Seven years ago, we started the Boston Impact Initiative with a hypothesis and a dream. The hypothesis was that it was possible to create an integrated capital fund deploying equity, debt and grants to close the racial wealth divide in our extremely unequal community of Greater Boston. The dream was we’d be able to share this model with communities around the country who could, together, build a thriving national network of place-based funds dedicated to racial and economic justice.

Since then, we’ve put more than $6M to work (through both the pilot fund and the charitable loan fund) at 60 enterprises in Eastern Massachusetts that are majority governed, run and staffed by people of color, pay the vast majority of their workers well above a living wage and are building wealth for communities of color through enterprise ownership. And now we’re launching a national program to share what we’ve learned (See ‘Scaling Across: Moving Beyond Boston’ on p. 10).

After three years dedicated to helping BII design and launch its innovative fund, Mark Watson has passed the leadership reins to a top-notch directorate. Together, Aliana Pineiro as Impact Director, Pablo Limon as Investment Director and Gregory Bloomfield as Director of Finance and Administration will deliver on BII Fund’s promise to provide integrated capital to entrepreneurs of color and pay back our many noteholders. Mark is continuing part-time as Portfolio Strategist, supporting our team as they step fully into leadership of BII Fund.

Warmly,

Deborah Frieze
President
WHY RELATIONSHIP MATTERS MOST
MATHTALK

When Omo Moses walked into BII Fund’s office in February 2017, he had a concept: He wanted to create a company that would turn public spaces into mathscapes using playful installations and a mobile app.

Omo had years of experience as an activist using math to prepare underserved youth for leadership and success, but he’d never run a for-profit enterprise or brought a product to market. Nonetheless, BII Fund committed countless hours to helping develop MathTalk, supporting Omo in formulating his concept, developing a business plan, attending pitch sessions for early financial support and eventually, 2.5 years later, providing him with convertible loan capital.

We had no idea whether MathTalk would become an investment opportunity when we made a commitment to accompany Omo in 2017. As a mission-driven enterprise, we recognize that relationship comes first: Contributing our knowledge and networks to local entrepreneurs has value far beyond the measure of our dollars deployed.

“Boston Impact Initiative has been a frequent thought partner that has facilitated connections and invested resources that have enabled our company to grow.”

—Omo Moses CEO, MathTalk

MathTalk is a multi-channel learning platform dedicated to engaging children, primarily from economically depressed communities, in novel approaches to discover, playfully explore and talk about math in the world around them. Through a network comprised of hotspots, installations and mobile apps, children are immersed in a connected learning experience that bridges home, classroom and community. MathTalk is a public benefit corporation poised to upend the achievement gap.
According to a 2014 study by the American Press Institute, only 25 percent of African-Americans and 33 percent of Hispanics said the news media accurately portrayed their communities.

That may be because in newsrooms of all kinds—print, radio and television—people of color have been notoriously left behind. Futuro Media Group is addressing that head on by creating multimedia content for and about underrepresented communities in a newsroom that is comprised primarily of people of color (78%), women (80%) and immigrant or first-generation Americans (65%).

In addition to producing series like America By the Numbers, Latino Rebels and In The Thick examining the politics of a changing America, FMG hosts the Community Podcast Lab, an opportunity to elevate the narratives and cultivate the storytelling skills of community members in Boston and New York. BII Fund provided bridge finance to sustain the Community Podcast Lab between grant cycles.

Founder Maria Hinojosa was the first Latina in many newsrooms. She dreamt of a space where she could create independent, multimedia journalism that explores and gives a critical voice to the diverse American experience. In 2010, she created FMG as an independent, nonprofit organization to share the stories of the new American mainstream. Today, Bostonian Erika Dilday serves as CEO, shaping FMG’s long-term strategic vision and sustainability.

"BII provided the technical support and funding we needed to expand our media programs for people of color. With their help, we created a platform to share and preserve authentic stories of Boston’s multi-cultural neighborhoods."

—Erika Dilday Executive Director, Futuro Media Group
According to PitchBook, female founders received 2.2 percent of $130 billion in venture capital funding in 2018, with less than half that amount going to women of color.

In Massachusetts, only $2.24 million of venture money went to 7 Black women entrepreneurs—compared to a total of $12 billion across 660 deals. Small wonder founders like Helen Adeosun of Care Academy and Florence Furaha of Meetcaregivers struggled to raise the capital their enterprises deserved. Both tech entrepreneurs faced challenges in gaining access to decision-makers, as well as getting investors to close.

BII Fund provided convertible debt and preferred equity to the two young enterprises. More important, we reached out to prospective co-investors across the country to open doors and help close deals. Our approach to tackling structural inequity is head on: We need to call it out for what it is, broker new relationships, write checks and make the new opportunities visible to the marketplace.

**MEETCAREGIVERS** is a home healthcare platform that connects families with caregivers for aging parents at up to 50 percent lower cost than traditional agencies. Its technology-enabled service makes the process safer and easier, decreasing readmission to hospitals and allowing seniors to age at home. The company provides caregivers—predominantly women of color and immigrants—with significantly higher wages, increasing retention in an industry plagued by high turnover.

**CARE ACADEMY** is an online training platform that educates professional and family caregivers with high-quality classes and certifications, enabling agencies to hire, onboard, train and retain caregivers. The company has developed 42 proprietary video-based classes targeted to train caregivers—predominantly women of color and immigrants—who work with the elderly or people with disability. Through its certification program, caregivers are able to achieve higher wages.

“BII was a lifeline for our startup last year. They believed in us when not many investors did. We are grateful for their continuous support and excited they will continue to break barriers for many female, underrepresented founders.”

