It starts with
whatever the pace of economic recovery might be in America, people in the neighborhoods that rely on LISC and its partners are getting by with less.

One of the most disturbing realities is the widening gap between the wealthy and everybody else. Five years into recovery, the top 10 percent of U.S. earners are roaring ahead while the rest of America falls further behind. And evidence suggests this income inequality won’t cycle itself away.

While the country debates what to do about this stalled mobility, LISC has identified an important part of the solution. Since 2007, our Building Sustainable Communities (BSC) approach has delivered comprehensive investments that are place-based, scalable and sustainable. We support local community development organizations to carry out their missions effectively. We leverage investments from government dollars to foundation grants and private capital to forge creative solutions in neighborhoods whose streets aren’t safe, housing is crumbling, and businesses have long since fled.

BSC is now at work in 111 different neighborhoods, with a ground game flexible enough to meet each one’s unique needs. In each of 42 of these neighborhoods, LISC has invested at least $3 million for a total of $619 million; that has been used to leverage another $2.7 billion in development.

That financing supports the full spectrum of LISC’s program agenda. Thousands of families, including returning veterans and youth aging out of foster care, now live in permanent housing. Crime-infested parks are now safe for kids to play. Supermarkets and farmers’ markets provide lower cost, healthier food. Small businesses open and expand on revitalized commercial strips. New, more accessible clinics serve neighborhood health needs. And so much more.
Our approach has been tested through the worst downturn since the Great Depression and our research shows clear results: BSC communities have held on through hard times while other, comparable neighborhoods have not.

This past year, LISC helped 12,000 families nationwide move into desirable, affordable homes.

We also increased our loan volume 21 percent and opened an office in hard-hit Peoria. With offices in 30 cities and partnerships in dozens of rural areas, LISC is on the ground in more places than any other non-profit in our sector.

We also opened our 71st Financial Opportunity Center (FOC). Thousands of low-income families in some of America’s most forgotten zip codes come to these centers to learn how to find and keep a good job, live on a budget, build good credit, apply for public benefits—in short, how to create a solid foundation for financial stability.

When we help people find jobs and improve their credit, their net income increases on average $650 a month. Initial data show higher net income among 75 percent of FOC participants, higher credit scores among 43 percent and higher net worth among 46 percent. As we open more FOCs, we continue to fine tune the model. We look forward to sharing more research that drills deeper into our expanding impact.

This past year we also helped lead the New York area’s response to Superstorm Sandy with a $75-million fund that supports our partners in Staten Island, Queens and Brooklyn in addressing pressing local needs, like a new HVAC system for a seniors’ rental project and repairs so a small business could re-open. Mayor Michael Bloomberg turned to LISC to administer a $15-million program to treat mold in 2,000 water-damaged homes. We were able to move quickly because we were already deeply rooted in the affected communities before disaster struck. And we’re still there, for the short term and the long haul, for rapid relief and long-term recovery.

But even as we work to expand LISC’s impact across the country, our attention must turn to a looming threat in the nation’s capital. As Congress and the White House grapple with budget cuts and tax reform, all of our critical public support is on the table.

This year, Congress will consider legislation to critical programs like the New Markets Tax Credit, the Social Innovation Fund, and HUD’s Section 4 capacity-building program, to name a few.

We cannot overstate the value of these resources—they are the nuts and bolts of community development. LISC’s programs, staff and policy agenda are girded to protect these crucial tools for redressing America’s ominous income inequality. This fight will be as hard as it is important. We are counting on your support.

Think for a moment about the image of the enduring American spirit: communities where people are hard-working and independent, but neighbors have each others’ backs, where setbacks are met by resilience and dreams are possible.

Then think about neighborhoods across America where life is a chronic struggle to get by, where jobs are scarce, schools are substandard and the streets are dangerous. It might seem as if that pioneer American spirit has somehow passed those places by.

At LISC, we know that’s not the case. Because for more than 30 years we have worked in those very neighborhoods, and every day we see folks joining forces to build a better life.

Their may be a steeper climb, but they want what we all want: a chance to earn a decent income, to raise kids in safe and sound neighborhoods, and every day we see folks joining others’ backs; where setbacks are met by resilience and dreams are possible.

That takes more than a handful of affordable apartments here or a park clean-up there. It takes a kind of holistic vision that considers the unique strengths and challenges of every neighborhood on every front: affordable housing, good schools, thriving shops, safe streets. That broad vision is at the heart of what we at LISC call Building Sustainable Communities.

