Changed communities change lives.
In 2011

What We’ve Invested

$1.1 billion, which has leveraged
$2.6 billion in total development

What We’ve Accomplished

14,270 affordable homes and apartments
3 million square feet of retail and community space
14 schools financed for 6,500 students
10 child care facilities supported for 1,305 children
13 playing fields renovated for 39,000 kids

Since 1980

What We’ve Invested

$12 billion, which has leveraged
$33.9 billion in total development

What We’ve Accomplished

289,000 affordable homes and apartments
46 million square feet of retail and community space
153 schools financed for 56,290 students
174 child care facilities supported for 18,900 children
254 playing fields renovated for 460,000 kids

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.

On the Cover: In the Hawthorne section of North Minneapolis, LISC helped form a unique collaboration of police and residents to make the neighborhood safer, after years of crime and decline. The community policing effort helped reduce violent crime in the target area by 73%, total auto calls dropped 84%, and narcotic crime dropped 89%. Hawthorne EcoVillage won a LISC-MetLife Foundation Community-Police Partnership award for training around the neighborhood.

It has been nearly impossible to talk about community development over the last few years without the economic downturn driving much of the conversation. It’s clear why, of course: foreclosures and unemployment have been devastating for the communities where we work. The losses are stark and durable. We know the impact all too well.

But we also know this: the recession did not create the underlying challenges most impoverished places face. For communities shaped by decades of blight, the problems are deeper, more tangled, and more persistent than that. They need comprehensive investment strategies, committed private partners and responsive public policies if families are to live safer, healthier lives marked by opportunity, not poverty.

Our 2011 results certainly responded to all of that. LISC invested $1.1 billion in grants, loans and equity in disadvantaged neighborhoods last year and did so in ways designed to build lasting community assets and help families flourish. Our 2011 work brought LISC’s total investment activity to more than $12 billion over the last 31 years, with new jobs, homes, schools, grocery stores, parks, theaters, health centers, athletic fields, education programs, manufacturing facilities and office buildings where blighted, often toxic sites once stood.

And so, our work continues with our strategy of Building Sustainable Communities, an approach conceived and launched a number of years ago, before foreclosures took hold and job loss wore so many families. It reflects our decades on the ground in troubled neighborhoods. And it incorporates our understanding of how various aspects of “community” connect to each other, together fueling a neighborhood’s growth.

Today, it almost seems obvious. Of course safe streets underpin stronger local businesses. And a stable residential base helps those businesses grow. Better housing connects to better health. Successful schools help attract and anchor families to a community, and local entrepreneurs create jobs and provide products and services that benefit those families. All of that bolsters the local tax base and contributes to stronger cities and towns.

The challenge—the difference in what LISC has been doing—is addressing all that at once in places where the dysfunction of one reinforces the deterioration of another. Building Sustainable Communities is the blueprint for building beyond that crippling spiral.

Our 2011 work illustrates how. LISC Financial Opportunity Centers, for example, continued to be a remarkable resource. Our growing network of Centers helped low-income families with employment, asset-building, budgeting and public benefits access, among other things. We now have more than 60 Centers in 25 cities around the country. Through them, people improve their incomes. They restructure upside-down mortgages and rein in credit card debt. They get the counseling they need to save and build for the future. They stabilize their long-term financial outlook.
Our support for education also focuses on lasting gains. In 2011, we continued to invest in public charter schools, early childhood education, after-school programs and service learning so low-income kids could access some of the same educational opportunities as their more affluent peers. Schools are neighborhood institutions. When they are dangerous and deteriorating, they consign both the children within them and the neighbors around them to more of the same.

That includes the local business community. In 2011, we brought new capital to crumbling commercial corridors and creative approaches to helping local business owners. For example, we leveraged our New Markets Tax Credit allocation to launch a small business development fund that links capital from LISC and Morgan Stanley to Small Business Administration lending. The fund is helping entrepreneurs launch new ventures and expand promising businesses in communities where disinvestment has long been the norm.

We also supported housing stability throughout the year — indeed, housing is always a critical piece of the work we do. In 2011, we led local responses to the foreclosure crisis, promoted new opportunities around preservation, and made record-level Low Income Housing Tax Credit investments through our National Equity Fund affiliate. With all that we focused on the needs of some of our communities’ most distressed residents, supporting housing for homeless veterans, the frail elderly and the disabled, in addition to thousands of working class families who now have access to decent homes within their means.

All of that is part of Building Sustainable Communities. It’s a national approach, but one that looks different in different communities, as we build on local capacity and respond to local need.

Consider our work around healthy food. Our goal is to fuel local economic activity, while helping low-income families short-circuit obesity, diabetes and other illnesses. In Brooklyn last year, we did that by supporting an urban farm stand on Cypress Hills operated by youth and supplied by local farmers. In Pittsburgh it was a new Target, set on the streets of one of the neighborhoods where we work. They play a critical role in crafting solutions that improve their own neighborhoods.

That’s what LISC does, collectively, all over the country. It’s impossible to capture the full range of all our local work in this one space. Indeed, Building Sustainable Communities ties together so many strands of growth and opportunity that it might be difficult to envision how it comes together … but that is, unless you walk down the streets of one of the neighborhoods where we work.

We are grateful for the support of our funders and investors, the drive of our community partners and the willingness of many policymakers to find creative ways to support this important work. It’s what allows us to be so engaged with low-income families as they build better lives and stronger neighborhoods.

