored with Margaret Wheatley. *Walk Out Walk On* has received the 2011 Terry McAdam Book Award and a 2012 Nautilus Silver Book Award for Social Change. Deborah is also the founder of the Old Oak Dojo, an urban learning center in Jamaica Plain, MA, where neighbors gather to rediscover how to create healthy and resilient communities. This small studio, which shares a half-acre residential lot with a community home, is an experiment in dissolving the boundary between public and private. Its

purpose is to provide a space for community to meet, learn, eat, celebrate and play—and thereby restore our wholeness as citizens.

- Michael Frieze (Vice-President, Director and Co-Founder)

As Chairman of Gordon Brothers Group, Michael Frieze sets the strategic vision for the firm. Michael has served in executive positions at Gordon Brothers Group's companies for over 40 years. During his tenure, the firm expanded from a retail liquidator to a full-service provider of strategic business and capital solutions to healthy and distressed companies alike. Prior to joining Gordon Brothers Group in 1966, Michael was a management consultant for Harbridge House and owned and operated his own consumer marketing business. Michael exemplifies Gordon Brothers Group's commitment to community service by having served in top leadership positions on many community and corporate boards, including Combined Jewish Philanthropies of Greater Boston and as Chair of the New England Region of the American Technion Society. Currently, he is a Trustee of Dana-Farber Cancer Institute and a Trustee of Boston Children's Hospital. He previously served as Chairman of Friends of Yemin Orde and as a board member of Brandeis University. Michael is Co-Founder and Vice-President of BII Fund as well as the Boston Impact Initiative.

- Lisa Hayles (Secretary and Director / RSF Social Finance Representative)

Lisa is a member of the Client Service / Marketing Team at Boston Common Asset Management. She works closely with members of the investment team to liaise with existing institutional clients, as well as to support the development of new relationships with investors and consultants. Previously, she was head of Client Services (North America) for EIRIS, a non-profit environmental, social and governance (ESG) research firm headquartered in London. At EIRIS, Ms. Hayles assisted institutional fund managers and pension funds to implement a variety of Responsible Investment (RI) strategies. Previously, she was Assistant Director of the Social Investment Organization in Canada, and conducted various research and consulting assignments. Lisa also serves as BII Fund Board representative appointed by RSF Social Finance.

- Aaron Tanaka (Director / CED Representative)

Aaron is a community organizer, grantmaker and impact investor. As founder and director of the Center for Economic Democracy, a program of the Commonwealth Foundation, Aaron stewards funding and technical assistance to grassroots groups that build power and vision in low-income communities of color for a new economy. In 2013, he joined the Boston Impact Initiative as the start-up manager. He is an Echoing Green Fellow, a Business Alliance for Local Living Economies (BALLE) Fellow, a visiting practitioner at Tufts University and co-chair of the Asian American Resource Workshop and the national New Economy Coalition.

- Michael Leyba (Director / City Life – Vida Urbana Representative)

Originally from Los Angeles, Michael became an activist during the Campaign Against Prop 8. He studied Chicano Studies at a community college before transferring to Northeastern University to study Political Science. He has managed multiple political

campaigns, in both Boston and Los Angeles. After working in the service industry for several years, Mike began working in the nonprofit sector at City Life/Vida Urbana, where he began working on a temporary data migration project. Over several years, he assumed responsibility for constituent communications and media relations. His areas of focus include social marketing, branding and creative communications

Employees

- Mark Watson (Managing Director)

Mark is former CEO and founder of Keel Asset Management LLC, a financial advisory firm that provides socially responsible financial planning and investment advisory services to nonprofits, public and corporation pension plans. He is currently an Investment committee member of the Fair Food Fund; President of Sustainable Cape; and the Triskeles Foundation's Asset Management Committee; an affiliate of the Boston Area Sustainable Investment Consortium; a member of US/SIF; and a former board member of the Social Venture Network.

- Afsana Jahan (Senior Analyst)

Afsana Jahan completed her MBA (cum laude) in social entrepreneurship and impact management from Heller School of Brandeis University. Previously, she completed her bachelor degree in finance and accounting from North South University and worked in middle market financing and commercial banking research in the financial industry and program management in an international development organization. Afsana is interested in entrepreneurship and economic development and has consulted and designed social enterprises in various industries.

- Gregory Bloomfield (Finance and Administration)

Gregory Bloomfield hails from Toronto, where he began his career as an auditor for Ernst & Young. Since then, he has over 20 years of experience in bookkeeping, accounting, auditing, taxation and finance across many industries such as real estate and non-profit organizations. Gregory passed the Massachusetts CPA exam in 2006. Previously, Gregory was senior auditor for a local CPA firm as well as the Director of Finance for two performing arts organization in Boston. Gregory is an avid jazz fan and plays saxophone at his church and various gigs. He also is a youth mentor and motivational speaker.

Sources of Funds, Financing Operations and Use of Proceeds

BII Fund intends to receive over time up to \$9,000,000 of proceeds of this Offering and \$1,000,000 of proceeds from philanthropic grants. BII Fund will use the proceeds of this Offering, together with the proceeds of philanthropic grants, to make investments and to fund its operations. Investments made by BII Fund from the proceeds of this Offering will have flexible terms depending on the business, and may be in the form of loans (which may be senior debt, mezzanine debt, subordinated debt, convertible debt, first lien debt, second lien debt or unsecured debt), credit enhancements or equity securities. Loans are generally expected to have interest rates of 5% to 7% per annum. Investments in equity securities will not have an interest rate, but will target an annual return of 10% to 20%. Terms for loans will normally range from 3 to 7 years, and may be amortizing or not. Investments in equity securities will not have stated maturity. Returns on equity securities will only occur through dividends or distributions and upon sale or redemption of such equity securities.

Below is the expected operating budget for BII Fund during 2018 and 2019:

BII Fund Budget		
REVENUE	2018	2019
Interest Income	\$ 56,097	\$ 165,254
Investment Income	\$ 6,059	\$ 17,700
Grant Income	\$ 400,000	\$ 400,000
Speaking Engagement Income	\$ 25,000	\$ 40,000
Shared Services Agreement	\$ 50,000	\$ 50,000
TOTAL REVENUE	\$ 537,156	\$ 672,954
EXPENSES		
Fundraising	\$ 2,500	\$ 2,500
Grants	\$ -	\$ -
Interest	\$ 37,914	\$ 116,363
Investment Management	\$ 72,500	\$ 100,000
Overhead	\$ 66,600	\$ 64,800
Professional Fees	\$ 17,813	\$ 47,313
Salaries	\$ 280,000	\$ 310,000
TOTAL EXPENSES	\$ 477,327	\$ 640,976
PROFIT (LOSS)	\$ 59,829	\$ 31,978

Related Party Transactions

Pursuant to the terms of the Operating Agreement BII Fund employees will spend a portion of their time on maintenance activities related to the winding down of investment activities of the Boston Impact Initiative. The Boston Impact Initiative may also provide additional services to BII Fund in the form of website hosting and maintenance, shared computer servers and office equipment and other basic operational assets and resources.

