IT TAKES ALL OF US.

Investing in change.
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.

In 2013 ...

We invested
$776 million
WHICH HAS LEVERAGED
$2.3 billion
in total development.

Since 1980 ...

We invested
$13.8 billion
WHICH HAS LEVERAGED
$41.2 billion
in total development.

WHAT IT REALLY MEANS

AFFORDABLE HOMES AND APARTMENTS:
11,850 in 2013
313,400 since 1980

SCHOOLS FINANCED:
13 in 2013,
for 5,032 kids
193 since 1980,
for 77,200 kids

RETAIL AND COMMUNITY SPACE:
2 million sq. ft.
in 2013
51 million sq. ft.
since 1980

CHILD CARE FACILITIES SUPPORTED:
6 in 2013,
for 590 kids
190 since 1980,
for 20,270 kids

HEALTHY FOOD PROJECTS:
11 in 2013
74 since 1980

PLAYING FIELDS RENOVATED:
18 in 2013,
for 70,070 kids
273 since 1980,
for 480,000 kids
Where there’s a will for change, LISC finds the way

This has been a year of growing concern about the plight of millions of Americans who can’t make ends meet. We believe there is much that can be done to help them. And at LISC, that is our mission.

Every day, LISC works with local nonprofits and community coalitions to equip struggling neighborhoods with the capital, strategy and know-how they need to become places where people can thrive.

The key word is local. We believe the best ideas for progress and change start with the residents themselves, because no one knows a community better than the people who live there. Our job is to take those homegrown ideas and do what struggling communities often can’t—connect them with the expertise and critical resources that turn ideas into actions.

That is the philosophy behind our guiding strategy we call Building Sustainable Communities, a holistic approach to revitalization that looks at all of a community’s needs—decent and affordable homes, good schools, safe streets, quality health care, and jobs that can support a family. With this approach, LISC is building paths to prosperity in the places others have left behind.

This is no easy task, especially with key government funding ever more uncertain as Washington slashes budgets. In the face of these challenges, LISC continues to find new ways to push onward. In 2013, we harnessed the power of partnerships and worked together with leaders in the public, private and philanthropic sectors; we amassed a host of new tools.

This freshly stocked tool kit will bolster our efforts for a sustainable impact in the communities we serve—change that lasts. As a partner in the U.S. Treasury Department’s ground-breaking CDFI Bond Guarantee Program, LISC is spurring new development by investing $50 million in the construction of affordable housing and charter schools.

With our Community Advantage license from the U.S. Small Business Administration, we can stimulate economic development by providing small businesses with the loans they need—as much as $250,000 each—to grow and create jobs. We are one of a few mission-oriented groups in the nation licensed to do this kind of lending.

In 2013, we also teamed up with The Kresge Foundation and Morgan Stanley to launch a new $100 million Healthy Futures Fund that will expand access to quality health care by financing the construction of community health centers.

Additionally, the U.S. Department of Justice gave us $2.5 million to guide a growing group of cities (now 29) involved in its Byrne Criminal Justice Innovation Program. We are now combining our decades of experience in forging community-police partnerships with the insights of top criminal justice experts to bring down crime in neighborhoods around the country. In addition to launching new tools, LISC is expanding those that are tried and true. Last year we opened our 72nd Financial Opportunity Center (FOC). In 2013 alone, our FOCs helped more than 20,000 people get quality job training, apply for public benefits, build good credit and more. By providing a comprehensive array of services under one convenient roof, our FOCs are designed to help people seize opportunities that once lay beyond their reach.

LISC is able to launch innovative programs and keep years-long partnerships because we have a track record people trust. Since 1980, we have invested $13.9 billion in changing the trajectory of America’s most forgotten neighborhoods. These investments have helped build or rehabilitate 313,400 affordable homes and apartments and develop 51 million square feet of commercial and community space.

We’re a national organization with more local offices than any other nonprofit in our field—and that includes a robust network of partners in rural areas across the country. By leveraging our experience and sharing our expertise, we make it possible for local community groups to get funding from some of America’s biggest foundations and corporations, and use it to build a better future in the neighborhoods they serve.

