ONE MICROLOAN AT A TIME

A FIVE-YEAR STRATEGIC BUSINESS PLAN 2019-2023
INVESTING FOR IMPACT

AMERICA'S MIDDLE CLASS IS SHRINKING

- 40% of Americans cannot cover a $400 emergency expense.
- Only 4% of the dollar value of all conventional small business loans go to women.
- 50% of businesses fail, primarily because they can't get the right financing.

INVESTING IN NONPROFIT FACILITIES ensures access to healthcare, housing, education, and critical community safety net services.

SMALL BUSINESS AND HIGH-ImpACT COMMUNITY REAL ESTATE PROJECTS: PATHWAYS TO PROSPERITY

- Our loans boost revenue for 54% of small businesses funded.
- 64% of new jobs are created by small businesses.

We will invest $1.4 billion in small businesses and low-income neighborhoods will be transformational, forging pathways to prosperity for 30,000 determined entrepreneurs and 60,000 low-income families. This investment will support jobs for 100,000 workers in California and across the United States, and transform the community development industry for the 21st century.

INVESTING FOR IMPACT

- 90,000 more families.
- We will invest $1.4 billion in California and across the U.S.
- Move toward lasting prosperity.

Our investments will help 90,000 more families.

In California and across the U.S.

Opportunity Fund’s five-year goal to invest $1.4 billion in small businesses and low-income neighborhoods will be transformational, forging pathways to prosperity for 30,000 determined entrepreneurs and 60,000 low-income families. This investment will support jobs for 100,000 workers in California and across the United States, and transform the community development industry for the 21st century.

A family of three needs three full-time, minimum-wage jobs to cover basic needs in the states Opportunity Fund serves.
“Banks made me feel ashamed for having less than stellar credit. With Opportunity Fund, I felt appreciated and taken care of. I’ve come back for four more loans because I was given the benefit of the doubt the first time.”
—Jill, Owner of Foxy Roxy’s Mobile Pet Salon

Dear Friends,

Today, 40% of Americans cannot cover a $400 emergency expense. Our middle class is shrinking. For those seeking to move up the economic ladder, owning a small business remains an achievable path to pursuing the American Dream. But the barriers to small business ownership are bigger than ever. Credit tightened during the Great Recession and remains tight, leaving an estimated $87 billion in annual unmet demand for small business loans under $100,000. Meanwhile, high-cost, short-term lenders have stepped into the market, charging annual percentage rates as high as nearly 400%.

For the families that run this nation’s 30 million small businesses to succeed, and for the millions of workers who are employed by them to thrive, we need new ideas. We need innovation. We need the kinds of creative solutions Opportunity Fund offers.

Opportunity Fund was founded on the principle that a little seed money and the right financial advice can drive permanent and lasting change in the lives of low-income Americans. It is an idea that works. As the nation’s leading nonprofit microfinance provider, Opportunity Fund has helped thousands of people make basic, yet transformative, improvements in their economic well-being. By offering microloans to entrepreneurs, we provide the essential boost that empowers them to redefine their futures. We provide the fuel to unleash their potential.

Now we are embarking on a new challenge. Over the next five years, Opportunity Fund will mobilize the hard work and ambitions of nearly 30,000 entrepreneurs by investing $1.2 billion across the United States—one microloan at a time. In addition, we’ll ensure an additional 60,000 low-income individuals gain access to critical services in their communities each year by investing $174 million in community facilities—like youth centers, health clinics, and homeless shelters—through New Markets Tax Credits. To do this, we will continue to expand our reach across the United States through online and community-based partnerships, and boots on the ground in selected markets. It is a challenge we need to take on. It’s a challenge these times demand. It’s also a challenge we cannot meet without you.

Thousands of people are waiting for the opportunity to remake their own futures. Your commitment will give them the means to do so and, along the way, build a more inclusive economy for those who have the talent, but not the resources, to get ahead.

Join with us in helping determined, hard-working entrepreneurs and communities thrive.