The Boston Impact Initiative has donated to BII Fund the Donated Assets, which are assets valued at approximately \$472,075, and which were originally investments made by the Boston Impact Initiative and which have been donated for the purpose of providing income-generating assets to BII Fund. BII Fund has no ability or obligation to meet capital calls in connection with the Donated Assets and is not responsible for the discharge of any liabilities of the Boston Impact Initiative or any of its equity holders, including Deborah Frieze or Michael Frieze, in connection with the Donated Assets.

In recognition of the variety of circumstances that may give rise to a conflict of interest involving persons in positions of authority within BII Fund and its affiliates, BII Fund has adopted a conflict of interest policy to which BII Fund's directors and officers are subject. This policy generally provides that in the event a financial interest that may constitute a conflict of interest arises, the individual having such financial interest will disclose all relevant circumstances, and recuse him or herself and not participate in either the deliberation or the decision on whether a conflict of interest exists. If a conflict of interest is found to exist, the board shall exercise due diligence to determine whether BII Fund can obtain a more advantageous transaction or arrangement with an alternative person or entity that would not give rise to a conflict of interest. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not resulting in a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in BII Fund's best interest, for its own benefit, and whether it is fair and reasonable. In addition, BII Fund shall not knowingly pursue an arrangement or transaction that would constitute an excess benefit transaction within the meaning of Section 4958 of the Code.

Description of the Notes

Unless otherwise specified or the context otherwise requires, the following description applies to all types of Notes offered by this Offering Memorandum. This is not a complete description, and investors should refer to the forms of Notes set forth in the Appendices to this Offering Memorandum for more detail. Notes will be issued in substantially the same form as set forth in the Appendices, except for changes required by applicable securities laws.

No Voting or Conversion Rights

An investment in BII Fund is a loan and is not an equity investment. It is not convertible into any other type of security and carries no voting rights. BII Fund Directors hold all decision-making rights with respect to the management of BII Fund and the investment activities of BII Fund.

No Revocation

Once an investment agreement has been submitted to BII Fund with payment and the investment has been accepted, it may not be revoked without the consent of BII Fund.

Restrictions on Transferability

The Notes are nontransferable, because no market exists for them, and any transfer must be in compliance with applicable securities laws. Therefore, no attempted transfer will be valid unless approved by BII Fund.

Early Redemption

While investors in the Notes have no right to early redemption of their investment, BII Fund may make exceptions in extraordinary situations with respect to the Community Notes and the Solidarity Notes. An investor in either of those Notes who wishes to request early redemption may submit a written request to BII Fund with a brief explanation of the circumstances supporting the request. BII Fund will, in its sole discretion, determine whether to grant the request, in whole or in part, taking into consideration the circumstances described by the investor, the financial condition and anticipated needs of BII Fund, potential losses in its investments, and whether early redemption would be fair to other investors in the Community Notes and the Solidarity Notes.

Amendments to the Notes

BII Fund may amend or supplement the terms of the Notes without the consent of any holder of Notes to make any change that would provide additional rights or benefits to the holders of any or all classes of Notes or surrender any right or power conferred upon BII Fund.

Acceleration

If a Bankruptcy Event has occurred, the unpaid principal balance of the Notes, together with accrued and unpaid interest thereon, shall immediately become due and payable

without present, demand, protest or notice, notwithstanding any other expressed maturities thereof. As used herein, “Bankruptcy Event” means any of the following: (i) BII Fund shall become unable, admit in writing its inability or fail generally to pay its debts as they become due, (ii) BII Fund shall make a general assignment for the benefit of its creditors, (iii) the filing by BII Fund of a petition of bankruptcy, insolvency, or similar petition, or (iv) the filing against BII Fund of any such petition and the failure by BII Fund to have obtained a dismissal of such petition within 30 days of such filing.

Subordination -- Priority of Payments

Upon the occurrence of a Bankruptcy Event, BII Fund will apply the cash and the net cash proceeds received by it in connection with the liquidation of its assets and property in the following order (the “Payment Waterfall”):

- (a) first, to the payment of the Senior Community Obligations on a pro rata basis among the Senior Community Creditors;
- (b) second, to the payment of the Senior Solidarity Obligations on a pro rata basis among the Senior Solidarity Creditors;
- (c) third, to the payment of the Junior Obligations on a pro rata basis;
- (d) fourth, to BII Fund.

The Payment Waterfall will be set forth in the Subordination Agreement, attached hereto as Appendix D, and which each holder of Notes will become a party to. If a distribution is made to holders of the Notes that, due to the subordination provisions, should not have been made to them, such holders of the Notes are required to hold it in trust for the other holders and pay it over to BII Fund for distribution in accordance with the Payment Waterfall. By reason of the subordination provisions, upon a Bankruptcy Event, holders of the Community Notes may recover more, ratably, than the holders of the Solidarity Notes and Philanthropic Notes and holders of the Solidarity Notes may recover more, ratably, than the holders of the Philanthropic Notes.

Reserve Policy

BII Fund will maintain reserves in an amount equal to or greater than the amount of the Senior Obligations outstanding from time to time. The reserves may be comprised of cash, cash equivalents, the Donated Assets and assets that are determined by the BII Investment Committee to satisfy the following criteria:

- *Targeted Return:* 1-3% APR
- *Risk Level:* Low to moderate risk investments. Reserve investments in respect of the Senior Community Obligations will be limited to cash and cash equivalents. Reserve investments in respect of the Senior Solidarity Obligations can range from cash and cash equivalents to direct investments made by BII Fund that are deemed high quality by the BII Investment Committee.

- *Liquidity*: 100% of the reserve in respect of the Senior Community Obligations will be invested in cash and Cash Equivalents. 10% of the reserve in respect of the Senior Solidarity Obligations will be invested in cash and cash equivalents. The balance of the reserve in respect of the Senior Solidarity Obligations will have 60-day liquidity. No single investment can exceed 33% of the reserve unless it is cash or a cash equivalent.
- *Time Horizon*: The reserve investments should have duration equal to or lesser than the associated note pool.
- *Restrictions*: Environmental, social, governance standards for company operations, socially screened, Northeastern domiciled entities preferred.
- *Rebalancing and Performance*: The reserve investments will be reviewed and rebalanced monthly, including with respect to investment performance, net reserve balances, liquidity and duration, with the BII Investment Committee.

Description of Community Notes

Term

Each Community Note has a maturity of three years from the date of the investment. Upon maturity, all principal and outstanding interest from a Community Note will be paid to the investor.

Returns

Community Notes will pay simple interest at the rate of 3% per year. Investors will be paid interest annually. Investors are given an opportunity to reduce the interest rate payable on the Community Note, from 3% to 1%, which will have the effect of further supporting the work of BII Fund.

Description of Solidarity Notes

Term

Each Solidarity Note has a maturity of either three years or seven years from the date of the investment. Upon maturity, all principal and outstanding interest from a Solidarity Note will be paid to the investor.

Returns

Solidarity Notes with a three-year term will pay simple interest at the rate of 3% per year. Solidarity Notes with a seven-year term will pay simple interest at the rate of 4% per year. Interest shall compound annually on each anniversary date of the issuance of the Solidarity Note and will be paid upon maturity. Investors are given an opportunity to reduce the interest rate payable on the Solidarity Note, from 3% or 4%, as applicable, to 1%, which will have the effect of further supporting the work of BII Fund.