As we look ahead, LISC is committed to finding new ways to create opportunity in the neighborhoods where we are already on the ground. That’s why in 2013, we went to the White House to brainstorm with President Obama on new federal policies that could help build back struggling neighborhoods. That’s why we brought community development officials from across the country to Washington, D.C. to discuss how to bring the latest innovations to scale. And that’s why year after year, we pound the halls on Capitol Hill to advocate for funding federal programs that finance community transformation.

By sharing stories of how the Low Income Housing Tax Credit, the New Markets Tax Credit, the Social Innovation Fund, and other key federal initiatives have transformed the landscape of America’s most beset neighborhoods, LISC is making the case for change and laying the foundation for growth.

As our funders, supporters and partners, you all play a critical role in making change possible—even in the most challenged places. Coast to coast, block by block, your support is helping to build strong communities, strong neighborhoods, and strong families. On the following pages, we hope you will be encouraged by the gains we have made and inspired to join us in the work that lies ahead.
Building solid partnerships is at the heart of how we work at LISC. It was our core strategy back when we started in the 1980s with a focus on affordable housing. And it remains central to our work today, even as our mission broadens to a more holistic approach that helps people secure not just the homes they need, but also the quality jobs, schools, shops, health care, and sense of safety that define a “good place to live.” We call that Building Sustainable Communities.

But a well-reasoned vision isn’t enough. No one program, no one funding stream, no one group can revive long-troubled places. We can only do that together. And that means forging rich and lasting relationships that bring the for-profit, public, and non-profit worlds into a shared sense of mission fueled by creative thinking and lasting commitment.

Because after three decades on the ground in hundreds of urban and rural places, we can tell you that community development is patient work. There is no straight line from decline to prosperity — you have to be in it for the long haul. The partnerships that succeed are the ones staunch enough to support projects even when they stumble, and persistent enough to push past the inevitable economic obstacles they face.

Our relationships are seasoned; LISC is a trusted name in the community development world. Yet the way we use those alliances is creative and fresh. While we tend to our longstanding partners, we are always seeking out new ones to keep pace with an ever-changing community development landscape.

LISC partners with residents to understand their needs and hear their ideas for change and growth where they live. Just as importantly, we partner with those who want to see that change happen and have the means to get it done. Matching the need with the resource that can meet it is the essence of what we do here at LISC.

After 30-plus years of working to help struggling communities transform themselves into quality places where families can thrive, LISC is proud to be part of countless success stories. We emphasize the words part of, because the credit is never ours alone. Poverty is a stubborn cycle, and the key to breaking it can be captured in one word: partnerships.

The Power of Partnership

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It takes all of us

Our For-Profit Friends...

For a prime example of our strong partnerships with the business sector, have a look at Washington, D.C., where LISC has a long-term partnership with WCSmith, a developer proving that reviving communities is both good work and good business. In the Congress Heights neighborhood, WCSmith has taken the lead in developing a retail center, quality housing, the iconic Town Hall Education and Recreation Campus (THEARC), a baseball field, and a host of other essentials and amenities—working closely with LISC to get many of them off the ground. Where others saw blight and decline, CEO Chris Smith saw promise. He and his team brought investment capital, philanthropic contributions and ongoing volunteerism to the neighborhood, improving the overall quality of life for the people who live there.

Indeed, collaboration is critical to our work around some of the country’s most pressing issues, and among the most imperative is caring for homeless veterans back from war. Joining forces with Cloudbreak Communities, a developer based in Pasadena, Calif., we’ve helped build new housing in Houston and Phoenix that provide not only affordable housing for homeless vets but nearby support services such as medical care and job assistance. It’s all part of our Bring Them Homes initiative, which targets the needs of this vulnerable, venerable population. Today, more than 2,500 new homes are already up and running.