—Florence Furaha CEO, Meetcaregivers
SCALING ACROSS:
MOVING BEYOND BOSTON

We often get asked about scale: What difference, people want to know, can a $10M fund make when up against the trillions of dollars working so hard to amplify inequality? How does the Boston Impact Initiative intend to “go to scale”?

Our answer has to do with our beliefs about change. Conventional wisdom says we need to multiply what works through one-size-fits-all replication. That’s called “scaling up” and we recognize it the minute we walk into a Starbucks. But there’s another way to get to scale, which is when people create something locally and inspire others who carry the idea home and develop it in their own unique way. This is called “scaling across.”

In August, BII Fund hosted 22 people from Grand Rapids on a learning journey to Boston. Participants learned how they might support entrepreneurs of color in their community.

In 2019, BII Fund engaged in scaling across in three ways:

1. Impact Capital Lab: We offer advisory support to public and private foundations, anchor institutions and investor groups to learn how to invest to close the racial wealth divide. In 2019, we partnered with more than a dozen communities around the country.

2. Grand Rapids Pilot: We embarked on an 18-month fund design project to support partners in Grand Rapids in developing an integrated capital fund for West Michigan. The project included a learning journey to Boston (photo).

3. BII Fund-Building Cohort: We selected 27 existing and prospective fund managers from 12 communities to join us for an 18-month program to develop the financial rigor and multi-stakeholder engagement processes to structure, raise and manage an integrated capital fund. The purpose of these funds is to build sustainable, inclusive and equitable local economies that restore the productive capacity of communities of color.

To learn about these 27 extraordinary pioneers, please visit the BII Fund-Building Cohort page on our web site. Want to support this effort? We’re looking for co-investors, funders and partners both locally and nationally. We’d love to have you join us in this work.

Communities in the Fund-Building Cohort:
- Atlanta, GA
- Baltimore, MD
- Chattanooga, TN
- Dallas, TX
- Indianapolis, IN
- Minnesota (statewide)
- New Mexico (statewide)
- New York City
- New York (statewide)
- Philadelphia, PA
- Seattle, WA
- Twin Cities, MN

In 2019, BII Fund engaged in scaling across in three ways:
**HOW WE’RE CLOSING THE RACIAL WEALTH DIVIDE**

By the end of 2019, there were 25 enterprises in the BII Fund portfolio. That included 16 for-profit enterprises (including 3 Public Benefit Corporations), 7 non-profits and 2 worker-owned cooperatives.

All 25 enterprises participated in a 40-question Impact Assessment to measure their effectiveness in increasing wealth and power for communities of color.* Here are highlights from what we learned about our portfolio.

### Revenue Growth
- 149% aggregate growth year-over-year

### Capital Raised
- Every $1 of capital invested by BII leveraged $13 of follow-on capital

Total compensation in the portfolio was $18M, an increase of more than 227% over 2018.

### Ownership Stake by:
- **59%** People of Color
- **42%** Women
- **32%** Women of Color

(Note that these groups are not mutually exclusive.)

Ownership by people of color and women is strong even after accounting for external shareholders.

The number of jobs in the portfolio was 546, an increase of nearly 150% over 2018.

### Jobs Held by:
- **73%** People of Color
- **62%** Women
- **46%** Women of Color

(Note that these groups are not mutually exclusive.)

Wages are equitably distributed, and there is no gender wage gap. The compensation ratio of the highest paid to lowest paid person is 2.7 to 1 compared to a national average of 287 to 1. Men and women are paid at a ratio of 1.2 to 1.

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* The data from one respondent is based on estimates.

The portfolio is majority governed, run and staffed by people of color.

**Over Half** of board members and founders/executives are people of color and **77%** of non-executive employees are people of color.

The portfolio pays the vast majority of its workers well above a living wage.

83% of workforce is paid at or above the living wage

The average hourly wage paid to lowest paid employee is $18.97 compared to an average living wage of $15.28

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*Note that these groups are not mutually exclusive.*
HOW WE’RE FINANCING OUR INVESTMENTS

As of December 2019, BII Fund had sold $5.75M in Notes to more than 115 community investors, high net worth individuals, foundations and faith-based institutions. BII Fund raised $772k in grants to fund programs and operations in 2019—more than doubling our 2018 fundraising.

The charts below represent how we’ve deployed the cumulative capital raised as of December 2019.

INVESTMENTS BY TYPE:
- 65% DEBT
- 27% EQUITY
- 8% GRANTS

INVESTMENTS BY SECTOR:
- 16% Manufacturing
- 16% Food & Agriculture
- 16% Environment & Energy
- 12% Education
- 10% Healthcare
- 9% Impact Capacity Building
- 5% Professional Services
- 5% Real Estate
- 5% Arts & Culture
- 3% Financial Services
- 3% Technology

We believe we can build a sustainable, inclusive and equitable economy by investing integrated capital in regenerative local enterprises that restore the productive capacity of communities of color.
THANK YOU FROM ALL OF US

BOARD
Deborah Frieze
Michael Frieze
Lisa Hayles
Mike Leyba
Aaron Tanaka

INVESTMENT COMMITTEE
Betty Francisco
Deborah Frieze
Michael Frieze
Matt Kahn
Aaron Tanaka
Mark Watson

GRANTS ADVISORY COUNCIL
Angela Brown
Eric Esteves
Deborah Frieze
Mike Leyba
Aaron Tanaka

STAFF
Gregory Bloomfield
Deborah Frieze
Pablo Limon
Aliana Pineiro
Mark Watson

We invest in opportunity for all people—especially those most oppressed or abandoned by our current economic system—to lead a dignified and productive life.

BOSTON IMPACT INITIATIVE
INVESTING FOR JUSTICE

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