

rcif

Religious Communities Investment Fund

# Investing in the Environment

*2016 Annual Report*



*"Concern for the environment thus needs to be joined to a sincere love for our fellow human beings and an unwavering commitment to resolving the problems of society'."*

LAUDATO SI' #91

## Mission of the Fund

The Fund is a coordinated effort of various Catholic Religious Congregations who believe, as Gospel people, that they are called to use their financial resources as a ministry to assist in overcoming social and environmental inequities.

The Congregations pool their individual assets to support the mission of promoting economic justice through investments in low-income communities worldwide. By investing in nonprofit organizations that address the economic inequalities in low-income communities, the Fund seeks to promote an economy of solidarity and reflect the Gospel values of economic justice, compassion, human dignity and environmental stewardship.



Solar For All.

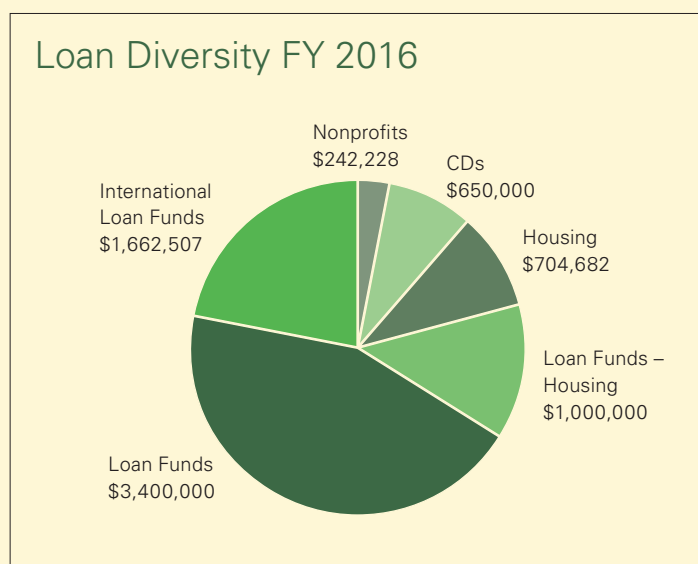
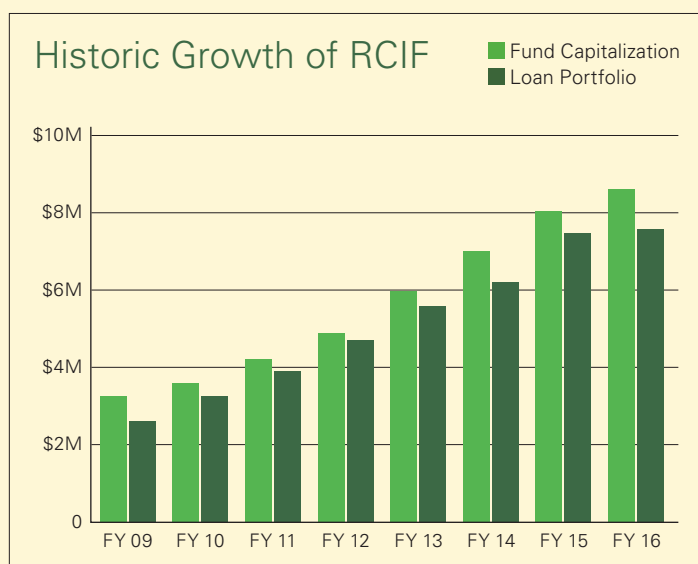


Cooperative Fund of New England.

## Focus of the Fund

The Fund is a portfolio of debt and equity investments in projects consistent with the Gospel mission of economic justice for all. The investments benefit the economically poor, especially women and children, concentrating on those who are unserved or poorly served through traditional financial sources. The funding recipients, usually intermediary agencies, are those seeking ways to give beneficiaries an effective voice in the planning and implementation of the given projects, as well as those who address the multi-cultural reality of our society. Investment returns are expected to slightly outpace inflation.

## Financials (As of June 2016)



Clockwise from left on the cover: A young woman in Nicaragua uses a solar light available because of investments by Global Partnerships; Rural Community Assistance Corporation works with a Tribal operator on a water project; veteran Edward Carter with the new high-efficiency air conditioning unit he was able to buy through the Solar and Energy Loan Fund program.



## *Laudato Si'* in the Year of Mercy

**2016, A YEAR OF MERCY** and the one year anniversary of the publication of *Laudato Si'*, *On Care for Our Common Home*. RCIF has been focusing on these issues since its inception by partnering with nonprofits in low-income, low-wealth communities through community development investing.

