



**B**OSTON  
**IMPACT**  
**INITIATIVE**  
 INVESTING FOR JUSTICE

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IMPACT REPORT  
 2018



Founderswire



Courtesy of CERO

## DEAR FRIENDS

So we ended 2018 in chaos, right? A record-setting government shut-down, tumbling stock prices and a likely economic contraction, global authoritarianism on the rise, widespread climate catastrophes...

Let's stop there because the point is not about what's not working. It's about how we choose to act when large-scale systems are in decline. Yes, it matters that we put pressure on policymakers to redirect their efforts. But those efforts are likely, at best, to slow down the damage rather than to give us the kind of breakthroughs we so desperately need.

It is through our local work and our direct relationships that we create the conditions for healthier and more resilient systems to emerge. When we make investments in the people and initiatives that express the values of the world we want to live in—that's when new possibilities are truly born.

We are honored to be investing in enterprises that address the growing wealth gap and ecological challenges of our times. These pioneering entrepreneurs, with your help, are building the future we wish for today.

Warmly,

*Deborah E. Frieze*

Deborah Frieze  
President

*Mark Watson*

Mark Watson  
Managing Director



## CREATING ECONOMIC OPPORTUNITY IN CONSTRUCTION

Does a rising tide really lift all boats?

Although recent economic headlines in Massachusetts proclaim good news—wages are up, household income is up, unemployment is at a historic low—that prosperity is unevenly distributed. At 6.3 percent job growth, the construction sector has benefitted the most from the state's economic recovery, but it's failed to include people of color and women in that growth. In fact, the majority of hours worked accrued to white males residing outside of Boston.

In December 2018, BII Fund welcomed to our portfolio Maven Construction, a general contracting firm providing energy retrofit and efficiency services. Founder JC Burton is committed to hiring women and people of color to contribute to transforming the sector. As impact investors, our collective work to address structural economic inequality is more necessary than ever—even in the context of a “healthy” business cycle.



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Maven would not exist without the support of BII. The relationship has been one of tremendous opportunity, understanding and patience to help fulfill our mission of providing a pathway for women and people of color in construction. The relationship is priceless.

—JC Burton  
*CEO, Maven Construction*



The Dorchester-based start-up provides energy efficiency and energy retrofit services to health-care and research institutions, multi-family housing, educational institutions and municipal projects.

Founder JC Burton is a successful 23-year construction industry veteran who plans to develop innovative construction careers for people of color and women from the Greater Boston area. In 2018, BII Fund provided project finance to support an energy efficiency project with Howard University.

## BUILDING PROCUREMENT CAPACITY

In its December 2017 Spotlight series, *The Boston Globe* highlighted the many opportunities our community has to create economic inclusion, and supplier diversity tops the list. When large companies choose to direct their procurement dollars to local businesses owned by women and entrepreneurs of color, we unleash enormous wealth-building potential.

But what happens when those large contracts arrive in the hands of small businesses that haven't yet operated at scale? It's critical that those businesses find the right capital partner to enable them to successfully deliver on the new demand. In October 2018, we helped Sweet Teez Bakery do just that in response to a pie order from Whole Foods that was 100 times the size of any previous order. Now Sweet Teez is positioned to pitch large wholesalers and distributors to get product into local universities, hospitals and corporations.



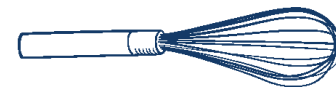
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Boston Impact Initiative was instrumental in scaling our business. By providing us with working capital to fill a large Whole Foods order, BII enabled us to hire from within our community and make a difference in many peoples lives.

—Teresa Maynard

*Founder, Sweet Teez Bakery,*

Sweet Teez  
BAKERY



Hornick Rivlin Studio

Sweet Teez Bakery is a nut-free bakery founded by Dorchester native Teresa Thompson Maynard. Growing up and now raising kids with food allergies, Teresa realized that just one peanut can make the search for a good cupcake near impossible. So she set out to provide customers with high quality baked goods made to meet their nut-free needs and delight their taste buds. In 2018, BII Fund provided purchase order finance to help Sweet Teez fulfill a Whole Foods order of 48,000 pies.