The idea is to break the cycle of poverty and despair that trumps so many communities. We start by asking neighbors what they think would make their town a better place to live. What we hear back are ideas laced with resilience and hope. That’s really what we leverage when neighbors hold the hope, then LISC takes the financial risk, attracting investors with capital to places they might never consider.

How do we do that? We use crucial tax credits, we line up grants and seed money, we provide essential loans and, most importantly, we help investors look past a neighborhood’s struggle to see its potential.

Now in our 32nd year, LISC is on the ground in 31 urban communities and dozens more rural ones all across the country, listening for the enduring spirit that lies just beneath its troubles, and asking neighbors, “What would it take?”

Here are just a few examples of what we heard them say, and what we helped make happen all over the country.
It takes affordable housing.

This past year, we heard the hopes of folks in a section of Detroit, where the iconic Bell Building that printed phone books in its manufacturing heyday was a 12-story monument to obsolescence and decay. Then LISC and its partner, the National Services Organization, secured the financing to give that neglected landmark new life and the neighborhood something it needed—155 fully-furnished, one-bedroom apartments that offer Detroit’s chronically displaced not only a home to be proud of, but addiction treatment, nutrition classes, a computer room, even a gym.

We helped do the same thing in Cincinnati, where the beloved, historic Elberon Building, abandoned and blighted, stood as a promising gateway for the Price Hill neighborhood’s revitalization. With help from LISC and its partners, the Elberon opened in April 2012 as 36 beautiful, affordable senior apartments, and a symbol of the neighborhood’s resurrection.

We listened some more in Chicago, where one in three homeless people is estimated to be a military veteran. LISC and its partners lined up millions in capital and in May 2012 Hope Manor opened its doors, providing affordable housing and intensive social services to 80 homeless veterans, not to mention an economic boost to the East Garfield Park neighborhood. And its eco-friendly design means lower energy costs so resources can be used to give those who served the critical services they so deserve—like computer training, legal assistance, job readiness and placement services, and health and wellness counseling.
It takes safe streets.

For years, Barton Street in Pawtucket, R.I., was best known for prostitution: young people walking to school saw it every day. Law enforcement was a revolving door between jail and the streets. But with the help of LISC and its partners, Barton Street is today evidence of what can happen when neighborhoods and police join forces not to arrest women, but to empower them. Direct street outreach is giving these women access to mental health treatment, jobs, HIV testing, food and other basic needs. Arrests are down 90 percent.

And **Project RENEW** — Revitalizing and Engaging Neighborhoods by Empowering Women — stands as a statewide model, one of the few programs in the nation to focus on providing help to commercial sex workers.

And in Indianapolis, we heard that kids needed a safe place to play. So LISC invested $200,000 and helped line up an additional $14.3 million in New Market Tax Credits for a premiere synthetic football field at Arsenal Tech High School and a new full-service neighborhood recreation center. Built and baptized by the 2012 Super Bowl teams — the New York Giants practiced on it before the big game — the field was then gifted to the Indianapolis Public School District and Arsenal Tech H.S. in August 2012. Now more than 2,600 kids a year play football, soccer and track on a field that not only helps keep them healthy and safe, but memorializes the first Super Bowl championship ever played in their home state.
It takes good schools.

Neighborhoods can’t succeed if their children aren’t given opportunities to learn. We know that all parents, not just the affluent ones, want a good education for their kids. And it’s no secret that great teachers and high expectations drive student achievement. Few have had greater success helping underserved students get to and through college than the Edward W. Brooke Charter Schools in the Boston area. With a $3.5 loan from LISC secured in November 2012, two Brooke schools in low-income neighborhoods will continue to offer excellent teaching and free enrollment for 475 students grades K–8. But LISC also knows that a child’s academic career starts well before the first day of Kindergarten. So in Oakland, Calif., where one third of families live in poverty, LISC and its partners helped established Pre-K programs at Garfield Elementary School to better prepare children for Kindergarten. A LISC grant expanded the early childhood education program—Lotus Bloom—at Garfield, doubling the number of children and parents enrolled. Academic achievement is improving and Garfield is becoming a full-service community school.

Edward W. Brooke Charter Schools
(Boston, Massachusetts)
A LISC loan for $3.5 million helped the Edward W. Brooke Charter Schools acquire, renovate and refinance two schools that provide free K–8 education for underserved students in the Boston area.