WCSmith
LISC and WCSmith have helped revitalize Congress Heights, with more affordable housing, a retail center, and the iconic Town Hall Education and Recreation Campus (THEARC), a community center where residents come together to learn and grow.

Cloudbreak Communities
The roof deck at Travis Street Apartments in Houston is a haven for Veterans who are making a fresh start at this new supportive housing development, built by Cloudbreak Communities with financing from LISC’s National Equity Fund.
Our Public Sector Partners…

Our long and trusted partnerships with government are critical to bringing much-needed growth and renewal to neighborhoods such as Mott Haven in the Bronx, one of the nation’s poorest communities. The Department of Housing and Urban Development’s Choice Neighborhoods initiative targeted Mott Haven for a revitalization effort to rebuild decaying housing and create jobs.

LISC was selected to lead that important effort. Why? Because our alliance with HUD is proven and strong—from renewing whole swaths of Harlem to organizing recovery efforts after Hurricane Sandy. And our on-the-ground knowledge of Mott Haven is deep; we were already at work there tapping the ideas of residents, community organizations, city agencies, and business leaders to pave the way for change.

Much the same is happening in Rhode Island, where LISC is partnering with the state to leverage the federal Race to the Top program to expand and improve pre-schools for low-income kids. President Obama’s call for universal pre-Kindergarten programs last year increased the urgency around this important work.

But the early education mission isn’t new for LISC or for Rhode Island. Together, we’ve been figuring out how to build quality facilities for our youngest learners for more than 20 years. That experience, and the relationships on which it stands mean we’re well-positioned to attract new funding and support the cutting-edge innovative aspirations of pre-K and child care providers. As a result, kids in Rhode Island will have a better chance to succeed in school and in life. Again, our traditional partnerships spawn innovative change.

Choice Neighborhoods
LISC is leading the federal Choice Neighborhoods effort in the Mott Haven neighborhood of the Bronx, working with residents to plan a future of better housing, stronger businesses and safer streets.

Race to the Top
U.S. Senator Jack Reed (D-RI) visits Beautiful Beginnings Childcare in Providence, financed with help from LISC, to highlight federal efforts to make early childhood education more affordable for families.
Our Non-Profit Brethren...

One of the resources we have regarded as invaluable from our earliest days are the non-profit agencies that live in so many struggling neighborhoods and know the challenges first-hand. We work to support and strengthen existing non-profits so they can respond to the challenges their neighbors face.

In Michigan, for instance, we’re collaborating with an unlikely partner, Kalamazoo Valley Community College, which has ambitious plans to bring fresh produce, a community health center, expanded mental health services, and food production facilities to Kalamazoo’s Edison neighborhood. This is part of their larger effort to develop a new campus.

That could mean as much as $150 million in renewal over the next three years, aligning with LISC’s work already underway to improve affordable housing, commercial corridors, and health services.

LISC works on a national scale, but we target local needs. In Phoenix, where sprawl has disconnected so many communities from economic opportunity, the need is for smart transit-oriented development (TOD) that links neighborhoods to jobs. That’s why we joined forces several years ago with the non-profit Raza Development Fund to launch a $20 million TOD fund. By the end of 2013, that alliance had supported more than 500 affordable apartments along Phoenix’s new light rail system, part of a LISC-led TOD model that includes 25 local partners, and is now attracting tens of millions of dollars in new development capital to low-income areas across the city.

Even as we expand our vision to include all of a community’s needs, LISC continues its commitment to give every person the opportunity for a decent, affordable place to call home. To that end, we enhanced our long relationship with Project HOME — a top nonprofit in Philadelphia that is leading a city-wide plan to end chronic homelessness.

In the first transaction of its kind, LISC tapped federal tax credits to fuel a program that seeks to help 2,200 homeless residents currently unserved by any existing resource. Our aim now is to see a larger holistic effort that expands beyond decent housing and into education, health care and jobs — all areas where LISC boasts a solid track record of success.

Large-scale efforts like these don’t work without a tremendous range of support.