Sincerely,

Greg Avis, Chair, Board of Directors
Luz Urrutia, Chief Executive Officer
Eric Weaver, Founder and Senior Advisor
Executive Summary

Small loans help people make permanent and lasting change in their own lives, but many deserving entrepreneurs don’t have access to affordable, responsible credit. Opportunity Fund is a nonprofit microfinance organization that provides loans to small business owners working hard to help themselves. We’ve seen firsthand the ripple effect of these loans in the form of growing businesses, job creation, improved credit scores for business owners, and healthier communities where families can thrive. Since 1994, we’ve deployed more than $380 million in microloans and invested $299 million through New Markets Tax Credits to support vibrant opportunity in low-income neighborhoods. In the process, we sow opportunity and inclusion — one loan and one investment at a time.

THE PROBLEM

The American Dream is out of reach for a growing number of Americans. Too many families are struggling to get by: nearly 40% of Americans have less than $400 available to cover an emergency expense. In addition, 11% are ‘credit invisible’ and another 8% are ‘unscoreable,’ lacking the credit history required to rent a house, buy a car, or access affordable financial services. Entrepreneurship is a proven pathway to success, but too many small business owners can’t get the affordable capital they need. And nonprofits offering critical services in our community – such as, health clinics, homeless shelters, and youth centers – can’t get affordable financing to rehabilitate old facilities or construct new ones to meet growing demand.

THE SOLUTION

Combining a multi-faceted approach of microfinance and community real estate investments can help Americans move along the continuum toward greater economic and social mobility—whether by growing a successful business or by simply having access to basic services.

THE OPPORTUNITY

Opportunity Fund invests in the building blocks of economic well-being for America’s working families and low-income communities.

Invest $1,400,000,000 in opportunities for economic mobility in California and across the U.S. by 2023.

IMPACT GOALS
- Grow microlending: $1.2 billion in nearly 30,000 small businesses.
- Create jobs: Create and sustain nearly 100,000 jobs.
- Spur macroeconomic growth: Watch as the $1.2 billion we invest generates $5.9 billion in additional, downstream economic activity.
- Businesses thrive: Business survival rate of 94% or higher.
- Boost financial health: Build credit, reduce cost of borrowing, reduce stress, and increase confidence for entrepreneurs.
- Improve communities: Invest $174 million in 12 community real estate projects through New Markets Tax Credits, serving 60,000 low-income people annually.

FUNDING GOALS
- Expand loan capital: Raise $100 million to fund $1.2 billion in small business microloans.
- Increase philanthropic support: Raise $47 million in contributions to bring microloans to nearly 30,000 entrepreneurs and support 100,000 jobs.

FINANCIAL GOALS
- Maximize earned revenue: Generate $240 million from small business lending and community real estate investments.
- Maintain a Net Asset Ratio of 20%.
- Reach 93% sustainability.
Why Opportunity Fund

Opportunity Fund is uniquely positioned to help American families move toward lasting economic well-being. Our award-winning, innovative products, proven track record, and core values are the right tools for the challenges small businesses and our communities face.

OUR CORE VALUES

COURAGE
OPPORTUNITY

INNOVATION

RESPONSIBILITY
CLIENT FOCUS

COLLABORATION

MISSION

To drive economic mobility by delivering affordable capital and responsible financial solutions to determined entrepreneurs and communities.

VISION

We envision an inclusive world in which all entrepreneurs and communities have the opportunity to make their dreams come true.

OUR STRENGTHS AND ACCOMPLISHMENTS

• Results: We have a 25-year track record of deep community impact and impressive outcomes.
• Financial strength: Earned revenue from our microlending and community real estate investments covers over 70% of operating costs. Combined with philanthropic support, this ensures financial strength and agility to invest in our capacity for the future.
• Innovation: We are leading microfinance in the U.S., creating new financial products for our clients. Our pioneering work consistently inspires others across the country.
• Leadership: Our committed, proven team includes a strong governing Board of Directors and Leadership Council, and experienced executives.

