Dear Friends,

2012 was a year of strategic reflection for Calvert Foundation. We introduced new impact investing initiatives, participated in groundbreaking research, focused on making our operations more sustainable, and positioned ourselves for long term growth.

Some of our strongest memories from the past year are those that show how we are all connected. SuperStorm Sandy and the Newtown tragedy demonstrated that we are interconnected on a global level by forces like climate change and our desire to protect young people from harm. We are proud to be leading a movement that connects underserved communities with investors who seek to achieve positive social, economic, and environmental change.

To that end, we launched the Women Investing in Women Initiative (WIN-WIN) and the Gateways to Impact research in 2012. Together, they demonstrate that impact investing is both growing fast, and becoming more attractive to everyday investors. We continue to expand the distribution of our Community Investment Note, and are creating targeted investment opportunities to bring more investors into the impact investing fold.

We are also focused on our own financial sustainability, making our lending operations more efficient while developing new sources of revenue. We are pleased to have closed the books on 2012 with a surplus.

Despite the inevitable bumps in the road, we journey forward with our portfolio partners and a community of more than 6,500 investors who share our vision of a more impactful economy. Please participate in this growing movement by reading our blog, signing up for our e-newsletter, or connecting with us on social media!

D. Wayne Silby  John G. Guffey, Jr.  Lisa Hall
Co-Chair, Board of Directors  Co-Chair, Board of Directors  President and CEO
“The financing from Calvert Foundation has been critical to fulfilling our mission of preserving affordable housing nationwide.”

— MICHAEL SLOSS
Managing Director, ROC USA Capital
We empower investors to empower communities. Through the Community Investment Note, more than 6,500 everyday investors are creating real financial and social returns in underserved communities around the world.
THE PARADIGM PROJECT

Impact investing is playing an increasingly important role in the global economy. All of the capital raised from investors through our Community Investment Note supports organizations creating positive social and environmental impacts. One such organization is The Paradigm Project, a social enterprise working to reduce the negative health and environmental consequences of cooking over open flames through its clean cookstove business. The stoves reduce wood consumption and prevent women from needing to make long and often treacherous journeys to collect wood. Calvert Foundation invested $300,000 in The Paradigm Project to expand their operations in Kenya.
NCB CAPITAL IMPACT
We are working with some of our established portfolio partners to do more direct, project-based lending. One such project is the Jane B. Eisner Middle School, part of the Camino Nuevo Charter Academy’s network of high-performing charter schools in Los Angeles. The original structure was built in 1928 as a maintenance facility for the Southern California Telephone Company. We invested alongside lead lender NCB Capital Impact to help transform the facility into a thriving school that is achieving academic success. Camino Nuevo’s schools include a developmental bilingual program and a rigorous college preparatory curriculum.
Affordable, flexible financing enables our portfolio partners to create positive impact in their communities. We are working in new ways with some of our strongest partners to offer innovative financing that supports their critical work.
Individuals increasingly want to invest in the causes that inspire them. We offer targeted investment opportunities that help investors align their money with their values.
Calvert Foundation’s WIN-WIN portfolio is a group of organizations empowering women through healthcare, education, and access to credit. More than 600 investors have invested in the WIN-WIN initiative since its launch in March 2012, enabling us to deploy nearly $10 million to support women through organizations like Fundación Mundo Mujer-Popayán (FMM-Popayán). With access to credit from FMM-Popayán, the shop owners, silk weavers, and farmers in the Timbio area have been able to expand their businesses and increase their revenues. Based on the success of WIN-WIN, we are developing other initiatives that will enable investors to closely align their investments with their values.
Our Journey Forward

Calvert Foundation’s story began with a radical idea 18 years ago: that investment capital could be used to create opportunity in underserved communities around the world. Today, impact investing has an estimated $650 billion market potential. We are proud of the role we’ve played in this growth, empowering investors to empower communities.

Building an Impact Economy

The way people think about spending and investing their money is changing. In an increasingly connected world, we see the impact of our spending and investment choices more directly. Calvert Foundation believes that all investors can invest for positive social impact, using their dollars to create opportunities for underserved communities worldwide.

Vision is critical to know what we’re working towards, but to have an impact economy, there must be an infrastructure to serve those who are investing in it. Calvert Foundation is committed to building the infrastructure needed to create an impact economy. We incubated the first Donor-Advised Fund to include impact investing, which eventually became ImpactAssets. Our wholly-owned subsidiary Community Investment Partners helps institutional clients build and manage portfolios of impact investments. We continue to grow our Community Investment Note distribution with hundreds of broker-dealers and financial advisors, making impact investing accessible to thousands of investors. Finally, we’re working directly, and in partnership with other impact investing leaders to “build the plumbing” that will enable more impact investment.

What guides and inspires us is a culture of innovation that has been part of the Calvert Foundation fabric since its beginning. During our 18-year history, we’ve helped build the impact investing marketplace by proving that investments can be a tool for positive change. We’ve leveraged this culture of innovation and collaboration to create the Community Investment Note and offer it to everyday investors as a way to support their sustainable investing goals.

WIN-WIN

Innovating successfully requires an understanding of what’s missing—what the true needs of the market are—and creating products that meet those needs. For years we heard from financial advisors, investors, donors, and others in the impact investing realm about the need for an investment vehicle for women’s empowerment. We responded by launching the Women Investing in Women Initiative (WIN-WIN) in March 2012. WIN-WIN quickly demonstrated the potential for targeted impact investing, attracting more than 600 investors, and investing nearly $10 million in organizations empowering women through healthcare, education, and access to credit.
WIN-WIN was the first, and is still the only retail impact investment with a gender lens. WIN-WIN was featured at the Social Capital Markets Conference, Clinton Global Initiative-America, the Secretary of State’s Global Impact Economy Forum, and in GOOD Magazine, and also served to open up conversations and partnerships with new organizations.

NEW INITIATIVES
Building on the success and lessons learned from WIN-WIN, we formed a Strategic Initiatives team to incubate a range of issue-based portfolios and investment opportunities. Similar to the women’s empowerment movement that WIN-WIN embodies, these initiatives will enable investors to target their support to a specific cause. Some of the initiatives we’re exploring will revitalize urban areas in key markets, connect Diaspora communities in the U.S. with projects in their country of origin, and strengthen environmental resiliency.
Together with other prominent investment firms, Calvert Foundation led a pioneering study to better understand the sustainable and impact investment field from the perspective of financial advisors. Gateways to Impact revealed an estimated $650 billion market for sustainable and impact investing among financial advisors and their clients, and found that 72 percent of financial advisors are interested in offering impact investing products to their clients.

Clearly, the market for impact investing is growing as investors and advisors realize their investments can also generate social and environmental returns. We will continue to work with other strong partners to demonstrate the growth and potential of impact investing.

Our portfolio partners are the organizations doing the hard work on the ground, building healthcare facilities and charter schools, lending to small businesses, creating jobs, and working in numerous other ways to improve their communities. Our role is to empower them to continue doing that important work and growing their impact. They trust us to provide affordable, flexible, and patient financing, and we continue to find innovative ways to work with them towards their goals.

In addition to investing more than $74 million through our standard loan product in 2012, we also increased project-based lending alongside some of our more established partners, who used our capital to finance individual projects like charter schools, affordable housing developments, and community facilities. An example of this type of loan is the Eucalyptus apartments project in Englewood, CA. Alongside Low-Income Investment Fund and Enterprise Community Loan Fund, we invested more than $3 million to help acquire, rehabilitate and preserve 93 affordable homes for senior citizens that otherwise would have been lost to market rate conversion, displacing an entire community of low-income seniors.

We are also committed to streamlining the reporting process for our portfolio partners. In late 2012 Calvert Foundation debuted I2DEA, a data exchange portal that will streamline and automate reporting requirements, and enable us to more reliably collect impact data from our partners.

Gateways to Impact surveyed 1,065 financial advisors to identify their perceptions of sustainable and impact investing. The data suggests that financial advisors see impact and sustainable investing as a way to grow their practice and deepen relationships with their clients.