The best ideas start with the people on the ground, and LISC does more than listen. We stand with local people then reach out to our treasured partners to connect homegrown ideas with the expertise and resources that turn those ideas into progress families can see.

That’s how, in 2013, struggling communities across America became better places to live, work, do business, and raise families.

That’s how we do it at LISC.
The condensed financial statements of Local Initiatives Support Corporation (LISC), include the assets, liabilities, 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 (LLFF), LLC, Columbia Pointe, 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 2014 upon request to Denise Altay, Interim CFO at LISC, 501 7th Avenue, 7th floor, New York, NY 10018.

Condensed Statement of Financial Position
As of December 31, 2013

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<tr>
<th>Assets</th>
<th>Amount (in millions)</th>
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<tbody>
<tr>
<td>Cash and investments</td>
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<td>Contributions receivable</td>
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<td>Loans to community development corporations</td>
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<td>Investments in affiliates</td>
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<td>Other assets</td>
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<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$440,728,127</strong></td>
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<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th>Amount (in millions)</th>
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</thead>
<tbody>
<tr>
<td>Grants payable</td>
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<tr>
<td>Loans and bonds payable</td>
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<tr>
<td>Other liabilities</td>
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<tr>
<td>Total liabilities</td>
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<tr>
<td>Net assets</td>
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<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
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Condensed Statement of Activities and Changes in Net Assets

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<th>Revenue</th>
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<tr>
<td>Contributions</td>
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<td>Equity in earnings of affiliates</td>
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<tr>
<td>Government contracts revenue, interest,</td>
<td>52,561,584</td>
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<tr>
<td>investment income, fees and other</td>
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<td><strong>TOTAL REVENUE</strong></td>
<td><strong>$123,732,696</strong></td>
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<table>
<thead>
<tr>
<th>Expenses</th>
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<td>Program services</td>
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<td>Management and general</td>
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<td>Fundraising</td>
<td>6,498,076</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$104,165,119</strong></td>
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Change in net assets before investments $19,567,577
Realized and unrealized gains (losses) on investments 216,114
Change in net assets 19,783,691
Net assets, beginning of year 213,399,517
Net assets, end of year 233,183,208

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

LISC Local and Regional Offices

<table>
<thead>
<tr>
<th>City</th>
<th>Office Name</th>
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<tbody>
<tr>
<td>Boston</td>
<td>Greater Newark</td>
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<td>Buffalo</td>
<td>Poole</td>
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<tr>
<td>Chicago</td>
<td>Philadelphia</td>
</tr>
<tr>
<td>Greater Cincinnati and N. Kentucky</td>
<td>Phoenix</td>
</tr>
<tr>
<td>Connecticut Statewide</td>
<td>Pittsburgh (Neighborhood Allies)</td>
</tr>
<tr>
<td>Detroit</td>
<td>Rural LISC</td>
</tr>
<tr>
<td>Duluth</td>
<td>San Diego</td>
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<td>Hartford</td>
<td>San Francisco Bay Area</td>
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<td>Houston</td>
<td>Coldwell</td>
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<td>Indianapolis</td>
<td>North Carolina</td>
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<td>Jacksonville</td>
<td>Twin Cities</td>
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<tr>
<td>Greater Kansas City</td>
<td>Virginia</td>
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<tr>
<td>Los Angeles</td>
<td>Washington, DC</td>
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<tr>
<td>Michigan Statewide</td>
<td>Washington (Impact Capital)</td>
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<tr>
<td>Milwaukee</td>
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<tr>
<td>New York City</td>
<td></td>
</tr>
</tbody>
</table>

We’re Eco-Minded...
88% of us walk, bike, or take public transit to work.

Smart...
92% Graduated from college
56% Completed grad school
49% of us drank 2 or more cups of coffee per day,

We Love Our Animals...
54% of us have a pet at home, including...

Our Entertainment...
80% prefer paper books over an eReader.

And our communities...
4½ hours each week is the average each of us spends doing volunteer work.

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
MediEdge
Policy
Research & Assessment
Youth Development & Recreation

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

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