Description of the Philanthropic Notes

Term

Each Philanthropic Note has a maturity of five years from the date of the investment. Upon maturity, all principal and outstanding interest from a Philanthropic Note will be paid to the investor.

Returns

Philanthropic Notes will pay simple interest at the rate of 1% per year. Interest shall compound annually on each anniversary of the issuance of the Philanthropic Note and will be paid upon maturity.

Description of Other Indebtedness

On June 22, 2017, BII Fund issued an interest-free convertible promissory note to each of Deborah Frieze and Michael Frieze, each in the principal amount of \$250,000, for an aggregate principal amount of \$500,000. Unless earlier converted, these promissory notes will be due and payable on June 22, 2027. The promissory notes will be automatically converted into debt securities upon a qualified debt financing are convertible at the option of the holder for any other debt financing by BII Fund. The promissory notes are subject to customary events of default. The promissory notes are senior unsecured obligations of BII Fund.

On October 16, 2017, BII Fund issued a convertible promissory note to each of Deborah Frieze and Michael Frieze, each in the principal amount of \$250,000, for an aggregate principal amount of \$500,000. The principal on these promissory notes bears interest at a rate equal to 1.85% per annum. Interest is compounded annually and, unless BII Fund elects to pay the interest in cash, it will be added to the outstanding principal of the promissory notes. These promissory notes will be converted into Philanthropic Notes in conjunction with this offering.

Plan of Distribution

The Notes will be offered and sold on a continuous best efforts basis, with an initial aggregate target amount of \$9,000,000 of Notes; however, this amount may be adjusted by BII Fund in its sole discretion.

BII Fund and BII Fund employees, consultants and volunteers will conduct the offering on behalf of BII Fund. They will not receive any special commissions for work performed related to the Offering, but may receive regular wages and incentive compensation as described above. BII Fund will not employ any outside underwriters, recipients of finders' fees, selling groups, broker-dealers, or any other agents in connection with the offering. BII Fund will not offer any underwriting or selling discounts or commissions or finders' fees of any kind in connection with the Offering.

The Offering will be marketed using BII Fund's existing marketing channels, including existing networks, websites, email lists, Facebook pages and printed materials. This investment opportunity will be advertised at public events where BII Fund services and activities are being presented. Press releases to local newspapers and radio stations will be sent. Public presentations to educate potential investors about the offering will be made. All communications will direct potential investors to this Offering Memorandum.

Certain Tax Aspects

The following discussion summarizes certain of the United States federal income tax considerations of the purchase, ownership and disposition of the Notes. This summary is based on the Code, United States Treasury regulations issued under the Code, judicial decisions and administrative pronouncements, all of which are subject to different interpretation and to change. Any such change may be applied retroactively and may adversely affect the United States federal income tax considerations described in this Offering Memorandum.

This discussion addresses only tax considerations to investors that purchase the Notes upon their original issuance for cash at the first price at which a substantial amount of the Notes is sold to the public for cash and hold the Notes as capital assets within the meaning of the Code. It does not discuss all of the tax considerations that may be relevant to particular investors in light of their particular circumstances; does not discuss all of the tax considerations that may be relevant to investors that are subject to special treatment under the United States federal income tax laws; does not discuss the effect of other United States federal tax laws and does not discuss any state, local or non-United States tax laws; and does not discuss the tax considerations to a person holding Notes through a partnership (or other entity or arrangement classified as a partnership for United States federal income tax purposes).

You should consult your own tax advisor with regard to the application of the tax considerations discussed below to your particular situation and the application of any other United States federal as well as state, local or non-United States tax laws, including gift and estate tax laws, and tax treaties.

Certain United States federal income tax considerations to U.S. Holders

The following is a summary of certain United States federal income tax considerations of the purchase, ownership and disposition of the Notes by a holder that is a “U.S. Holder.” For purposes of this summary, “U.S. Holder” means a beneficial owner of a Note or Notes that is for United States federal income tax purposes an individual who is a citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or who meets the “substantial presence” test under Section 7701(b) of the Code; a corporation (or other entity taxable as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States (or any state thereof or the District of Columbia); an estate the income of which is subject to United States federal income taxation regardless of its source; or a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more United States persons (within the meaning of the Code) have the authority to control all of its substantial decisions, or (ii) such trust has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

Treatment of an investment in a Note

Investors will not receive a charitable tax deduction for investing in a Note.

If an individual investor makes or maintains aggregate investments of \$250,000 or more in BII Fund, the Notes may fall within the provisions of Section 7872 of the Code, which in some circumstances may require BII Fund to report imputed interest on Notes that is more than the actual interest earned. It is possible that the excess imputed portion may be treated as a deductible charitable contribution. Investors should consult their own tax advisor regarding the tax implications of an investment in the Notes.

Treatment of stated interest

Stated interest on the Notes will be taxable to a U.S. Holder as ordinary income as the interest is received or accrues in accordance with the U.S. Holder’s method of tax accounting.

Treatment of taxable dispositions of Notes

Upon the sale, exchange, redemption or other taxable disposition (each, a “disposition”) of a Note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount received on such disposition (other than amounts received in respect of accrued but unpaid interest, which will generally be taxable to that U.S. Holder as ordinary interest income at that time if not previously included in the U.S. Holder’s income) and the U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a Note will be, in general, the cost of the Note to the U.S. Holder decreased by any payments received by the U.S. Holder on the Note other than payments of stated interest. Gain or loss realized on the disposition of a Note generally will be capital gain or loss to the U.S. Holder. Such gain or loss will be long-term capital gain or loss if, at the time of such disposition, the Note has been held for more than one year and otherwise generally will be short-term capital gain or loss. Long-term capital gain recognized by

a non-corporate U.S. Holder generally is eligible for reduced rates of United States federal income taxation. The deductibility of capital losses is subject to significant limitations.

Certain United States federal tax considerations to Non-U.S. Holders

The following is a summary of certain United States federal income tax considerations of the purchase, ownership and disposition of the Notes by a holder that is a “Non-U.S. Holder.” For purposes of this summary, a “Non-U.S. Holder” means a beneficial owner of a Note or Notes that is an individual, corporation, estate or trust and who is not a U.S. Holder.

Special rules may apply to Non-U.S. Holders that are subject to special treatment under the Code, including “controlled foreign corporations” and “passive foreign investment companies” and Non-U.S. Holders engaged in a United States trade or business, or under tax treaties to which the United States is a party. Such Non-U.S. Holders should consult their own tax advisors to determine the United States federal, state, local and other tax considerations that may be relevant to them.

Treatment of interest

Subject to the discussions below concerning backup withholding and FATCA (as defined below), a Non-U.S. Holder will not be subject to United States federal income or withholding tax in respect of interest income on a Note if the interest income qualifies for the “portfolio interest exception” and the Non-U.S. Holder meets certain certification requirements.

If the requirements of the “portfolio interest exception” are not satisfied with respect to a Non-U.S. Holder, payments of interest to that Non-U.S. Holder will be subject to a 30% United States withholding tax, unless another exemption or a reduced withholding rate applies.

Treatment of taxable dispositions of Notes

Subject to the discussions below concerning backup withholding and FATCA (as defined below), a Non-U.S. Holder generally will not be subject to United States federal income tax on gain realized upon the taxable disposition of a Note (other than any amount representing accrued but unpaid interest on the Note, which is subject to the rules described above).