## TRANSITIONING AND DISTRIBUTING OWNERSHIP

In what is sometimes called the “silver tsunami,” an estimated 70 percent of privately held businesses will be sold or closed as baby boomers retire over the next 5 to 20 years. That represents more than \$10 trillion in business assets, most of which lack succession plans. The loss of these small businesses—or their sale to non-local buyers—could have a devastating effect on our local economies.

But there’s an upside to this trend, which is the opportunity to create business ownership among entrepreneurs of color and employees. In August 2018, BII Fund participated in its first acquisition financing, enabling Mario and Rachel Rodrigues to acquire TC Repair Services, a coffee machine repair company previously owned by a husband-and-wife team, one of whom had recently passed away. The company is now seeking certification as an MBE (Minority-Business Enterprise), which will attract new customers, including government and anchor institutions.



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Working with BII has been more like a friendship than a business relationship. The advice you’ve given us has been invaluable. You saw the potential not just in this business, but in us as leaders and owners.

—Rachel Rodrigues  
*Co-founder, TC Repair Services*



TC Repair Services specializes in repairing commercial coffee brewers, grinders, espresso machines, hot water towers and juice dispensers. The company serves coffee chain shops, cafes, restaurants and coffee machine manufacturers. Husband-and-wife team Mario and Rachel Rodrigues decided to acquire the company based on Mario’s experience as a customer of TC Repair when he worked at Equal Exchange. In 2018, BII Fund provided financing for the acquisition.

## HOW WE'RE CHANGING THE CONVERSATION

We believe that making direct investments in enterprises led by people of color can have a transformative effect on the future of our communities. But we know that's not enough. We also have to address the structural conditions that give rise to our unequal economy. To do that, BII Fund engages in field-building work that brings our resources—our knowledge, social and financial capital—to organizations that share our commitment to closing the racial wealth divide.

## MOVING BEYOND BOSTON

BII Fund leverages our learning here in Boston to help other communities develop place-based integrated capital funds focused on closing the racial wealth divide.



In Grand Rapids, Michigan, BII Fund has partnered with an on-the-ground business association in an 18-month process to design and launch a regional fund. This learning will support other communities throughout the country.

## IMPACT CAPITAL LAB

BII Fund offers advisory support to help individual and institutional investors direct a portion of their portfolios toward place-based impact investing.



A private foundation in Boston engaged BII Fund to work with its board, investment committee and staff to deploy both program and endowment assets in alignment with the foundation's mission of increasing racial justice and transforming power.

## FIELD-BUILDING GRANTS

BII Fund supports initiatives that challenge conventional beliefs about ownership, competition, profit-making and control—and advance fresh perspectives on democratizing investment, strengthening relationships and building solidarity.



Through our supported organizations, BII Fund provides grants to incubator and accelerator programs in Eastern Massachusetts that create opportunities for entrepreneurs of color to launch businesses and build wealth.

## HOW WE'RE CLOSING THE RACIAL WEALTH DIVIDE

By the end of 2018, there were 18 enterprises in the BII Fund portfolio. That included 13 for-profit enterprises, 3 non-profits and 2 worker-owned cooperatives. All 18 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.

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 **OVER 60%** of non-executive employees are people of color.

### 18 COMPANIES

- 13 for-profit
- 3 non-profit
- 2 cooperatives

### 223 JOBS

- 59% held by people of color
- 50% held by women

### REVENUE GROWTH

- 11% aggregate growth year-over-year

### CAPITAL RAISED

- Every \$1 of capital invested by BII leveraged \$14 of follow-on capital

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

#### OWNERSHIP STAKE BY:

45%

PEOPLE OF COLOR

43%

WOMEN

38%

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 2.2 to 1** compared to a **national average of 271 to 1**.