Garfield Elementary School (Oakland, California)
Thanks to a $135,000 investment by LISC, Lotus Bloom doubled its enrollment of students in pre-K education at Garfield Elementary to improve their preparation for Kindergarten.

CHILD CARE FACILITIES SUPPORTED:
10 in 2012, for 710 children
184 since 1980, for 19,700 children

SCHOOLS FINANCED:
11 in 2012, for 6,400 students
180 since 1980, for 72,000 students

CHILD CARE FACILITIES SUPPORTED:
10 in 2012, for 710 children
184 since 1980, for 19,700 children

SCHOOLS FINANCED:
11 in 2012, for 6,400 students
180 since 1980, for 72,000 students
It takes a thriving business community.

The business district is often a neighborhood’s front porch; it’s the first thing people see, it shapes a community’s image. Vibrant shops attract residents and visitors, encourage private investment and promote safety. LISC Milwaukee is revitalizing commercial corridors in five neighborhoods with real estate loans, money to help spruce up facades, and technical assistance to make commerce hum. LISC’s Commercial Corridor Program is all part of our big picture efforts to wipe out blight, bring down crime and jump-start a second life for businesses and residents.

We know that good business isn’t just about a healthy profit; it’s about giving a community what it needs. And every school kid needs a healthy lunch. So in Greenfield, Mass., about 90 miles outside of Boston, the Franklin County CDC contracts with farmers every season to set a fair price for the school district on locally-grown vegetables. With the help of LISC grant money, the CDC hired staff and set up new business ventures— including commercial freezers that process more than 100,000 pounds of fresh produce for local schools. The farmers have been able to shift their cash crop from tobacco to veggies, a new business was born and the kids in Franklin County are eating cauliflower, broccoli, peppers and squash. Everybody wins.
### Condensed Statement of Financial Position

**As of December 31, 2012**

#### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments</td>
<td>$179,696,770</td>
</tr>
<tr>
<td>Contributions receivable</td>
<td></td>
</tr>
<tr>
<td>Loans to community development corporations and affiliates, net</td>
<td>$118,344,190</td>
</tr>
<tr>
<td>Investments in affiliates</td>
<td>$54,815,068</td>
</tr>
<tr>
<td>Other assets</td>
<td>$38,422,191</td>
</tr>
</tbody>
</table>

**Total Assets** $417,608,737

#### Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants payable</td>
<td>$22,752,796</td>
</tr>
<tr>
<td>Loans and bonds payable</td>
<td>$163,786,768</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>$17,689,656</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$204,209,220</td>
</tr>
</tbody>
</table>

**Net assets** $213,399,517

**Total Liabilities and Net Assets** $417,608,737

---

### Condensed Statement of Activities and Changes in Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$51,708,535</td>
</tr>
<tr>
<td>Equity in earnings of affiliates</td>
<td>$19,099,186</td>
</tr>
<tr>
<td>Government contract revenue, interest, investment income and fees</td>
<td>$42,229,623</td>
</tr>
</tbody>
</table>

**Total Revenue** $113,037,344

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td>$81,103,596</td>
</tr>
<tr>
<td>Program services</td>
<td>$10,322,254</td>
</tr>
<tr>
<td>Management and general</td>
<td>6,611,762</td>
</tr>
</tbody>
</table>

**Total Expenses** $98,037,608

Change in net assets before investments $14,999,736

Realized and unrealized gains (losses) on investments $2,520,754

Change in net assets $17,520,490

Net assets, beginning of year $195,879,027

Net assets, end of year $213,399,517

---

### National Programs

- Affordable Housing Preservation
- AmeriCorps
- Community Investment Collaborative for Kids
- Community Safety Initiative
- Education Programs
- Family Income & Wealth Building
- The Institute for Comprehensive Community Development
- MetroEdge
- Research & Assessment
- Vacant Properties & Foreclosure Response
- Veterans Housing Initiative
- Youth Development & Recreation

### LISC has talent

One Washington, DC LISCer has sung backup for Ne-Yo, Colbie Caillat, Vanessa Hudgens, Andrea Bocelli, Alan Jackson, and Katherine McPhee.

### We are winners

A gold medal winner in hip-hop dancing at the 2002 Macau Olympic Games and an award-winning poet from Cincinnati (who also happens to be one of only 12 female Imams in the world).