Certain United States information reporting requirements, backup withholding and FATCA

U.S. Holders

Information reporting requirements generally will apply with respect to payments of principal and interest and proceeds from a disposition of the Notes, unless a U.S. Holder is an exempt recipient (such as a corporation).

In addition, a U.S. Holder may be subject to backup withholding on those payments if the U.S. Holder does not provide its taxpayer identification number in the manner required, fails to certify that it is not subject to backup withholding, fails to properly report in full its dividend and interest income, or otherwise fails to comply with the applicable requirements of the backup

withholding rules. Some non-individual holders, including corporations, tax-exempt organizations and individual retirement accounts, are normally exempt from these requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a credit against the U.S. Holder's United States federal income tax liability (or be refunded) provided the required information is timely furnished to the IRS. Prospective U.S. Holders should consult their tax advisors concerning the application of information reporting and backup withholding rules.

Non-U.S. Holders

Interest paid to a Non-U.S. Holder generally will be exempt from backup withholding if the Non-U.S. Holder satisfies certain certification requirements. Information reporting may apply to payments of interest even if certification is provided and the interest is exempt from withholding tax.

Sale proceeds received by a Non-U.S. Holder on a sale of Notes through a broker may be subject to information reporting and/or backup withholding if the Non-U.S. Holder is not eligible for an exemption and does not provide the required certifications.

Prospective Non-U.S. Holders should consult their tax advisors concerning the application of information reporting and backup withholding rules.

FATCA

Pursuant to Sections 1471 through 1474 of the Code, as modified by United States Treasury regulations, guidance from the IRS and intergovernmental agreements and subject to further guidance (collectively, "FATCA"), United States federal withholding tax at the rate of 30% may apply to payments of interest and, beginning on January 1, 2019, gross proceeds from the sale or other taxable disposition (including a retirement or redemption) of the Notes made to non-U.S. financial institutions and certain other non-U.S. nonfinancial entities unless they satisfy certain due diligence and information reporting requirements. An intergovernmental agreement between the United States and the non-U.S. investor's jurisdiction may modify these requirements.

Prospective holders of the Notes are encouraged to consult with their own tax advisors regarding the possible implications of this legislation on their investment in the Notes.

THE UNITED STATES FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY, IS NOT TAX ADVICE AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSIDERATIONS TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSIDERATIONS UNDER UNITED STATES FEDERAL INCOME, STATE, LOCAL, NON-UNITED STATES AND OTHER TAX LAWS (AND ANY PROPOSED CHANGES IN APPLICABLE LAW).

Regulatory Matters

Various provisions of the Philanthropy Protection Act provide exemptions and exceptions from many of the provisions of the federal and state securities laws. The Offering is exempt from registration under the Securities Act pursuant to Section 3(a)(4) thereof. BII Fund is excluded from the requirement to register as an investment company under the Investment Company Act pursuant to Section 3(c)(10) thereof. The Notes will be exempt from registration under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), pursuant to Section 3(a)(12)(A)(v) thereof and persons participating in the Offering on behalf of BII Fund are exempt from the requirement to register as broker-dealer representatives under Section 3(e) thereof. In administering BII Fund, the Boston Impact Initiative will not be considered an investment adviser for purposes of registration under the Investment Advisers Act of 1940, as amended, pursuant to Section 203(b)(4) thereof.

The Notes will be issued under an exemption from the requirements of the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”). As a result, BII Fund will not be required to, and will not, engage a trustee to administer the Notes or provide protections to Noteholders mandated under the Trust Indenture Act. As a result, BII Fund will deal directly with Noteholders and may enter into separate arrangements with them if the Noteholders agree to do so. The Noteholders will have no mechanism for acting collectively with respect to BII Fund.

Under the terms of the Philanthropy Protection Act, the Offering is preempted from many state securities laws requiring the registration of securities, unless the state has passed a law opting out of that preemption. The states of Arkansas, Connecticut, Florida, Mississippi, Nebraska, Pennsylvania, Tennessee and Virginia have opted-out of this federal preemption. As a result, offers and sales of Notes in those states must be made in compliance with the registration requirements of those states’ laws.

How to Invest in the Notes

1. Review this Offering Memorandum, including all relevant appendices.
2. Complete and sign the Investment Agreement for the particular Note(s) in which you wish to invest (if the investor is an entity, the Investment Agreement must be signed by an individual authorized to bind the investor.)
3. Write a check, payable to Boston Impact Initiative Fund, for the amount you wish to invest in the applicable Notes. Send the Investment Agreement and your check to the Boston Impact Initiative Fund, P.O. Box 300443, Jamaica Plain, MA 02130.
4. If your investment is accepted, BII Fund will mail you a copy of your Investment Agreement and the appropriate Note(s), both signed on behalf of BII Fund. Please note that your investment has not been accepted until your Investment Agreement is counter-signed by BII Fund representative and BII Fund representative signs the Investment Note. BII Fund reserves the right to reject any prospective investment, in whole or in part, for any reason.
5. If you do not hear from BII Fund within 14 days of sending in your Investment Agreement, please contact BII Fund at (617) 340-6630 to make sure it was received.

If your investment is not accepted, your check will be returned to you. If your investment is accepted, but only in part, your check will be deposited but the portion that is not accepted will be refunded to you by a check from BII Fund.

Appendix A-I: Form of Community Note Investment Agreement

I. About You

Your investment in Boston Impact Initiative Fund (“BII Fund”) will be used to make investments in local businesses and organizations throughout Boston and Eastern Massachusetts.

To invest in a Community Note, please complete this Agreement and the Joinder to the Subordination Agreement and return them with a check for your investment of \$ _____ to:

Boston Impact Initiative Fund
P.O. Box 300443
Jamaica Plain, MA 02130

If the Investor is an organization, identify an individual who is authorized to transact business on its behalf relating to this investment: _____.

If the Investor is an individual, you may identify another person authorized to act on the Investor’s behalf: _____.

If you wish to make your investment electronically, please contact BII Fund at (617) 340-6630 for instructions.

Upon Acceptance by BII Fund, this form will constitute an agreement between you and BII Fund, you will be issued a Community Note as described in the Offering Memorandum for BII Fund and you will become a party to the Subordination Agreement.

If more than one Investor is named above, how should title be held? (check the applicable box - default is “Joint tenants with right of survivorship.”)

- Joint tenants with right of survivorship
- Tenants in common

II. Investment Interest

BII Fund will pay simple interest on the Note at the rate of 3% per year annually, unless you tell us otherwise.

III. Certification and Signature

Before you sign this Agreement, you must have read and understood the Offering Memorandum for the Notes of BII Fund. There are significant risks that you must understand before you invest. These risks are discussed in the Offering Memorandum under the heading “Risk Factors.”

Representatives of BII Fund will be glad to answer any questions you have or to provide information that you need in order to make an informed investment decision. Please call (617) 340-6630 or email info@bostonimpact.com.