THEORY OF CHANGE

Business owners have greater prosperity.

Business owners and individuals are empowered to achieve their goals.

Communities have increased economic activity, greater stability, and more and better jobs.

Together, these impacts form the basis of our mission to advance economic mobility for determined entrepreneurs and communities.
Our Five-Year Goals

Opportunity Fund’s community of donors and investors is focused on creating a fair and inclusive financial system that empowers women, immigrant, and minority small business owners. Our strategy combines microloans for small business owners and New Markets Tax Credit investments in high-impact community projects.

### WHO WE SERVE

- **Low- and moderate-income**: 71%
- **Women**: 27%
- **Ethnic Minority**: 89%

### WHERE WE WORK

- **Small Business Lending**
- **New Markets Tax Credit Investments**

### MICROFINANCE PRODUCT GOALS

- **Working Capital Microloans**: page 7
- **Working Capital Small Business Loans**: page 8
- **Equipment Financing**: page 9
WORKING CAPITAL MICROLOANS

WHY?
Entrepreneurs that have very small or informal businesses do not have affordable financing options. Many of these businesses have healthy cashflows but lack the traditional profile of much larger businesses, which makes it difficult for banks to provide loans. These entrepreneurs are better served with a higher-touch, community-based lending program.

WHO?
Our smallest loan product is designed for self-employed individuals and small business entrepreneurs with no or limited credit, who often use personal debt to fund their businesses. Minority-owned, women, and immigrant-owned businesses make up the majority of these borrowers.

HOW?
Expand community-based presence and partnerships in selected markets.

<table>
<thead>
<tr>
<th>PRODUCT FEATURES</th>
<th>RESULTS FOR CLIENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans between $2,600-$30,000 for working capital with fixed interest rates.</td>
<td>Business success yields increased income to support themselves and their families.</td>
</tr>
<tr>
<td>Program designed to graduate responsible entrepreneurs to larger loans and lower rates.</td>
<td>Opportunities to hire more workers and grow the business.</td>
</tr>
<tr>
<td>Reporting to national credit bureaus.</td>
<td>Build credit history to access larger loans, when needed.</td>
</tr>
</tbody>
</table>

TAMALES LOS MAYAS, ALICIA VILLANUEVA
FIRST LOAN: $10,000

Originally from Mazatlán, Mexico, Alicia Villanueva started selling tamales door-to-door as a way to share her culture as well as support her family. She started out in 2011 selling about 500 tamales a week.

Soon, her business, Alicia's Tamales Los Mayas, was booming and she needed financing to keep growing. In 2014, Alicia came to Opportunity Fund for a microloan to buy a van so that she could catch up with increasing demand and deliver more orders.

Alicia recently moved her business into a 6,000 square foot factory in Hayward, CA where she now employs 14 workers and produces over 24,000 tamales a month.

“Love is not enough, you need resources to grow your business. Opportunity Fund believed in me when nobody else would.”
WORKING CAPITAL SMALL BUSINESS LOANS

GOALS

PROVIDE ACCESS
Invest $360.7 million through more than 9,500 loans to underbanked small businesses.

CREATE JOBS
Create or retain over 6 jobs per loan, including the owner.

REACH MORE BORROWERS
Lend to small businesses in 45 states, primarily through partnerships.

WHY?
Many banks generally say “No” to successful small businesses’ loan requests, primarily because the size of the loan is too small, the company is too young, or there is insufficient collateral. Alternative lenders have filled in the gap by providing high-cost loans with minimal disclosures, often causing harm to many small businesses that would have survived had they been able to access responsible and affordable capital.

HOW?
Expand online lending partnership with LendingClub and referral partnerships with banks.