Running-through much of LISC’s work is a focus on green building and design — including a new partnership in 2011 between LISC’s Green Development Center and the Natural Resources Defense Council to show how existing, urban neighborhoods can be examples of the highest level of sustainability. Our green efforts last year ran the gamut from weatherization and retrofits to green jobs programs to cutting-edge design, construction and even deconstruction of vacant homes. Indeed, green is embedded in our Building Sustainable Communities work because it offers healthier, more affordable homes, schools and green space for low-income families.

We were also fortunate to have the energy of 479 LISC/AmeriCorps members during 2011. They focused on everything from affordable housing development and foreclosure prevention to youth mentoring and financial counseling. Our AmeriCorps program is unique in that we draw our members from the communities where we work. They play a critical role in crafting solutions that improve their own neighborhoods.

That’s why the physical redevelopment of low-income neighborhoods, especially as regards housing, is so critical to their recovery. New construction and renovation efforts eliminate and clean-up vacant, deteriorated properties and create quality, affordable homes that root families to the community and connect them to each other. And by putting rents and mortgages within reach, residents have more disposable income to spend on local goods and services. The improved physical environment helps drive neighborhood safety and become the most visible evidence of new growth and opportunity. It fuels wider gains that have a lasting impact.

Neighborhoods can have all of that even after decades of decay and decline. LISC’s Building Sustainable Communities comprehensive approach to revitalization can change the outlook for disadvantaged places. Incomes grow, crime drops, blight fades and families flourish. They become sustainable communities, good places to live.
Family Income & Assets

Low-income families need the capacity to build a better financial future if they are to truly improve their quality of life.

Some might need to develop marketable job skills and get help with job placement. Others need help accessing public benefits so they can stabilize their financial circumstances. They might need financial counseling to help them more effectively manage their income, reduce their debt and build their assets. Armed with the right tools, they can raise their standards of living. And in doing so, they can help build stronger sustainable communities.

To help families, LISC creates and supports proven programs that open doors to higher-wage, higher-skilled jobs; encourage entrepreneurship; and expand small businesses.

Economic Vitality

Crumbling commercial corridors undermine the prospects for families and communities. Just as dramatically, economic development can reverse that declining course.

By creating opportunities for retailers and service providers to set up shop, we help ensure residents can shop for the goods and services they need in their own neighborhood. Successful local businesses help forestall blight and crime, and they reinforce investments in housing and other development efforts. They might involve innovative micro-enterprises, retooled industrial sites or lively new arts and entertainment districts. They all contribute to the quality of life of nearby neighbors and the health of the communities that surround them.

LISC invests in projects and plans designed to support entrepreneurship, attract new businesses to under-served areas, and stimulate job creation in the places that need it most.
Education

Strong schools and quality early childhood education are fundamental for kids and central to the health of the communities where they live.

After-school and summer learning programs further that, as do recreational programs and public service opportunities for youth. Together, they give low-income families confidence that their children can realize the American Dream.

LISC invests in public charter schools, affordable child care centers, out-of-school time programs and service learning that goes beyond the traditional classroom. We know disadvantaged communities cannot fully recover without access to a quality education for their children. Sustainable communities are one ripe with opportunity.

Health & Environment

Lasting change cannot take hold in communities where crime is rampant, health care is nonexistent and the only green space is dirty and dangerous. Sustainable communities look much different.

They offer safe corner playgrounds for kids, lush walking paths for seniors and community police partnerships that reduce violence and create a sense of shared neighborhood interest. They are healthy places to live, work, do business and raise families.

LISC’s investments in healthier living run the gamut. We support high quality athletic fields, recreational facilities and art programs. We drive community safety efforts that mitigate crime spikes. We fund the development of neighborhood health clinics, parks and community gardens that help families lead healthier lives.
Financial Summary

Condensed Statement of Financial Position
As of December 31, 2011

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<thead>
<tr>
<th>ASSETS</th>
<th>$181,915,362</th>
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<tbody>
<tr>
<td>Cash and investments</td>
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<tr>
<td>Contributions receivable</td>
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<td>Loans to community development corporations and affiliates, net</td>
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<td>Investments in affiliates</td>
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<td>Other assets</td>
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**Total Assets**: $427,335,527

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<tr>
<th>LIABILITIES AND NET ASSETS</th>
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<tr>
<td>Total liabilities</td>
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<tr>
<td>Balance due on notes payable, bonds payable and loans to community development corporations and affiliates, net</td>
<td>24,661,386</td>
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<tr>
<td>Loans and bonds payable</td>
<td>171,217,641</td>
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<tr>
<td>Management and general</td>
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<tr>
<td>Contributions receivable</td>
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<tr>
<td>Net assets</td>
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<table>
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<tr>
<th>REVENUE</th>
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<td>Program services</td>
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<td>Management and general</td>
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<tr>
<td>Government contract revenue, interest, investment income and fees</td>
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**Total Revenue**: $172,424,613

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<th>EXPENSES</th>
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<tr>
<td>Program services</td>
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<tr>
<td>Government contract revenue, interest, investment income and fees</td>
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**Total Expenses**: $195,879,027

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<tr>
<th>Change in net assets before investments</th>
<th>$26,727,945</th>
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<tr>
<td>Realized and unrealized gains (losses) on investments</td>
<td>2,066,539</td>
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<tr>
<td>Change in net assets</td>
<td>24,661,386</td>
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<tr>
<td>Net assets, beginning of year</td>
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<tr>
<td>Net assets, end of year</td>
<td>191,879,027</td>
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**Total Net Assets, 1980—2011 (in millions)**

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