By signing below, you certify under penalty of perjury as follows:

- Investor has read and understood the Offering Memorandum for the Boston Impact Initiative Fund;
- The total amount of Investor’s investment in BII Fund does not exceed 10% of Investor’s liquid net worth (excluding Investor’s home, home furnishings, and automobiles);
- The number shown on this form is Investor’s correct taxpayer identification number;
- Investor is not subject to backup withholding because: (a) Investor is exempt from backup withholding, or (b) Investor has not been notified by the Internal Revenue Service (IRS) that Investor is subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified Investor that Investor is no longer subject to backup withholding;
- Investor is a U.S. person (including a U.S. resident alien);
- Investor represents, warrants and agrees that the subscribed Note is being acquired by the undersigned solely for the undersigned’s own account, for investment purposes only, and not with a view to the distribution or sale. Investor has no agreement or other arrangement with any person to sell, transfer or pledge any part of the subscribed Note;
- Investor is a resident of Massachusetts; and
- Investor is not an accredited investor and none of the following is true with respect to Investor: (a) an individual with net worth of at least \$1,000,000 (excluding primary residence), (b) an individual with income over \$200,000 in the past 2 years, and expectation of the same this year, (c) a married couple with joint income over \$300,000 in the past 2 years, and expectation of the same this year, (d) an entity in which all equity owners are accredited and (e) a 501(c)(3) organization with assets over \$5,000,000.

Signature

Print Name (include capacity if signing for an organization)

Tax ID/Social Security #:	
Address:	
Email:	
Telephone Number:	

For Use by BII Fund:

Accepted By:
Accepted Date:

JOINDER TO SUBORDINATION AGREEMENT

The undersigned, as of the date written below, by its signature, becomes a party to that certain Subordination Agreement dated as of May 4, 2018 (as amended, supplemented or otherwise modified from time to time, the “Subordination Agreement”; capitalized terms used but not defined herein shall have the meanings ascribed to them in the Subordination Agreement), by and among Boston Impact Initiative Fund (the “Borrower”), the Lenders from time to time party thereto, with the same force and effect as if originally named therein as a Lender party thereto, and the undersigned hereby agrees to all the terms and provisions of such Subordination Agreement applicable to it as a Lender party thereto.

Signature

Print Name (include capacity if signing for an organization)

DATE: _____

Appendix A-2: Form of Community Note

(Sample – to be completed by Boston Impact Initiative Fund)

Principal Amount	\$
Date	
Borrower	Boston Impact Initiative Fund
Lender	
Street	
City, State and Zip	

Promise to Pay: Subject to the terms set forth below, Boston Impact Initiative Fund, a Delaware nonprofit corporation (the “Borrower”), promises to pay to _____ (the “Lender”) in lawful money of the United States of America, the principal amount of _____ and 00/100 Dollars (\$_____.00), together with simple interest at the fixed rate of three percent (3%) per annum on the unpaid principal balance from the date of this Note until paid in full. Interest will be calculated on the basis of actual days elapsed and a 365/366-day year. Borrower will pay Lender at Lender’s address shown above or at such other place as Lender may designate in writing.

Payments: Borrower will pay accrued interest annually. Each payment will be due by January 31st of each year until the unpaid principal balance of this Note is paid in full.

The unpaid principal balance of this Note, together with any accrued and unpaid interest thereon, will be due and payable on the third anniversary of this Note; provided, however, if a Bankruptcy Event (as defined below) has occurred, the unpaid principal balance of this Note, together with accrued and unpaid interest thereon, shall immediately become due and payable without present, demand, protest or notice. “Bankruptcy Event” means any of the following: (i) the Borrower shall become unable, admit in writing its inability or fail generally to pay its debts as they become due, (ii) the Borrower shall make a general assignment for the benefit of its creditors, (iii) the filing by the Borrower of a petition of bankruptcy, insolvency, or similar petition, or (iv) the filing against the Borrower of any such petition and the failure by the Borrower to have obtained a dismissal of such petition within 30 days of such filing.

Borrower may prepay any portion of the principal amount of this Note at any time, without penalty or premium, together with accrued and unpaid interest on the principal amount being prepaid.

Amendments: This Note is one of a series of Notes being issued by the Borrower that are designated as “Community Notes”. The Borrower may amend or supplement the terms of this Note without the Lender’s consent to make any change that would provide additional rights or benefits to the Lender or surrender any right or power conferred upon the Borrower, provided, in either case, that substantially similar amendments or supplements are made to the terms of the other Community Notes outstanding at such time.

Governing Law: This Note has been drawn in and will be governed by the laws of the Commonwealth of Massachusetts without regard to its principles of conflicts of laws.

Commercial Loan: This is a commercial loan, and the proceeds of this loan will not be used for personal, family or household purposes, but instead will be used solely for business purposes. This transaction is not a consumer transaction subject to Massachusetts General Laws, Federal Reserve Board Regulations, or any other “consumer protection” statutes, regulations, or restrictions, without exception.

Incorporation of All Discussions: This Note supersedes all discussions and negotiations between the Borrower and the Lender concerning repayment of the indebtedness evidenced hereby.

Illegality: If any provision of this Note is held by a court of competent jurisdiction to be illegal or unenforceable, such provision will be deemed limited or excised from this Note to the least degree necessary to give effect to the intentions of the parties as expressed in this Note.

Successor Interests: The terms of this Note shall be binding upon the Borrower and upon the Borrower’s heirs, personal representatives, successors and assigns and will inure to the benefit of Lender and its successors and assigns; provided, however, that the Lender may not transfer any of its interests, rights or obligations in this Note without the prior written consent of the Borrower, which consent may be withheld in its sole discretion.

BOSTON IMPACT INITIATIVE FUND

By: _____
Name:
Title:

Dated as of _____

Appendix B-1: Form of Solidarity Note Investment Agreement

I. About You

Your investment in Boston Impact Initiative Fund (the “BII Fund”) will be used to make loans to local businesses and organizations throughout Boston and Eastern Massachusetts.

To invest in a BII Fund Solidarity Note, please complete this Agreement and return it with a check for your investment of \$_____ to:

Boston Impact Initiative Fund
P.O. Box 300443
Jamaica Plain, MA 02130

If the Investor is an organization, identify an individual who is authorized to transact business on its behalf relating to this investment:_____.

If the Investor is an individual, you may identify another person authorized to act on the Investor’s behalf:_____.

If you wish to make your investment electronically, please contact BII Fund at (617) 340-6630 for instructions.

Upon Acceptance by BII Fund, this form will constitute an agreement between you and BII Fund, and you will be issued a Solidarity Investment Note as described in the Offering Memorandum for BII Fund.

If more than one Investor is named above, how should title be held? (check the applicable box - default is “Joint tenants with right of survivorship.”)

- Joint tenants with right of survivorship
- Tenants in common

II. Investor Status

Investments in the Solidarity Notes are open to accredited investors and other qualified investors.

By signing this Agreement you certify that you are (check the applicable box)

- An individual with net worth of at least \$1,000,000 (excluding primary residence).
- An individual with income over \$200,000 in the past 2 years, and expectation of the same this year
- A married couple with joint income over \$300,000 in the past 2 years, and expectation of the same this year.
- An entity in which all equity owners are accredited.
- A 501(c)(3) organization with assets over \$5,000,000.
- Other (please explain):

III. Term of Investment

I would like to invest in a Solidarity Note with a 3 year term. BII Fund will pay simple interest on the Note at a rate of 3% per year compounded annually and payable upon maturity of the Note, unless you tell us otherwise.