WHO?
Our small business loans are the solution for a wide array of small businesses. Many businesses with strong credit and an established bank relationship may be denied the financing they need. There is an estimated $87 billion in annual unmet demand for loans under $100,000 in the small business credit market. This void is being filled, in part, by new lenders, many online, who are disrupting our credit markets. Unfortunately, the borrowers with weaker credit profiles are aggressively targeted by many “alternative” lenders whose interests don’t generally align with their borrowers’ success. Our affordable and responsible loans fill this crucial gap at an unprecedented scale.

PRODUCT FEATURES

Loans up to $250,000, with affordable, fixed interest rates and responsible underwriting.

 Longer terms and lower fixed rates, resulting in fixed, affordable payments.

 High-tech, high-touch application experience meets borrowers where they are—saving time while offering a positive client experience.

RESULTS FOR CLIENTS

Funding to grow established businesses.

Financing that increases opportunity for success, rather than harms.

Improved financial health, positive business cash flow, lower cost of borrowing, increased confidence, and reduced stress.

IGUANAS BURRITOZILLA, JIMMY OROZCO
$250,000 LOAN

Iguanas Burritozilla has been part of San Jose since 1994. The Orozco family built Iguanas into a famous brand, appearing on Travel Channel and Food Network programs. When Jimmy Orozco looked for financing to open a new location, he needed a solution that worked for him. “We were turned down by a bunch of lenders,” he said. “None of them really seemed to understand the growth potential of our business.” The $250,000 loan we closed in 2017 made a major difference for Jimmy and his family. “Opportunity Fund + Iguanas” turned out to be the perfect recipe for success.
**MICROFINANCE PRODUCT GOALS**

**GOALS**

<table>
<thead>
<tr>
<th>REACH MORE BORROWERS</th>
<th>PROMOTE HIGHER PAYING JOBS</th>
<th>IMPROVE THE ENVIRONMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invest over $750 million in over 15,000 loans to mobile food truck entrepreneurs, self-employed truck drivers, and small fleet truck owners.</td>
<td>Improve earning power through entrepreneurship.</td>
<td>Reduce pollution by investing in commercial vehicles to promote safer emission standards.</td>
</tr>
</tbody>
</table>

**WHY?**

Entrepreneurs whose business is their commercial vehicle lack access to affordable capital to purchase a truck, retrofit or repair an existing truck, or get out of an expensive truck loan. The added benefit of upgrading equipment and vehicles to meet more stringent health and environmental requirements generates an additional social benefit.

**WHO?**

Many lenders are unwilling to provide equipment loans to self-employed drivers or fledgling entrepreneurs. We see determined small business owners ready to work hard for their family’s future. Over 90% of our trucking and mobile food truck borrowers are ethnic minorities, with the vast majority being either Hispanic or South Asian, and three-quarters are low- to moderate-income. In the case of mobile food truck entrepreneurs, they often use their commercial vehicle as a stepping stone to a brick and mortar restaurant.

**HOW?**

We are aggressively expanding this program in several key states and further developing our network of referral partners who sell or manufacture commercial vehicles.

**PRODUCT FEATURES**

- Loans up to $250,000 with affordable interest rates and fixed loan payments.
- Financing earning assets that provide income for mobile food truck entrepreneurs and long-haul truck owner-operators.
- Application experience that is aligned with the truck purchase experience.

**RESULTS FOR CLIENTS**

- Stepping stone to additional mobile food trucks or a brick and mortar restaurant.
- Truckers earn more and have more scheduling flexibility to spend time with their families when they transition from employee to owner-operator.
- A lifeline for truckers who cannot afford a brand-new vehicle, enabling them to continue working.

**SANTOS, INDEPENDENT TRUCK DRIVER**

**$7,000 LOAN**

Santos is a commercial truck driver based out of the Port of Oakland. He faced the challenge of finding money to retrofit his truck with a new low-emissions filter to comply with new State of California emissions regulations. Without the expensive engine retrofit, he would be locked out from the port and forced to stop driving. A $7,000 loan through Opportunity Fund gave him the chance to keep working. Santos is now confident that he will be prepared to adjust to tighter emissions regulations in the future.
Opportunity Fund leverages federal New Markets Tax Credits (NMTC) to invest in high-impact community real estate projects. Nonprofit community centers that provide vital services for working families are often overlooked and cannot get funding. Opportunity Fund invests in high-impact infrastructure projects that provide critical medical, housing, and education services in underserved low-income communities.