- 69 percent of advisors saw sustainable investments as an opportunity to grow their practice.
- 59 percent of female advisors are very interested in offering sustainable and impact investments, vs. only 34 percent of male advisors.
- 69 percent of advisors are interested in offering sustainable investments.
- 59 percent of advisors are interested in offering sustainable investments.
- $650 billion market potential for sustainable and impact investing.
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### Consolidated Statements of Financial Position

**Calvert Social Investment Foundation, Inc. and Subsidiary**

#### Year ended December 31, 2012 and 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
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<tr>
<td>Cash, Equivalents &amp; Investments</td>
<td>$69,281,661</td>
<td>$55,422,015</td>
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<td>Investments-Calvert Giving Fund</td>
<td>15,136,840</td>
<td>14,140,319</td>
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<td>Community Investment Portfolio</td>
<td>183,506,631</td>
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<td>Loan Loss Reserves</td>
<td>(5,409,342)</td>
<td>(8,030,285)</td>
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<td>Receivables</td>
<td>3,512,027</td>
<td>3,942,720</td>
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<td>Other</td>
<td>1,344,674</td>
<td>1,201,923</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$267,372,491</td>
<td>$251,042,146</td>
</tr>
</tbody>
</table>

| **Liabilities**             |                   |                   |
| Payables and accrued expenses | $2,768,156        | $6,305,727        |
| Community Investment Notes Payable | 229,761,574      | 210,628,282      |
| Subordinated Loans Payable and Recoverable Grants | 9,323,500         | 11,823,500       |
| **Total Liabilities**       | $241,853,230      | $228,757,509      |

| **Net Assets**              |                   |                   |
| Unrestricted Net Assets     | $24,506,690       | $20,747,066       |
| Restricted Net Assets       | 1,012,571         | 1,537,571         |
| **Total Net Assets**        | 25,519,261        | 22,284,637        |
| **Total Liabilities and Net Assets** | $267,372,491      | $251,042,146      |

#### Changes in Unrestricted Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Support</strong></td>
<td>$6,290,345</td>
<td>$10,824,205</td>
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<tr>
<td><strong>Revenue</strong></td>
<td>10,004,430</td>
<td>10,770,542</td>
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<td><strong>Net Assets Released from Restriction</strong></td>
<td>675,000</td>
<td>1,510,836</td>
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<tr>
<td><strong>Total Support Revenue</strong></td>
<td>$16,969,775</td>
<td>$23,105,583</td>
</tr>
</tbody>
</table>

| **Expenses**               |                   |                   |
| Program Services           | $11,992,961       | $16,844,266       |
| Support Services           |                   |                   |
| Management and General Expenses | 1,208,260        | 1,159,370         |
| Fundraising Expenses       | 689,263           | 716,218           |
| **Total Expenses**         | $13,890,484       | $18,719,854       |
| Transfer to ImpactAssets Inc. | (160,233)        | (15,142,496)      |
| **Change in Fair Value of Investments** | 840,566           | 1,793             |
| **Increase in Unrestricted Net Assets** | $3,759,624       | ($10,754,974)     |

| **Changes in Temporarily Restricted Net Assets** | 2012 | 2011 |
| Contributions & Grants     | $150,000         | $129,412        |
| **Net Assets Released from Restriction** | (675,000)        | (1,510,836)     |
| **Increase in Temporarily Restricted Net Assets** | ($525,000)      | ($1,381,424)    |

| **Changes in Permanently Restricted Net Assets** | 2012 | 2011 |
| Contributions               | $ –        | $ –        |
| **Net Assets Released from Restriction** | –       | –        |
| **Increase in Permanently Restricted Net Assets** | –     | –        |
| Change in Net Assets        | 3,234,624   | (12,136,398) |
| **Net Assets at the Beginning of Period** | 22,284,637 | 34,421,035 |
| **Net Assets at End of Period** | $25,519,261 | $22,284,637 |
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Calvert Social Investment Foundation, Inc. and Subsidiary

We would like to thank the following pro bono partners and donors for their support over the past year.

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- George Wilburt
- Karen P. Witzke
- Woodcock Foundation
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