I would like to invest in a Solidarity Note with a 7 year term. BII Fund will pay simple interest on the Note at a rate of 4% per year compounded annually and payable upon maturity of the Note, unless you tell us otherwise.

Optional: To further support BII Fund’s work, we invite you to participate in our reduced rate investment program through the following option:

I would like to reduce the interest rate on my investment from the applicable rate to 1%.

IV. Certification and Signature

Before you sign this Agreement, you must have read and understood the Offering Memorandum for BII Fund. There are significant risks that you must understand before you invest. These risks are discussed in the Offering Memorandum under the heading “Risk Factors.”

Representatives of BII Fund will be glad to answer any questions you have or to provide information that you need in order to make an informed investment decision. Please call (617) 340-6630 or email info@bostonimpact.com.

By signing below, you certify under penalty of perjury as follows:

- Investor has read and understood the Offering Memorandum for the Boston Impact Initiative Fund;
- The number shown on this form is Investor’s correct taxpayer identification number;
- Investor is not subject to backup withholding because: (a) Investor is exempt from backup withholding, or (b) Investor has not been notified by the Internal Revenue Service (IRS) that Investor is subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified Investor that Investor is no longer subject to backup withholding; and,
- Investor is a U.S. person (including a U.S. resident alien).
- Investor represents, warrants and agrees that the subscribed Note is being acquired by the undersigned solely for the undersigned’s own account, for investment purposes only, and not with a view to the distribution or sale. Investor has no agreement or other arrangement with any person to sell, transfer or pledge any part of the subscribed Note.

Signature

Print Name (include capacity if signing for an organization)

Tax ID/Social Security #:	
Address:	

Email:	
Telephone Number:	

For Use by BII Fund:

Accepted By:
Accepted Date:

JOINDER TO SUBORDINATION AGREEMENT

The undersigned, as of the date written below, by its signature, becomes a party to that certain Subordination Agreement dated as of May 4, 2018 (as amended, supplemented or otherwise modified from time to time, the “Subordination Agreement”; capitalized terms used but not defined herein shall have the meanings ascribed to them in the Subordination Agreement), by and among Boston Impact Initiative Fund (the “Borrower”), the Lenders from time to time party thereto, with the same force and effect as if originally named therein as a Lender party thereto, and the undersigned hereby agrees to all the terms and provisions of such Subordination Agreement applicable to it as a Lender party thereto.

Signature

Print Name (include capacity if signing for an organization)

DATE: _____

Appendix B-2: Form of Solidarity Note

(Sample – to be completed by Boston Impact Initiative Fund)

Principal Amount	\$
Date	
Borrower	Boston Impact Initiative Fund
Lender	
Street	
City, State and Zip	

Promise to Pay: Subject to the terms set forth below, Boston Impact Initiative Fund, a Delaware nonprofit corporation (the “Borrower”), promises to pay to _____ (the “Lender”) in lawful money of the United States of America, the principal amount of _____ and 00/100 Dollars (\$ _____ .00), together with simple interest at the fixed rate of _____ percent (_____ %) per annum on the unpaid principal balance from the date of this Note until paid in full. Interest will be calculated on the basis of actual days elapsed and a 365/366-day year. Borrower will pay Lender at Lender’s address shown above or at such other place as Lender may designate in writing.

Payments: Interest will compound annually on each anniversary of the issuance of this Note.

The unpaid principal balance of this Note, together with any accrued and unpaid interest thereon, will be due and payable on the _____ anniversary of this Note; provided, however, if a Bankruptcy Event (as defined below) has occurred, the unpaid principal balance of this Note, together with accrued and unpaid interest thereon, shall immediately become due and payable without present, demand, protest or notice. “Bankruptcy Event” means any of the following: (i) the Borrower shall become unable, admit in writing its inability or fail generally to pay its debts as they become due, (ii) the Borrower shall make a general assignment for the benefit of its creditors, (iii) the filing by the Borrower of a petition of bankruptcy, insolvency, or similar petition, or (iv) the filing against the Borrower of any such petition and the failure by the Borrower to have obtained a dismissal of such petition within 30 days of such filing.

Borrower may prepay any portion of the principal amount of this Note at any time without penalty or premium, together with accrued and unpaid interest on the principal amount being prepaid.

Amendments: This Note is one of a series of Notes being issued by the Borrower that are designated as “Solidarity Notes”. The Borrower may amend or supplement the terms of this Note without the Lender’s consent to make any change that would provide additional rights or benefits to the Lender or surrender any right or power conferred upon the Borrower, provided, in either case, that substantially similar amendments or supplements are made to the terms of the other Solidarity Notes with a _____ year term outstanding at such time.

Governing Law: This Note has been drawn in and will be governed by the laws of the Commonwealth of Massachusetts without regard to its principles of conflicts of laws.

Commercial Loan: This is a commercial loan, and the proceeds of this loan will not be used for personal, family or household purposes, but instead will be used solely for business purposes. This transaction is not a consumer transaction subject to Massachusetts General Laws, Federal Reserve Board Regulations, or any other “consumer protection” statutes, regulations, or restrictions, without exception.

Incorporation of All Discussions: This Note supersedes all discussions and negotiations between the Borrower and the Lender concerning repayment of the indebtedness evidenced hereby.

Illegality: If any provision of this Note is held by a court of competent jurisdiction to be illegal or unenforceable, such provision will be deemed limited or excised from this Note to the least degree necessary to give effect to the intentions of the parties as expressed in this Note.

Successor Interests: The terms of this Note shall be binding upon the Borrower and upon the Borrower’s heirs, personal representatives, successors and assigns and will inure to the benefit of Lender and its successors and assigns; provided, however, that the Lender may not transfer any of its interests, rights or obligations in this Note without the prior written consent of the Borrower, which consent may be withheld in its sole discretion.

BOSTON IMPACT INITIATIVE FUND

By: _____

Name:

Title:

Dated as of _____

Appendix C-1: Form of Philanthropic Note Investment Agreement

I. About You

Your investment in Boston Impact Initiative Fund (the “BII Fund”) will be used to make loans to local businesses and organizations throughout Boston and Eastern Massachusetts.

To invest in a BII Fund Philanthropic Note, please complete this Agreement and return it with a check for your investment of \$ _____ to:

Boston Impact Initiative Fund
P.O. Box 300443
Jamaica Plain, MA 02130

If the Investor is an organization, identify an individual who is authorized to transact business on its behalf relating to this investment: _____.

If the Investor is an individual, you may identify another person authorized to act on the Investor’s behalf: _____.

If you wish to make your investment electronically, please contact BII Fund at (617) 340-6630 for instructions.

Upon Acceptance by BII Fund, this form will constitute an agreement between you and BII Fund, and you will be issued a Philanthropic Note as described in the Offering Memorandum for BII Fund.

If more than one Investor is named above, how should title be held? (check the applicable box - default is “Joint tenants with right of survivorship.”)

- Joint tenants with right of survivorship
- Tenants in common

II. Investor Status

Investments in the Philanthropic Notes are open to accredited investors and other qualified investors.

By signing this Agreement you certify that you are (check the applicable box)

- An individual with net worth of at least \$1,000,000 (excluding primary residence).
- An individual with income over \$200,000 in the past 2 years, and expectation of the same this year
- A married couple with joint income over \$300,000 in the past 2 years, and expectation of the same this year.
- An entity in which all equity owners are accredited.