In FY2018, the CDFI Fund granted our request to expand our NMTC Service Area to 13 states in the western U.S., effective with the receipt of our next allocation (potentially in 2019). In conjunction with our geographic expansion, we will strengthen our due diligence to ensure our loans across a larger service area are aligned with Opportunity Fund’s mission and impact goals.

Opportunity Fund’s community real estate investments make use of the federal New Markets Tax Credit program, which offers substantial federal income tax credits for investors. The benefits provided by the tax credits are shared with the nonprofit borrower through low-cost loans, while providing income for Opportunity Fund. At the same time, neighborhoods and vulnerable populations benefit from new high-quality services and facilities.

Assuming Opportunity Fund receives a total of $165 million in new New Markets Tax Credit allocations in the coming 5 years, we will invest an average of $43.4 million in three large community projects in 4 of the 5 years.

**EDUCARE**

**$14.3 MILLION FINANCED**

Opportunity Fund provided $14.3 million in financing to help build Educare. The 34,000 square foot school provides effective early childhood schooling to financially disadvantaged children, making sure they have the best possible chance for success in life. In addition to 16 classrooms, Educare houses a leading professional development and research institute for teacher training and a resource center for families and the community.

“Without Educare it would be difficult—we wouldn’t have been able to pay for Marcus’ childcare. I would have had to work full time and wouldn’t have been able to earn my degree. I wish there was more than one—so many kids need this.”—Natalie, mother of Educare preschooler Marcus
Positioned for Growth

Our ambitious plans for the next five years are inspired by the impact we’ve made over the past 25 years. To position Opportunity Fund for this next period of transformation and unprecedented growth, we will need to expand our policy work, invest in our infrastructure and people, and raise a significant amount of capital and philanthropy.

We will stay focused on our clients, core strengths, and values while remaining open to new possibilities for greater impact, positioning us to manage and overcome market challenges, as they arise.

LEADERSHIP
New Board Members
Recruit leading professionals and philanthropists to Opportunity Fund’s Board of Directors and Leadership Council.

PEOPLE AND CULTURE
Increase Collaboration and Efficiency
Invest in people; build and reinforce a culture that is focused on creating a great customer experience. Balance relationship-based lending and client-centric processes with new capabilities that leverage data analytics and technology.

RECRUIT AND PROMOTE
Building on the commitment and aptitudes of current and newly hired staff, we will leverage, train, and develop our team members to ensure our talent and capabilities continue to align with a more robust, data-driven, technology-enabled, and less labor-intensive infrastructure.

MARKETING
Build Demand Generation
Adopt scalable, repeatable demand generation activities and campaigns integrated across multiple marketing tactics to efficiently and effectively acquire and retain clients, partners, investors, and donors.

TECHNOLOGY
Robust Online Lending Platform
Implement a new lending platform that simplifies the customer experience, improves efficiency, and opens our online channel.

RISKS & COMPETITION
• Funding: We may encounter significant challenges in raising funds and loan capital needed to support this plan. We will continue to explore alternative sources of capital and focus on improving sustainability. We also face a high level of nationwide competition for New Markets Tax Credit allocations. We are expanding into 12 additional Western U.S. states.
• Policy Environment: Protecting and promoting programs that support Opportunity Fund and our clients is increasingly central to our work. Opportunity Fund continues to build capacity for policy advocacy and strategic communications that garner support among key regulators and lawmakers.
• Economic Downturn: Should we face an economic downturn, Opportunity Fund is mitigating risks posed by a potential decrease in credit conditions through ongoing geographic expansion; modernizing our credit risk management processes; implementing risk-based collections; and analyzing credit performance of our portfolio in economic stress conditions.
• Competitive Position: Our clients have access to capital that is sometimes lower priced or much higher cost from lenders with access to significant amounts of capital for investment. Our products need to be affordable and responsible and we will distinguish ourselves by providing high quality products and an excellent customer experience.