**Men and women are paid at a 1:1 ratio.**

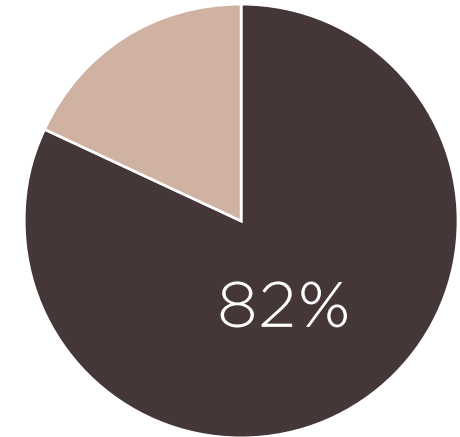
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Mission and impact may draw talent to you and keep them engaged, but ownership provides an opportunity to quantify how day-to-day decisions impact the employee personally. For minority executives, the more valuable your voice, the better able you are to introduce and integrate a diverse perspective into the organization and create a more inclusive and impactful environment.

—Omar Blayton, *Sunwealth*

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

82% of workforce is paid at or above the living wage



The average hourly wage paid to lowest paid employee is

**\$19.40**



Companies buy local—but could do better on whom they buy from.

#### SUPPLIER DOLLARS SPENT AT:

46%

LOCAL BUSINESSES (in New England)

23%

BUSINESSES OWNED BY WOMEN

22%

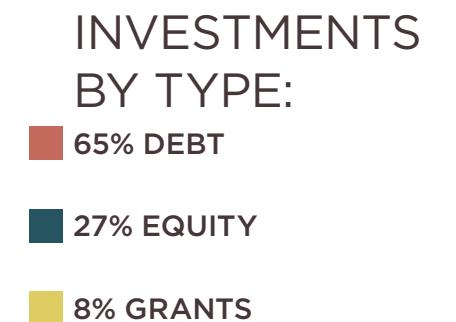
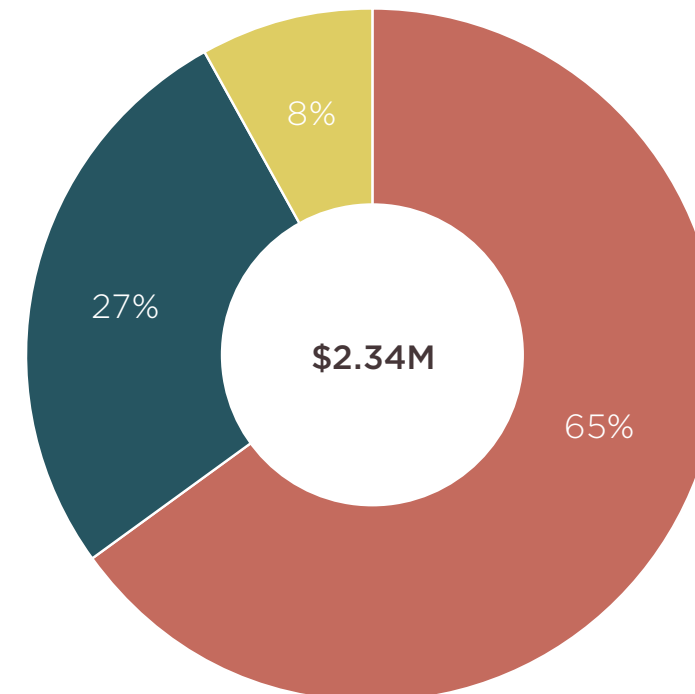
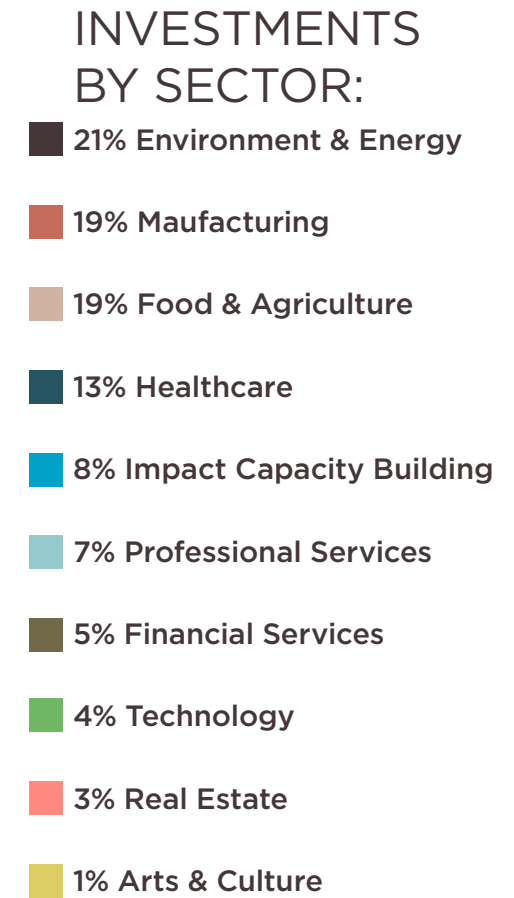
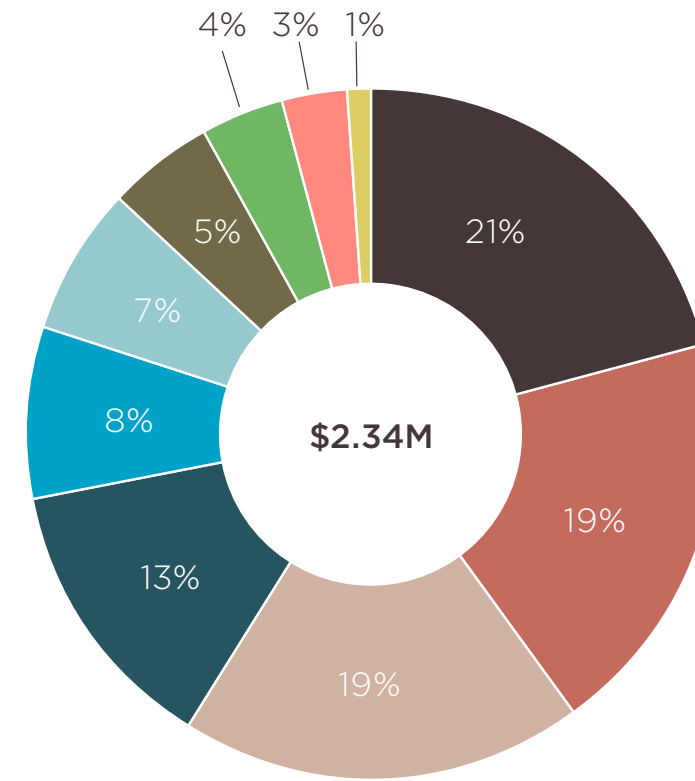
BUSINESSES OWNED BY PEOPLE OF COLOR

## HOW WE'RE FINANCING OUR INVESTMENTS

In 2018, BII Fund raised \$2.25M in Notes from community investors, high net worth individuals, foundations and faith-based institutions. BII Fund raised \$339k in grants to fund programs and operations.

The following charts represent how we've deployed the cumulative capital raised as of December 2018.

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.





**ORGANIZATIONS  
IN OUR  
PORTFOLIO**



**CITY LIFE/VIDA URBANA**  
Jamaica Plain



**DEMOCRACY BREWING**  
Boston



**MOBILE CUTS**  
Milton



**TRANSFORMATIVE  
CULTURE PROJECT**  
Roxbury



**88 ACRES**  
Dorchester



**COHIF**  
Dorchester



**DONE GOOD**  
Somerville



**QUALITY INTERACTIONS**  
Boston



**URBAN FARMING  
INSTITUTE**  
Mattapan



**CARE ACADEMY**  
Boston



**COMMONWEALTH KITCHEN**  
Dorchester



**FRESH FOOD GENERATION**  
Dorchester



**SWEET TEEZ**  
Dorchester



**WASH CYCLE LAUNDRY**  
Chelsea and Worcester



**CERO**  
Dorchester



**DELECTABLE DESIRES**  
West Roxbury



**MAVEN CONSTRUCTION**  
Dorchester



**TC'S REPAIR SERVICES**  
Brockton



**WESPIRE**  
Boston

## 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

#### STAFF

Gregory Bloomfield  
Deborah Frieze  
Afsana Jahan  
Pablo Limon  
Mark Watson

*In February 2019, we were joined by Aliana Pineiro as Impact Director.*



### TO OUR PARTNERS:



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

[bostonimpact.org](http://bostonimpact.org)



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@bostonimpactinitiative