- A 501(c)(3) organization with assets over \$5,000,000.
- Other (please explain):

III. Reliance

BII Fund is raising or intending to raise capital by issuing Community Notes to unaccredited investors and Solidarity Notes to investors. In light of the risk to the holders of the Community Notes and Solidarity Notes, BII Fund would not offer that investment without assets being available to secure a portion of the outstanding principal of the Community Notes and Solidarity Notes. Investor understands that BII Fund is relying on this Agreement and would not make the planned investments without this Agreement. Investor represents to BII Fund that Investor can afford to lose all of its investment in the Philanthropic Notes.

IV. Certification and Signature

Before you sign this Agreement, you must have read and understood the Offering Memorandum for BII Fund. There are significant risks that you must understand before you invest. These risks are discussed in the Offering Memorandum under the heading “Risk Factors.”

Representatives of BII Fund will be glad to answer any questions you have or to provide information that you need in order to make an informed investment decision. Please call (617) 340-6630 or email info@bostonimpact.com.

By signing below, you certify under penalty of perjury as follows:

- Investor has read and understood the Offering Memorandum for the Boston Impact Initiative Fund;
- The number shown on this form is Investor’s correct taxpayer identification number;
- Investor is not subject to backup withholding because: (a) Investor is exempt from backup withholding, or (b) Investor has not been notified by the Internal Revenue Service (IRS) that Investor is subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified Investor that Investor is no longer subject to backup withholding; and,
- Investor is a U.S. person (including a U.S. resident alien).
- Investor represents, warrants and agrees that the subscribed Note is being acquired by the undersigned solely for the undersigned’s own account, for investment purposes only, and not with a view to the distribution or sale. Investor has no agreement or other arrangement with any person to sell, transfer or pledge any part of the subscribed Note.

Signature

Print Name (include capacity if signing for an organization)

Tax ID/Social Security #:	
Address:	
Email:	
Telephone Number:	

For Use by BII Fund:

Accepted By:

Accepted Date:

JOINDER TO SUBORDINATION AGREEMENT

The undersigned, as of the date written below, by its signature, becomes a party to that certain Subordination Agreement dated as of May 4, 2018 (as amended, supplemented or otherwise modified from time to time, the “Subordination Agreement”; capitalized terms used but not defined herein shall have the meanings ascribed to them in the Subordination Agreement), by and among Boston Impact Initiative Fund (the “Borrower”), the Lenders from time to time party thereto, with the same force and effect as if originally named therein as a Lender party thereto, and the undersigned hereby agrees to all the terms and provisions of such Subordination Agreement applicable to it as a Lender party thereto.

Signature

Print Name (include capacity if signing for an organization)

DATE: _____

Appendix C-2: Form of Philanthropic Note

(Sample – to be completed by Boston Impact Initiative Fund)

Principal Amount	\$
Date	
Borrower	Boston Impact Initiative Fund
Lender	
Street	
City, State and Zip	

Promise to Pay: Subject to the terms set forth below, Boston Impact Initiative Fund, a Delaware nonprofit corporation (the “Borrower”), promises to pay to _____ (the “Lender”) in lawful money of the United States of America, the principal amount of _____ and 00/100 Dollars (\$_____.00), together with simple interest at the fixed rate of one percent (1%) per annum on the unpaid principal balance from the date of this Note until paid in full. Interest will be calculated on the basis of actual days elapsed and a 365/366-day year. Borrower will pay Lender at Lender’s address shown above or at such other place as Lender may designate in writing.

Payments: Interest will compound annually on each anniversary of the issuance of this Note.

The unpaid principal balance of this Note, together with any accrued and unpaid interest thereon, will be due and payable on the fifth anniversary of this Note; provided, however, if a Bankruptcy Event (as defined below) has occurred, the unpaid principal balance of this Note, together with accrued and unpaid interest thereon, shall immediately become due and payable without present, demand, protest or notice. “Bankruptcy Event” means any of the following: (i) the Borrower shall become unable, admit in writing its inability or fail generally to pay its debts as they become due, (ii) the Borrower shall make a general assignment for the benefit of its creditors, (iii) the filing by the Borrower of a petition of bankruptcy, insolvency, or similar petition, or (iv) the filing against the Borrower of any such petition and the failure by the Borrower to have obtained a dismissal of such petition within 30 days of such filing.

Borrower may prepay any portion of the principal amount of this Note at any time without penalty or premium, together with accrued and unpaid interest on the principal amount being prepaid.

Amendments: This Note is one of a series of Notes being issued by the Borrower that are designated as “Philanthropic Notes”. The Borrower may amend or supplement the terms of this Note without the Lender’s consent to make any change that would provide additional rights or benefits to the Lender or surrender any right or power conferred upon the Borrower, provided, in either case, that substantially similar amendments or supplements are made to the terms of the other Philanthropic Notes outstanding at such time.

Governing Law: This Note has been drawn in and will be governed by the laws of the Commonwealth of Massachusetts without regard to its principles of conflicts of laws.

Commercial Loan: This is a commercial loan, and the proceeds of this loan will not be used for personal, family or household purposes, but instead will be used solely for business purposes. This transaction is not a consumer transaction subject to Massachusetts General Laws, Federal Reserve Board Regulations, or any other “consumer protection” statutes, regulations, or restrictions, without exception.

Incorporation of All Discussions: This Note supersedes all discussions and negotiations between the Borrower and the Lender concerning repayment of the indebtedness evidenced hereby.

Illegality: If any provision of this Note is held by a court of competent jurisdiction to be illegal or unenforceable, such provision will be deemed limited or excised from this Note to the least degree necessary to give effect to the intentions of the parties as expressed in this Note.

Successor Interests: The terms of this Note shall be binding upon the Borrower and upon the Borrower’s heirs, personal representatives, successors and assigns and will inure to the benefit of Lender and its successors and assigns; provided, however, that the Lender may not transfer any of its interests, rights or obligations in this Note without the prior written consent of the Borrower, which consent may be withheld in its sole discretion.

BOSTON IMPACT INITIATIVE FUND

By: _____
Name:
Title:

Dated as of _____

Appendix D: Form of Subordination Agreement

[See Attached]

SUBORDINATION AGREEMENT

This SUBORDINATION AGREEMENT, dated as of May 4, 2018 (this “*Agreement*”) is by and among Boston Impact Initiative Fund, a Delaware nonprofit corporation (the “*Borrower*”) and each Lender (as such term is defined in the Notes described below) from time to time party hereto (the “*Creditors*”).

The parties hereto agree as follows:

SECTION 1. BACKGROUND — DEFINITIONS.

This Agreement is made in the context of the following agreed state of facts:

(a) Borrower intends to issue promissory notes that will be designated as “Community Notes”, “Solidarity Notes” or “Philanthropic Notes” (collectively, the “*Notes*”).

(b) All obligations of the Borrower in respect of the notes designated as “Community Notes”, whether such obligations now exist or arise hereafter, including principal, interest and expenses of collection, and including any obligations on account of any extension, renewal or restructuring of the “Community Notes” are hereafter collectively referred to as the “*Community Obligations*” and the holders thereof are hereafter collectively referred to as the “*Community Creditors*”. Community Obligations constituting 50% of the principal amount of the Community Notes outstanding on the date of the occurrence of a Bankruptcy Event are hereafter collectively referred to as the “*Senior Community Obligations*” and all other Community Obligations are hereafter collectively referred to as the “*Junior Community Obligations*”.