### We build all kinds of things...

Not just housing, but a working hovercraft.

### Brushes with fame:

One LISCer is third cousin to 1945 Miss America, Bess Myerson.

A LISC attorney supervised a young lawyer named Barack Obama with his legal work closing a loan.

---

### LISC Local and Regional Offices

- **Boston**
- **Buffalo**
- **Chicago**
- **Greater Cincinnati & Northern Kentucky**
- **Connecticut Statewide**
- **Detroit**
- **Duluth**
- **Gulf Region**
- **Harford**
- **Huntsville**
- **Indianapolis**
- **Jacksonville**
- **Greater Kansas City**
- **Los Angeles**
- **Michigan Statewide**
- **Mid South Delta**

- **Milwaukee**
- **New York City**
- **Greater Newark & Jersey City**
- **Pewaukee**
- **Philadelphia**
- **Phoenix**
- **Pittsburgh (through PPND)**
- **Rhode Island**
- **Rural LISC**
- **San Diego**
- **San Francisco Bay Area**
- **Tobacco**
- **Twin Cities**
- **Virginia**
- **Washington, DC**
- **Washington State**
- **Through Impact Capital**
LISC Board of Directors

* term ended in 2012

Robert E. Rubin (Chair)
Former Secretary of the U.S. Treasury
Co-Chairman
Council on Foreign Relations
New York, N.Y.

Gregory Belinfanti
Partner
One Equity Partners
New York, N.Y.

Kelly Caffarelli
President
The Home Depot Foundation
Atlanta, Ga.

Lisa Cashin
New York, N.Y.

Audrey Choi
Managing Director
Morgan Stanley
New York, N.Y.

Mary Crego
Senior Vice President
State Farm
Bloomington, Ill.

Larry H. Dale
Chairman
National Equity Fund, Inc.
Denver, Colo.

Michelle de la Uz
Executive Director
Fifth Avenue Committee
Brooklyn, N.Y.

Sally Durdan
Executive Vice President
JPMorgan Chase
New York, N.Y.

Tom Espinoza
President & CEO
Raza Development Fund
Phoenix, Ariz.

Dean Esserman
Chief of Police
New Haven Police Department
New Haven, Conn.

Pamela P. Flaherty
Director, Corporate Citizenship
Citi
President & CEO
Citi Foundation
New York, N.Y.

Lisa Glover
Senior VP & Director of Community Affairs
U.S. Bank
Milwaukee, Wis.

Colvin W. Grannum
President
Bedford Stuyvesant Restoration Corporation
Brooklyn, N.Y.

Kevin Johnson
Mayor
City of Sacramento
Sacramento, Calif.

Lynette Lee
Executive Director (retired)
East Bay Asian Local Development Corporation
Oakland, Calif.

Brandee McHale
Chief Operating Officer
Citi Foundation
New York, N.Y.

Kathy Merchant
President & CEO
Greater Cincinnati Foundation
Cincinnati, Ohio

Ronald Phillips
President
Coastal Enterprises, Inc.
Wiscasset, Maine

Andrew Plepler
Global Corporate Social Responsibility Executive
Bank of America
Charlotte, N.C.

Rey Ramsey
President & CEO
TechNet
Washington, D.C.

Don Randel
President
The Andrew W. Mellon Foundation
New York, N.Y.

Rip Rapson
President & CEO
The Kresge Foundation
Troy, Mich.

Michael Rubinger
President & CEO
Local Initiatives Support Corporation
New York, N.Y.

Nilda Ruiz
President & CEO
Asociación Puertorriqueños en Marcha

Mike Smith
President & CEO
State Farm Bank
Bloomington, Ill.

George H. Walker
Chairman & CEO
Neuberger Berman Group
New York, N.Y.

Seth H. Waugh
Chief Executive Officer
Deutsche Bank Americas
New York, N.Y.

Bernard Winograd
Chairman of the Executive Committee
Local Initiatives Support Corporation
New York, N.Y.

Donors

For a listing of all contributors to LISC in 2012, please visit: www.lisc.org/annualreport/2012

Credits

Photography: Juan Francisco Hernandez, Christopher Lark, Inc., Kenny Corbin, Vanessa Sorensen, LISC archives
Design: Landesberg Design
Illustration: Hieronymus

LISC
501 Seventh Avenue
7th Floor
New York, NY 10018
212.455.9800
www.lisc.org