• Internal Risks: As we grow, we will need to focus on maintaining Opportunity Fund’s infrastructure, unique culture and strong leadership team.

We will meet these challenges through thoughtful planning, a focus on results, nimble response to changing conditions, and an open-minded approach to opportunities.
Our Business Model: Microfinance

Opportunity Fund’s innovative business model promotes financial health and drives economic mobility. Earned revenue covers over 70% of operating costs, providing significant leverage on philanthropic support that ensures financial strength and agility to create healthy and inclusive financial services of the future.

WHAT IT MEANS
• $1.2B in small business microloans
• $174M in New Markets Tax Credit investments

WHAT IT TAKES
• $240 million in earned revenue
• $47 million in philanthropic support
• $100 million in new loan capital

The Upshot: Macro Impact

This five-year strategic plan puts us on the path to make the largest microfinance investment in entrepreneurship in the nation’s history. It will lead to better paying jobs and thriving local businesses. Furthermore, the initial investment will ripple through communities, generating new economic activity in neighborhoods and towns across America. Microfinance is a long-term, sustainable solution that extends far beyond the nearly 30,000 businesses that create inter-generational wealth for their families. These businesses will create or support 100,000 jobs and stimulate nearly $6 billion in ongoing, annual economic activity.
WHY INVEST IN THIS PLAN

Right time: Millions of Americans are struggling to get back into the middle class after the Great Recession. Thousands more are working to be the first in their family to become financially secure. But the odds against both have never been higher as economic inequality continues to widen. You can make the difference.

Right model: Microfinance is a proven strategy with life-changing results. We make small loans to determined entrepreneurs without access to traditional financial services who are often exploited by very high-cost lenders. These responsible borrowers deserve better. When our borrowers succeed, we succeed. Our potential to change lives is beyond measure.

Real impact: By supporting this five-year plan, you will help us trigger a transformational investment in California and across the United States, empowering dreams of economic mobility for thousands of entrepreneurs, their families, and communities. Your support for Opportunity Fund will fund businesses, create jobs, and ensure financial health for this and the next generation of these businesses.

Your donation supports the capacity investment needed in people and systems to deploy $1.2 billion in microfinance loans for America’s determined entrepreneurs. Opportunity Fund believes your gift should go directly to supporting enterprising entrepreneurs who are striving to get ahead. With our high-impact model, your contributions will create or sustain:

- 30,000 businesses
- $5.9 billion in downstream economic impact
- 100,000 jobs
- $475 per job supported

Opportunity Fund is poised to make the largest five-year microfinance investment ever by a nonprofit lender in the United States. Building on our award-winning success since our founding in 1994, this new commitment will take us to the next level. In the next five years alone, we will fund three times as many businesses as we did in more than two decades. Moreover, this investment will create a ripple effect by generating over $5.9 billion in economic growth in low-income communities across the nation. This is a game changer. And we need your support to meet this critical challenge.

A transformative $47 million in donations will fund capacity - the technology, data analytics, and talent we need to reach nearly 30,000 determined entrepreneurs who need Opportunity Fund. It will also keep our balance sheet strong, with a 20% net asset ratio. With our proven impact model, every dollar you donate to Opportunity Fund will generate $25 of economic growth in communities that need it most.

IMPROVED EFFICIENCY MEANS BETTER LEVERAGE FOR YOUR DONATION

“[Owning a] small business can be a really scary thing. Several times I thought I’d have to shutter the doors. Now, thanks to Opportunity Fund, I feel like things are steadier than ever.”
Ana Poe, Owner of Paco Collars
Raise Loan Capital

To expand our lending and to fund four times the loan volume over the next five years as we’ve done to-date, we must renew commitments from current investors and access new, predictable, low-cost, and reliable capital sources.