(c) All obligations of the Borrower in respect of the notes designated as “Solidarity Notes”, whether such obligations now exist or arise hereafter, including principal, interest and expenses of collection, and including any obligations on account of any extension, renewal or restructuring of the “Solidarity Notes” are hereafter collectively referred to as the “*Solidarity Obligations*” and the holders thereof are hereafter collectively referred to as the “*Solidarity Creditors*”. Solidarity Obligations constituting 10% of the principal amount of the Solidarity Notes outstanding on the date of the occurrence of a Bankruptcy Event are hereafter collectively referred to as the “*Senior Solidarity Obligations*” and all other Solidarity Obligations are hereafter collectively referred to as the “*Junior Solidarity Obligations*”. The Senior Community Obligations and the Senior Solidarity Obligations are hereafter collectively referred to as the “*Senior Obligations*”.

(d) All obligations of the Borrower in respect of the notes designated as “Philanthropic Notes”, whether such obligations now exist or arise hereafter, including principal, interest and expenses of collection, and including any obligations on account of any extension, renewal or restructuring of the “Philanthropic Notes” are hereafter collectively referred to as the “*Philanthropic Obligations*” and the holders thereof are hereafter collectively referred to as the “*Philanthropic Creditors*”. The Junior Community

Obligations, the Junior Solidarity Obligations and the Philanthropic Obligations are hereafter collectively referred to as the “*Junior Obligations*”.

As used in this Agreement, the term “*Bankruptcy Event*” “means any of the following: (i) the Borrower shall become unable, admit in writing its inability or fail generally to pay its debts as they become due, (ii) the Borrower shall make a general assignment for the benefit of its creditors, (iii) the filing by the Borrower of a petition of bankruptcy, insolvency, or similar petition, or (iv) the filing against the Borrower of any such petition and the failure by the Borrower to have obtained a dismissal of such petition within 30 days of such filing.

SECTION 2. SUBORDINATION.

(a) The Junior Obligations are and shall hereafter be subordinate and inferior in right of payment to all of the Senior Obligations as provided herein. Notwithstanding any provision to the contrary contained in the Notes or any other agreement between Borrower and the Creditors, from and after the occurrence of a Bankruptcy Event, the Borrower shall not make or be required to make, nor shall any Creditor receive or retain, any payment on account of the principal of or interest on the Junior Obligations until the Senior Obligations have been paid in full in cash.

(b) The Senior Solidarity Obligations are and shall hereafter be subordinate and inferior in right of payment to all of the Senior Community Obligations as provided herein. Notwithstanding any provision to the contrary contained in the Notes or any other agreement between Borrower and the Creditors, from and after the occurrence of a Bankruptcy Event, the Borrower shall not make or be required to make, nor shall any Creditor receive or retain, any payment on account of the Senior Solidarity Obligations until the Senior Community Obligations have been paid in full in cash.

(c) Notwithstanding anything to the contrary in Section 2(a) or Section 2(b) above, the Borrower may pay, and the Creditors may receive and retain, payments in respect of the Junior Obligations so long as no Bankruptcy Event exists at the time of such payment or would occur after giving effect thereto.

SECTION 3. IMPROPER PAYMENT.

Any amount paid to any Creditor in violation of any provision of this Agreement shall be received in trust by such Creditor for the benefit of the holders of the Senior Obligations and the holders of other Junior Obligations, as applicable, and shall, with or without demand, be immediately delivered by such Creditor to the Borrower in the same form in which received, with the addition only of such endorsements or assignments as may be necessary to perfect the title of the Borrower to such payment. Such amounts delivered to the Borrower shall be applied by the Borrower to the Obligations in the order specified in the Payment Waterfall (as defined below). Upon the request of the Borrower, such Creditor will execute such documents and perform all such other acts as may reasonably be required to rescind premature performance of such Obligation and to reestablish, to the maximum extent practical, the status quo prior to such premature performance.

SECTION 4. DISTRIBUTIONS IN LIQUIDATION.

Upon the occurrence of a Bankruptcy Event, the Borrower shall apply its cash and the net cash proceeds received in connection with the liquidation of its assets and property in the following order (the “*Payment Waterfall*”):

- (a) first, to the payment of the Senior Community Obligations on a pro rata basis among the Community Creditors;
- (b) second, to the payment of the Senior Solidarity Obligations on a pro rata basis among the Solidarity Creditors;
- (c) third, to the payment of the Junior Obligations on a pro rata basis among the Creditors; and
- (d) fourth, to the Borrower.

Following the occurrence of a Bankruptcy Event, the Creditors shall not be entitled to any payment or distribution from the assets of the Borrower on account of any Junior Obligation until all Senior Obligations have been satisfied in full in cash and the Solidarity Creditors shall not be entitled to any payment or distribution from the assets of the Borrower on account of any Senior Solidarity Obligation until all Senior Community Obligations have been satisfied in full in cash. If any Creditor shall receive any money, securities or other property distributed after the occurrence of such Bankruptcy Event from the assets of Borrower on account of Junior Obligations or Senior Solidarity Obligations in violation of the Payment Waterfall, such Creditor shall hold such money, securities or other property in trust for the benefit of the holders of the Senior Obligations or other Junior Obligations and shall deliver any such property to the Borrower in the same form as received, adding only such endorsements or assignments as may be necessary to perfect the title of the Borrower to such property, for application to the satisfaction of the Senior Obligations and Junior Obligations in the order of the Payment Waterfall.

SECTION 6. SUBORDINATION ABSOLUTE.

The subordination of the Junior Obligations to the Senior Obligations effected by this Agreement and the subordination of the Senior Solidarity Obligations to the Senior Community Obligations effected by this Agreement shall, in each case, be absolute and Borrower may from time to time, without the consent of or notice to the Creditors and without affecting the subordination of the Junior Obligations to the Senior Obligations and the subordination of the Senior Solidarity Obligations to the Senior Community Obligations: (i) obtain or release a security interest in any property to secure any of the Senior Obligations (or any part thereof); or (ii) extend or renew any of the Senior Obligations (or any part thereof) for any period beyond their original due dates. The Borrower may, at any time, issue more Community Notes or Solidarity Notes, which upon issuance shall be entitled to the seniority and the benefits of the Payment Waterfall as provided herein.

SECTION 7. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon the Borrower and each Creditor (including any assignee or successor in interest to such Creditor’s Note).

SECTION 9 SEVERABILITY.

If any provision of this Agreement is determined to be illegal or unenforceable, such provision shall be deemed to be severable from the balance of the provisions of this Agreement and the remaining provisions shall be enforceable in accordance with their terms.

SECTION 10. GOVERNING LAW.

This Agreement is made under and will be governed in all cases by the laws of the Commonwealth of Massachusetts without regard to its principles of conflicts of laws.

[SIGNATURE PAGES ON FOLLOWING PAGES]

This Agreement is dated as of the date and year first above written.

BOSTON IMPACT INITIATIVE FUND

By: _____

Name:

Title: