

2014 ONLINE ANNUAL REPORT SUPPLEMENT

Our Future Is Here

LISC

OUR MISSION

The Local Initiatives Support Corporation (LISC) is dedicated to helping nonprofit community development organizations transform distressed neighborhoods into healthy and sustainable communities—good places to work, do business and raise children. LISC mobilizes corporate, government and philanthropic support to provide local community development organizations with:

- loans, grants and equity investments
- local, statewide and national policy support
- technical and management assistance

LISC is a national organization with a community focus. Our program staff is based in every city and many of the rural areas where LISC-supported community development takes shape. In collaboration with local community development groups, LISC staff helps identify priorities and challenges, delivering the most appropriate support to meet local needs.

OUR STRATEGY

LISC's strategy—*Building Sustainable Communities*—seeks to revitalize neighborhoods and improve the quality of life for families who live there. To accomplish this, we work in five areas:

- Expanding investment in housing and other real estate
- Increasing family income and wealth
- Stimulating economic development
- Improving access to quality education
- Supporting healthy environments and lifestyles

Visit www.lisc.org for more information.

By the Numbers

In 2014

LISC invested
\$994 Million
in grants, loans and equity

leading to
\$3 Billion
in development projects

Since 1980

LISC has invested
\$14.7 Billion
in grants, loans and equity

leading to
\$44.1 Billion
in development projects



330,000
affordable homes



292
playing fields



194
child care centers



192
schools



55
health care centers



63
grocery stores

Plus 100s of other retail, arts and community projects totaling 53 Million square feet

That means

5 million+

people live in better communities!

Letter from the Chair and President



The Proof Is In

Understanding why so many low-income communities are still stuck in recession-level distress is a complicated, even controversial conversation. And though we are not oblivious to the deeper questions, LISC comes at the issue with an eye toward solutions. We look hard at what works to shift the outlook for disadvantaged people and places, then we replicate those successes across the country.

The impact of that on-the-ground commitment is increasingly clear. In 2014, we analyzed a decade's worth of data from 63 neighborhoods where LISC has been working. While many factors contributed to better outcomes, we found that in communities where we have significantly invested, residents posted income and employment gains higher than those in comparable low-income areas. They were more resilient. Opportunities opened up. People were living better.

We are diving deeper into that research this year with a new analysis of how our network of Financial Opportunity Centers helps people earn more, improve their credit and increase their net worth.

“ In communities where we have significantly invested, residents posted income and employment gains higher than those in comparable low-income areas. ”

Knowing what works lets us make our programs even more effective, while helping funders and policymakers focus precious resources on proven strategies.

Consider all of that from the perspective of education—a key component of LISC's comprehensive community development approach and one you will see featured

throughout our 2014 annual report. Children who grow up poor tend to have low test scores, but nothing says this has to be. At LISC, we fund quality pre-K programs and help charter schools build facilities where disadvantaged students become academic standouts.

We help launch arts education programs, like a popular after-school orchestra in Cincinnati, that let young people flourish beyond the classroom. And we support school-centered community development plans, like Buffalo's 97-block federally designated "Promise Neighborhood," where efforts to improve housing, health, and community safety are directly connected to improving education.

“Children who grow up poor tend to have low test scores, but nothing says this has to be. At LISC, we fund quality pre-K programs and help charter schools build facilities where disadvantaged students become academic standouts.”

We respond to local needs and create local opportunities. In 2014, that included \$994 million in grants, loans and equity investments to improve the quality of life in low-income areas. This isn't just about measuring dollars. It's about leveraging that capital to improve outcomes. LISC creates efficient, effective models of success.

What does that look like in practice? In 2014, it was our Healthy Futures Fund working to connect affordable housing and health services in urban and rural areas. It was expanding our line of loan products to businesses and entrepreneurs to rebuild decimated commercial corridors. It was launching a new creative placemaking initiative to ramp up investments around arts and culture that will attract residents, shoppers and visitors to low-income areas.

All of those programs fall under the umbrella of economic development, which

for us has grown to mean a mission that is both immediate and long-range: to bring much-needed goods and services to underserved areas, while helping to grow property values, local incomes and jobs.

We're taking that mission into 2015 with an economic development initiative that will intensify investments in schools, shopping centers, theaters, manufacturing, athletic facilities, office space and business incubators, and make them part of well-considered plans for local growth.

It's a far cry from where we started in 1980, hoping to revitalize some of the battered housing stock that marred so many disadvantaged neighborhoods. Since then,

LISC has invested nearly \$15 billion in places where the private market would not otherwise have gone. We get government, philanthropy and the private sector to work together.

Our nation's economic engine needs power from as many people and places as possible to sustain the growth we all celebrate. From the South Bronx and West Duluth to Appalachian Kentucky and Native American communities in Arizona, we're helping long-overlooked places share in that progress.

Robert E. Rubin, Board Chair

Michael Rubinger, President & CEO

Investing in the Future



The Smartest Investment

“An investment in knowledge always pays the best interest,” Benjamin Franklin once wrote, and at LISC, we know this truth first hand. Communities thrive when families have access to quality pre-K and high-performing schools and enrichment activities for their children, and when adults can get the skills training and continuing education they need to land and advance in living wage jobs. Education is one of the soundest predictors of economic stability and personal well-being that we know of.

That’s why educational opportunity is a cornerstone of the work we do in neighborhoods across the country. LISC invests in preschool facilities and outstanding public charter schools, like Detroit’s D.E.P.S.A., featured in the video in the online Annual Report (www.lisc.org/annualreport/2014). And we support after-school, arts and recreation programs that promote physical and social health, along with a tapestry of learning initiatives that go beyond the tradi-

tional classroom. Not only do strong educational opportunities attract residents with a lasting commitment to a neighborhood, they are the bedrock of the kind of equitable, diverse and sustainable communities in which everyone deserves to live.

LISC Education by the Numbers

\$333 Million

invested in schools and early education centers

386

educational facilities developed

100,000

kids have access to better education



Greater Cincinnati & Northern Kentucky

In the Price Hill neighborhood of Cincinnati, a free youth orchestra program called Music for Youth Cincinnati (MYCincinnati) is training kids in classical music—and helping them build self-confidence, focus and good work habits in the bargain. LISC has pro-

vided Price Hill Will, MYCincinnati's parent organization, with more than \$500,000 in grants to support its use of visual arts, music and culture to enhance community development work.



Greater Kansas City

The Upper Room Summer Academy Camp, a free program that gives Kansas City, Mo. youth a safe place to learn and play when school lets out, helps students gain a full academic year in reading achievement every summer. Over the past seven years, LISC has invested more than \$19 million in the program, providing bridge loans that have made it possible for the Upper Room to reach thousands of low-income children.



Peoria

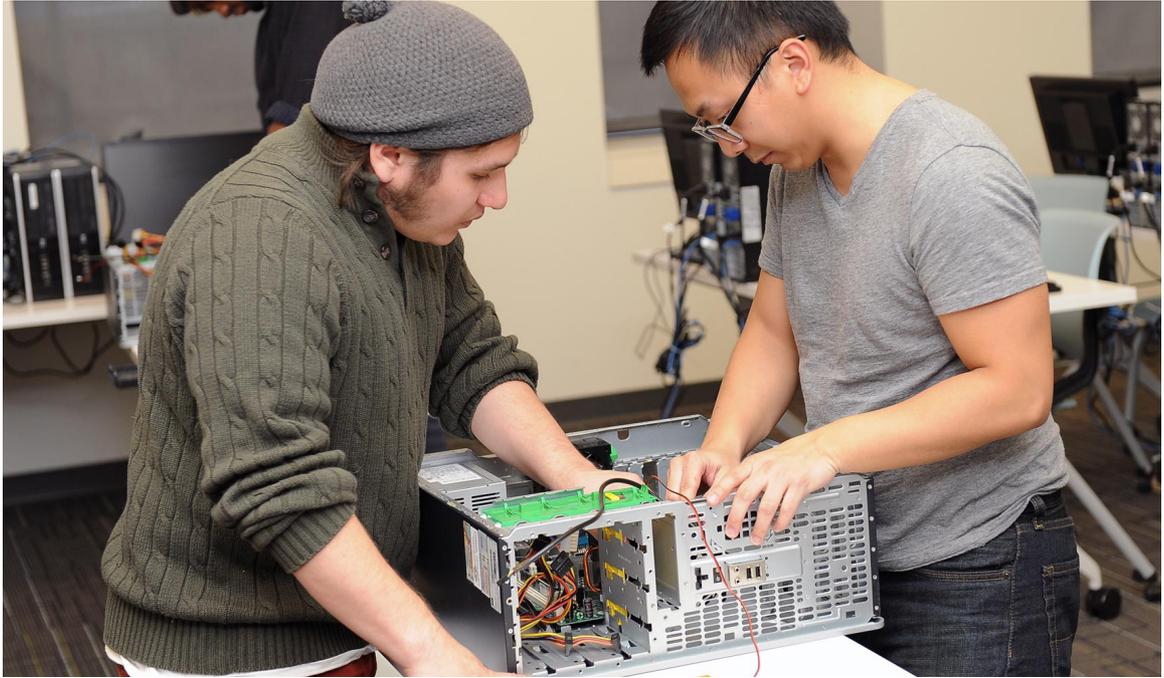
Peoria’s Moonlight Coalition for Adult Learning is a “barrier-free” GED program, offering year-round enrollment, go-at-your-own-pace instruction and free testing—and that makes finishing school far more feasible for people with jobs, children and other obligations. Since 2013, LISC has provided \$90,000 in funding to Moonlight and pays for an AmeriCorps tutor. As a result, more than a third of Peoria’s GED grads have accessed the program on their path to a brighter future.



Philadelphia

In West Philadelphia, where fewer than 33 percent of third graders are reading at target levels, LISC is working to transform early childhood education. Through an innovative outreach program called Community Connectors, local residents have rallied par-

ents to engage intensively with their young children’s learning. LISC also funds a Family Ambassador program to strengthen ties between families and schools, a key to kids’ academic, social and emotional success.



Twin Cities

Last year, LISC invested \$1.3 million to help convert an historic, long-shuttered library into the EMERGE Career and Technology Center, which offers the community an open access computer lab, career coaching and industry-specific skills training. In its first

year of operation, the center's programming is expected to help more than 3,000 North Minneapolis adults and adolescents find jobs and launch careers.



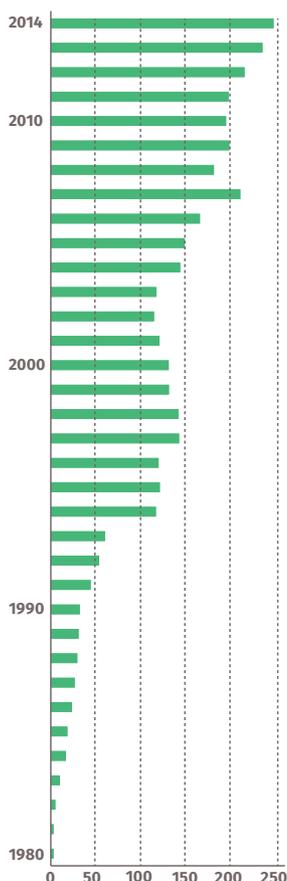
Washington, DC

DC's Dance Place is a cultural anchor of the Monroe Street Arts Walk, hosting performances and educational programming 10 hours a day, seven days a week. Dance Place also serves local students, ages five to 13, through its "Energizers" after-school and summer programs, with classes like African dance, chorus, cooking and journal writing. LISC has invested more than \$7 million in this thriving area, \$46,000 of which went to helping renovate Dance Place.

The LISC 2014 Annual Report celebrates our investment in transformative projects and programs in low-income neighborhoods around the country. To see all of our local stories and the full report, please visit: www.lisc.org/annualreport/2014.

Financials

Total Net Assets, 1980-2014



The condensed financial statements of Local Initiatives Support Corporation (LISC) include the assets, liabilities and revenues of LISC Parent Only as well as its equity interest in the net assets of its controlled affiliates National Equity Fund, Inc. (NEF), New Markets Support Corporation (NMSC), The Retail Initiatives, Inc. (TRI) and Local Initiatives Managed Assets Corporation (LIMAC), LISC Louisiana Loan Fund (LLLF), LLC, Neighborhood Properties, LLC, and LISC Cook County, LLC. These financials do not consolidate the affiliates nor the entities for which either NEF, NMSC or TRI serves as general partner of managing member of (as prescribed by EITF 04-05, Determining Whether a General Partner or the General Partners as a Group Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights). Copies of the audit reports and the complete financial statements will be available in the fall of 2015 upon request to Michael Hearne, CFO at LISC, 501 7th Avenue, 7th floor, New York, NY 10018.

Condensed Statement of Financial Position

As of December 31, 2014

ASSETS

Cash & investments	193,284,985
Contributions receivable	20,748,628
Loans to CDCs & affiliates, net	160,286,967
Investment in affiliates	61,170,284
Other assets	46,097,716
TOTAL ASSETS	481,588,580

LIABILITIES AND NET ASSETS

Grants payable	24,636,556
Loans & bonds payable	195,371,042
Other liabilities	16,189,885
Total liabilities	236,197,483
Net assets	245,391,097
TOTAL LIABILITIES & NET ASSETS	481,588,580

Condensed Statement of Activities and Changes in Net Assets

REVENUE

Contributions	58,432,339
Equity in earnings of affiliates	(2,149,526)
Government contracts revenue, interest, investment income, fees and other	62,778,439
TOTAL REVENUE	119,061,252

EXPENSES

Program services	86,740,603
Management & general	13,531,890
Fundraising	5,988,692
TOTAL EXPENSES	106,261,185

Change in net assets before investments	12,800,067
Realized & unrealized gains (losses) on investments & derivatives	(592,178)
Change in net assets	12,207,889
Net assets, beginning of year	233,183,208
Net Assets, end of year	245,391,097

Team



LISC Local and Regional Offices

Boston	Greater Newark
Buffalo	Peoria
Chicago	Philadelphia
Greater Cincinnati & Northern Kentucky	Phoenix
Connecticut Statewide	Pittsburgh (Neighborhood Allies)
Detroit	Rhode Island
Duluth	Rural LISC
Hartford	San Diego
Houston	San Francisco Bay Area
Indianapolis	Toledo
Jacksonville	Twin Cities
Greater Kansas City	Virginia
Los Angeles	Washington, DC
Michigan Statewide	Washington State (Impact Capital)
Milwaukee	
New York City	

National Programs

- AmeriCorps
- Community Investment Collaborative for Kids
- Community Safety Initiative
- Education Programs
- Family Income & Wealth Building
- Health Programs
- Housing Programs
- The Institute for Comprehensive Community Development
- MetroEdge
- Policy
- Research & Assessment
- Youth Development & Recreation

Affiliates

- The National Equity Fund, Inc.
- The New Markets Support Company, LLC
- The Community Development Trust

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**term ended in 2014*

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For a listing of all contributors to LISC in 2014, please visit:
www.lisc.org/annualreport/2014/donors.html



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