Building the impact investing movement by focusing on what we do best.
Shanthi, a weaver from Salem, India, received a free vision correction surgery in March 2013 from Sankara, a partner in our WIN-WIN portfolio. Shanthi marked Sankara’s one millionth free surgery.
Dear Friends,

In 2013 we charted our course in the impact investing industry.

For 20 years, Calvert Foundation has been raising impact capital from individual and institutional investors, deploying that capital to our portfolio of nonprofits and social enterprises, and supporting the development of a nascent impact investing industry.

But our industry is rapidly maturing. Social enterprise accelerators, advocacy organizations, social impact measurement tools, and community lenders have helped to move impact investing towards the mainstream in their respective and critically important ways.

Jennifer Pryce moved into the President and CEO role in September, bringing the will to build upon Calvert Foundation’s key strength—raising investment dollars—to accelerate the flow of capital into the impact sector by connecting more investors to the causes they care about.

As we develop tactics to execute on this strategy, we recognize the need to move investors from their hearts—to offer investments that touch them on a personal level. WIN-WIN did that through the lens of women’s empowerment. We received grant support in 2013 to take this concept further with Ours to Own, an initiative to connect people to redevelopment efforts in their own communities through our Community Investment Note. We will rely heavily on the power of social media and online networks to engage new audiences of investors, but will continue to make it easy to invest through brokerage and retirement accounts.

By focusing our energy on capital raising, we can better leverage the deployment strength of our portfolio partners to get capital into communities. In 2013 we entered into partnerships with best in class organizations like MicroVest and Capital Impact Partners, who lend impact capital efficiently and bring expertise in monitoring and risk management.

Underpinning this strategy shift has been listening to the needs of our various stakeholders. By listening to our impact investors’ interests, and the capital needs of our deployment partners and the communities they serve, we can connect them in ways that create true social good.

With a clear vision of where we’re going, 2014 will be an exciting year. We invite you to join us.
We're Listening

Reaching our full potential means understanding the type of capital our portfolio partners need, and the issues that matter to our investors.

The way we can best serve the impact investing movement is by raising capital through the Community Investment Note to channel to our portfolio partners who are lending into their communities. Raising investor dollars for social good is central to our mission, and we're creating new initiatives for investors to support the causes and communities they care about more directly. But it needs to be the right *kind* of capital. We listened to the needs of our portfolio partners, who told us they need long term money to better serve their communities, to spur redevelopment of the most blighted areas of their cities. In response, we issued seven and ten year term options of the Community Investment Notes, and the investor response has been strong.
Record year for investments

In 2013 we closed $113 million in loans to our portfolio partners, the largest single year for Calvert Foundation yet. December was also a record month, with the Investments team disbursing more than $20 million in investments to organizations like One Acre Fund and the Community Reinvestment Fund before closing out the year. We closed 2013 with more than $210 million invested, 61% in the U.S. and 39% internationally, in 147 organizations and funds. With the decision to focus on raising capital, we will grow lending relationships with our larger partners like MicroVest and Capital Impact Partners, while reducing the number of portfolio relationships we manage in house to 20-40 over the next 18-24 months. This enables us to focus on what we do best: raising impact capital to channel into and alongside the community development organizations that are creating real change on the ground.
Investing in your city

Cities across the country face a lagging employment market, decline of social services, and an unaffordable housing stock. Through the Ours to Own initiative, we intend to raise the critical capital needed to address those challenges and help revitalize America’s most iconic cities. In March 2013, with support from the Kresge Foundation, we completed an assessment of the capital needs of our lending partners, and committed $5 million to the Woodward Corridor Investment Fund in September 2013. Local community engagement is a key part of the Ours to Own initiative, and we are working with a creative partner to bring these investment opportunities to life.

www.calvertfoundation.org/wcif
Increasing investment in fair trade

In 2013 we invested $10.9 million in fair trade, connecting small farmers with the financing and technical support they need to thrive. Working closely with Alterfin, we invested $8.5 million in cooperatives like Cooperativa Cafetalera Ecológica La Labor Ocotepeque Limitada in Honduras, and Cooperativa Agraria Industrial Naranjillo in Peru. These cooperatives bring together small coffee and cacao farmers and connect them to markets and financing that they wouldn’t be able to access otherwise. The Alterfin partnership is an example of our strategy to engage in larger lending partnerships to make our operations more sustainable.

www.calvertfoundation.org/coffee

Working flexibly to do high-impact lending

As Calvert Foundation pursues larger lending relationships with partners who can deploy at scale, we continue to work flexibly with other sources of capital to invest in organizations that wouldn’t be a fit for our traditional financing. Visionary partners like the Shell Foundation, OPIC, and the Hewlett Foundation enable us to reach organizations that create a tremendous impact for their stakeholders. One such organization is One Acre Fund, a nonprofit that provides farm inputs, education, and access to markets to smallholder farmers in eastern Africa. In December, with the support of the Hewlett Foundation, we invested $1.2 million in One Acre Fund, empowering them to help farmers like Stella Wamalwa quadruple her harvest of corn.
Building on a solid foundation, we’re developing new investment initiatives to connect investors’ heads and hearts.

In the same way that purchasing decisions—the car you drive, the clothes you wear—suggest a certain set of values, how you invest can represent your values and the impact you want to have on the world. Leveraging the Community Investment Note, an investment with a solid track record, the Women Investing in Women Initiative (WIN-WIN) is able to reach investors through a cause that matters to them: women’s empowerment. As one of the most accessible impact investments in the marketplace, the Community Investment Note was the ideal vehicle to carry the *invest in women* message to people who were already supporting women in other ways. Recognizing the ability of the Note to hold various impact themes, we’ve evolved our capital raising strategy to begin with the causes and geographies that motivate people.

www.calvertfoundation.org/winwin
Building on a solid foundation

When we began offering the Community Investment Note nearly 20 years ago, it was a breakthrough for socially conscious investors who wanted to put their investment dollars to work for social good. Today, the Note is still one of the most accessible impact investments in the marketplace, available directly through Calvert Foundation, and through brokerage and retirement accounts and hundreds of financial advisors. As we continue to nurture and grow those relationships, we’re creating targeted options and an online sales channel to offer the Note in smaller amounts, to people who might not even consider themselves investors. In that way we continue to democratize impact investing, reaching people through what they care about.

Understanding investor interest

The investment capital we lend to create impact comes from a diverse community of individual and institutional investors—more than 5,800 as of year-end 2013. In the summer we launched our bi-annual investor survey to better understand our investors’ interests and demographic information, hosting it for the first time on our new website. We received far more responses than we had in years past, and the results provide a snapshot of the kinds of people who invest for impact. Our investors’ top investment interests are women’s empowerment, the environment, their local communities, and education. 86% of investors rated the mission and positive benefits our Community Investment Note creates as important, very important or critical in their decision to invest.

www.calvertfoundation.org/survey
Building a Movement

During the coming decades, Millennials are set to inherit nearly $41 trillion, the largest intergenerational wealth transfer in history. This new generation is embracing a more sustainable lifestyle and actively considering the social and environmental impact of the choices they make. Impact investing is perfectly positioned to capitalize on the energy of this generation by offering investments that positively impact communities and promote a shared sense of responsibility for our future. WIN-WIN validated the potential to reach investors with this message, and with a grant from the Citi Foundation in 2013, we are developing a more comprehensive strategy to reach thousands of new investors through the causes that matter to them.

www.calvertfoundation.org/millennials
$20 Million invested for Women

Less than two years after launching the Women Investing in Women Initiative, we surpassed our goal of lending $20 million to organizations in the WIN-WIN portfolio. WIN-WIN began by listening to our investors and their financial advisors, who expressed a desire to invest to empower women. We also saw that many of our portfolio partners were working to empower women through their programs, but weren’t elevating that. More than 800 investors have invested in WIN-WIN, most of them online in smaller dollar amounts. They enable us to invest in organizations like Opportunity Fund that empower women like Chef Tina Ferguson-Riffe.