**Expand the pool:** Raise $100 million in new capital to fund $1.2 billion in loans and fuel 33% annual growth in small business lending.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ Total Portfolio</td>
<td>$178.4M</td>
<td>$263.8M</td>
<td>$379.7M</td>
<td>$489.1M</td>
<td>$605.1M</td>
</tr>
<tr>
<td>$ OF-owned Portfolio</td>
<td>$81.7M</td>
<td>$98.7M</td>
<td>$128.6M</td>
<td>$158.6M</td>
<td>$187.7M</td>
</tr>
<tr>
<td># Total active clients as of FYE</td>
<td>6,254</td>
<td>8,640</td>
<td>11,779</td>
<td>15,342</td>
<td>19,020</td>
</tr>
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</table>

- **Portfolio performance:** Opportunity Fund demonstrates good loan performance, consistent with our plans for an average annual loan loss rate of 3.1%.
- **Reserves and guarantees:** In addition to maintaining our allowance for loan losses, we also participate in state loan loss reserve programs, as available. We maintain a minimum net asset ratio of 20%.

**IMPACT INVESTING WITH OPPORTUNITY FUND**

- **Investments of $250k or more:** We seek forward-thinking Impact Investors willing to provide loan capital that unlocks opportunity.

To raise $100 million in new capital, we plan to:
- Establish relationships with new investors and seek larger commitments from existing investors.
- Raise a new round of senior debt from Impact Investors for our Small Business Impact Fund.
- Sell portions of our portfolio to further leverage our balance sheet.
- Explore additional on- and off- balance sheet financing.

“Calvert Impact Capital is proud to lend to Opportunity Fund. They are helping communities and small businesses create lasting change for themselves, and that aligns with our mission to create a more equitable and sustainable world.”
—Catherine Van Dusen Godschalk, Vice President, Investments, Calvert Impact Capital
Policy Advocacy

Opportunity Fund advocates for sensible public policies to close the opportunity gap and produces original research to move the policy conversation forward. Our policy, advocacy, and research activities are important levers to support our growth and impact within California and to drive the systemic changes we hope to achieve across the country.

**POLICY PRIORITIES**

We will continue to focus our efforts on educating state and federal policymakers and advocating for solutions that support our vision of a more inclusive financial system. Our top priorities include:

- **Expand responsible business lending practices across the nation, with an emphasis on transparent pricing and terms.**
- **Improve federal support for programs that promote the expansion of financial or community services to underserved areas.**
- **Strengthen credit enhancement programs in California and other states so that entrepreneurs have greater access to affordable capital.**

**CREDIT ENHANCEMENTS**

To achieve our projected growth in micro and small business lending, Opportunity Fund will need to capitalize on state credit enhancement programs such as CalCAP—a publicly-matched loan loss reserve. These programs provide a high degree of leverage (and therefore, impact) per public dollar invested on behalf of small businesses.

Replicating our work in California, we will increase awareness of the importance of state credit enhancement programs in our expansion markets through direct lobbying, earned media, and coalition building. As we grow into these markets, we will strive to improve the effectiveness of these programs while also securing additional state funding to ensure their sustainability.

“Last year, I needed working capital to buy products for my store. I tried banks with no success, but learned about Opportunity Fund, a CDFI that makes small business loans with the help of CalCAP. I secured $10,000 to purchase more inventory and expand into a second location.”

—Alejandra Dominguez, owner of Ale’s BISSU Make-Up Store in Corona, California
Proven Impact

We have hundreds of success stories that demonstrate the effectiveness of our programs in creating economic opportunity. By gathering the data behind the stories, we see what is working best. And by quantifying results and pinpointing needs, we continue our commitment to ongoing improvement of our products for determined entrepreneurs ready to change their futures.

RIGOROUS MEASUREMENT

In order to ensure that our microfinance investments create the best opportunities for economic mobility, we continually monitor our success. During the next five years, we intend to strengthen our evaluation methods to improve performance and create the most effective products in the microfinance field.

- **Measure change:** Strengthen our understanding of client success in terms of changes in income, assets, employment, credit, behavior, and attitudes.
- **Deepen client knowledge:** Expand evaluation of long-term quality-of-life outcomes through ongoing client interviews.
- **Share the wealth:** Publish and present research results semi-annually to inform policymakers and other microfinance organizations.
- **Kindle innovation:** Use our findings to invent new high-impact products tailored to serve the unique credit and financial needs of our target population.

### GOALS

<table>
<thead>
<tr>
<th>Goal</th>
<th>Description</th>
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### SIGNS OF SUCCESS

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>95%</td>
<td>loan repayment rate</td>
</tr>
<tr>
<td>77%</td>
<td>feel more financially stable</td>
</tr>
<tr>
<td>81%</td>
<td>report increased confidence</td>
</tr>
<tr>
<td>94%</td>
<td>business survival rate</td>
</tr>
<tr>
<td>57%</td>
<td>see increased profits</td>
</tr>
<tr>
<td>33%</td>
<td>after two loans, improved credit score by at least 25 points</td>
</tr>
</tbody>
</table>

### How We Know


2) Performed an analysis of credit scores for borrowers who received more than one loan from Opportunity Fund (2018).

3) Aspen Institute EntrepreneurTracker survey to random sample of borrowers, since 2007.
Evaluating Financial and Social Return on Investment

By evaluating our products and investments based on their financial and social return on investment, we ensure a high-impact and sustainable business model. To measure impact and financial sustainability, we developed an Impact Model intended to compare the financial and impact performance of our current and future products and initiatives.

Our Impact Model was built based on the key outcomes we seek to achieve from our theory of change. The Impact Model is designed to measure how a product or service contributes towards these key outcomes and provides discipline around decision making, allowing the organization to allocate scarce resources to the highest impact areas, and to say “no” when necessary.

In the Impact Model, the key impact and financial outcomes are aggregated into metric categories that are weighted according to their relative alignment to our mission and vision. Each impact category is further made up of impact metrics that are weighed and aggregated to calculate each category score. Through this methodology, a product or initiative is assigned a financial return and impact score, which enable us to compare the financial return and impact of different types of products and initiatives. We use this model at a variety of points in time including for annual planning, new product evaluation and for competitive analysis.
“Opportunity Fund enables economic independence and growth at the grassroots level. This is a mission that I am passionate about supporting because we are investing in community change makers. This is the most basic and necessary form of entrepreneurship.”
—Sonia Wadhawan, Donor

“We had nobody else to help us. We heard a lot of promises but nothing real. But now our business has put us in a position to help other people. We provide a meet and greet sort of space, I give to various organizations, I hire people from the neighborhood. We worked hard to get in a position to help people move up and Opportunity Fund pulled us up to where we needed to be and to where we are today.”
—Frank Lyons, The Point Coffee Shop in Jacksonville, Florida

“Supporting Opportunity Fund allows me to combine my love for entrepreneurship with my desire to have a positive community impact. Owning your own business, creating jobs, and showing the next generation that anything is possible – these are all wonderful things made feasible by microfinance.”
—Ron Gonen, Donor

“Acquiring our new Service Hub was critical to our survival and our ability to continue to provide safety net services to more than 5,000 parents and children in San Francisco who are homeless or at risk. But the process was incredibly complex, stressful and high stakes. We absolutely could not have done it without Opportunity Fund – their investment in our work, along with their support, guidance, expertise, encouragement and friendship were, and continue to be, critical to the success of the project.”
—Erica Kisch, Executive Director, Compass Family Services
THANK YOU

Opportunity Fund would like to thank our donors, investors, board members, advisers, partners, staff, and most especially, our clients. Each of you play a critical role in making our community stronger through the power of your dreams and belief in one another.