www.calvertfoundation.org/20mm

Engaging diaspora communities for development

Diaspora populations are a powerful force for social and economic development. In 2013 we received a grant from the W.K. Kellogg Foundation to conduct a feasibility study regarding our ability to raise investment from U.S. diaspora communities and develop country-specific loan portfolios. We look forward to continuing the feasibility study throughout 2014. Through our work on the diaspora investment initiative, Calvert Foundation became the new managing partner of the International Diaspora Engagement Alliance (IdEA), a public-private partnership that harnesses the energy and resources of diaspora communities for development and diplomatic purposes. We are excited to be partnering with the State Department and USAID on IdEA to grow our diaspora work together.

www.calvertfoundation.org/kellogg
# Consolidated Financials

**Year ended December 31, 2013**

## Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, Equivalents &amp; Investments</td>
<td>$45,889,734</td>
</tr>
<tr>
<td>Investments-Calvert Foundation Giving Fund</td>
<td>$15,310,259</td>
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<tr>
<td>Community Investment Portfolio</td>
<td>$210,427,456</td>
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<tr>
<td>Loan Loss Reserves</td>
<td>$(5,007,569)</td>
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<tr>
<td>Interest and Other Receivables</td>
<td>$3,849,873</td>
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<tr>
<td>Other</td>
<td>$1,750,681</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$272,220,434</td>
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## Liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Accounts and Interest Payable</td>
<td>$2,566,629</td>
</tr>
<tr>
<td>Community Investment Notes Payable</td>
<td>$235,168,119</td>
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<tr>
<td>Subordinated Loans Payable</td>
<td>$8,042,285</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>$245,777,033</td>
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## Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Net Assets</td>
<td>$25,096,257</td>
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<tr>
<td>Restricted Net Assets</td>
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<tr>
<td><strong>Total Net Assets</strong></td>
<td>$26,443,401</td>
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## Changes in Unrestricted Net Assets

<table>
<thead>
<tr>
<th>Description</th>
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<tr>
<td>Support</td>
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<tr>
<td>Revenue</td>
<td>$10,246,873</td>
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<tr>
<td>Net Assets Released from Restriction</td>
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<td><strong>Total Support Revenue</strong></td>
<td>$13,783,058</td>
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</table>

## Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>$11,714,592</td>
</tr>
<tr>
<td>Support Services</td>
<td>$1,152,069</td>
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<tr>
<td>Management and General Expenses</td>
<td>$663,736</td>
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<tr>
<td>Fundraising Expenses</td>
<td></td>
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<tr>
<td>Total Expenses</td>
<td>$13,530,397</td>
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<tr>
<td>Transfer to ImpactAssets Inc.</td>
<td>$(842,763)</td>
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<tr>
<td>Change in Fair Value of Investments</td>
<td>$1,179,669</td>
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<tr>
<td><strong>Increase in Unrestricted Net Assets</strong></td>
<td>$589,567</td>
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## Changes in Temporarily Restricted Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions &amp; Grants</td>
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<tr>
<td>Net Assets Released from Restriction</td>
<td>$(1,015,427)</td>
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<td><strong>Increase in Temporarily Restricted Net Assets</strong></td>
<td>$334,573</td>
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## Changes in Permanently Restricted Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets Released from Restriction</td>
<td>-</td>
</tr>
<tr>
<td><strong>Changes in Permanently Restricted Net Assets</strong></td>
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</tr>
<tr>
<td>Change in Net Assets</td>
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<tr>
<td>Net Assets at the Beginning of Period</td>
<td>$25,519,261</td>
</tr>
<tr>
<td><strong>Net Assets at End of Period</strong></td>
<td>$26,443,401</td>
</tr>
</tbody>
</table>
We would like to thank the following pro bono partners and donors for their support over the past year.

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- Woodcock Foundation

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Help us grow the impact investing movement by bringing your passion, expertise, ideas and collaborative spirit.
Tracy Buster Hayes believes art can be used to inspire and motivate. Through financing from ACE, a WIN-WIN portfolio partner, she opened abc Pottery, providing pottery painting and other forms of creative expression.
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