*"Taking advantage of abundant solar energy will require the establishment of mechanisms and subsidies which allow developing countries access to technology transfer, technical assistance and financial resources, but in a way which respects their concrete situations..."*  
(*Laudato Si'* #172)

We are highlighting three different approaches to increasing the use of solar energy in low-income communities. As one borrower said on a site visit in Portland, Oregon, we joined them as "solar evangelists."

Since the encyclical also highlights the importance of safe drinking water for all we are featuring another borrower, the Rural Community Assistance Corporation, which has been creating safe infrastructure for water systems in rural areas.

There are so many examples as each of our borrowers seeks to use environmentally friendly building practices, energy efficiency and other operating practices as they address the need for housing, jobs, services and access to capital in low-income communities. Each borrower combines care for the environment with care for low-income people. It's *Laudato Si'* in the Year of Mercy!

During the past year RCIF welcomed a new Board Member, Margaret Mary Cosgrove, BVM, who was featured in our winter newsletter. We also had a new sponsor join us, the Sisters of St. Francis of Philadelphia, and they were featured in our spring newsletter. We now have 23 sponsors.

RCIF's capital base increased from \$7.8 to \$8.5 million this year. Some of our direct loans, which are considered the most risky, have paid us off in full, including: the YWCA of Watsonville, which operates a pre-school and programs for young Hispanic women leaders; Youth Speaks, which provides poetry and arts programs in public schools; and Esperanza, which created a small businesses incubator in Los Angeles.

We had our first loan loss: Neighborhood Housing Services of Silicon Valley. We have adequate reserves so no investor



Corinne Florek, OP



Margaret Diener, OP

*"Society is also enriched by a countless array of organizations which work to promote the common good and to defend the environment, whether natural or urban."*

LAUDATO SI' #232

funds have been lost; however, the true sadness is that a valuable provider of affordable housing in San Jose and other areas of Silicon Valley no longer exists.

There is much more we could do, so we are seeking additional sponsors and investments with a goal of \$10 million by our 10-year anniversary (2018)! PLEASE encourage others to join us!

As Pope Francis states, quoting the Earth Charter, "Let ours be a time remembered for the awakening of a new reverence for life, the firm resolve to achieve sustainability, the quickening of the struggle for justice and peace, and the joyful celebration of life." In partnership with our borrowers may our response to these challenges build resilient communities for the sake of the earth and all her people.

Thank you for all your support!

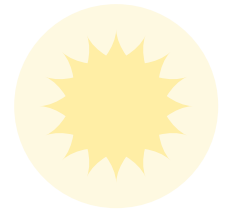
*Corinne M. Florek, OP*

Corinne Florek, OP  
Executive Director

*Margaret M. Diener, OP*

Margaret Diener, OP  
Board Chair

# Bringing the energy savings of solar power to low-income families



Solar For All

The Beals family installed solar panels on their Habitat for Humanity home in Medford, OR in 2015.

**GREG AND KIM HARR** installed a large solar panel system on their Oregon home five years ago with the help of a grant from the state's energy trust. The system reduced their carbon footprint while also cutting their energy bills to almost zero.

The couple, both engineers with well-paid jobs, were struck by how they were benefiting from a system that was out of reach for the low-income families who really needed the cost savings.

"We effectively got a large grant from the state's energy trust, which is funded by a utility tax," said Greg. "That's a great benefit to us, but we could have afforded the solar installation. After our system was installed, our bill dropped to almost zero so we weren't putting money back into the system. Meanwhile, low-income families who can barely afford to keep their lights on don't have the disposable income to pay the up-front

costs for solar. It seemed like a reverse Robin Hood system. It didn't feel right."

The Harrs started Solar For All to change that. After much research, they decided to fund the installation of solar



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GREG HARR

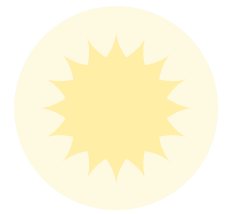
systems on low-income housing projects already being developed by local public and private agencies. Today they've completed seven installations in the Portland area, and four on homes built by Habitat for Humanity in Medford. Greg and Kim continue working full-time jobs while managing Solar For All as volunteers. "Every dollar we'd pay ourselves would be a dollar we're not spending on solar for someone," said Greg.

The ways that solar systems are financed make the process complicated. Solar For All can't install the systems until the homeowners have the title, and must provide several months of electric bills to show that the system they're proposing is the right size. "It's been really challenging," Greg said. "We learn something new every day."

A loan from RCIF has made all the difference. "RCIF has been really critical for our continued operation," said Greg. "It costs us approximately \$8,500 upfront per system we install. We recoup two-thirds of that through state income tax credits, but not until we've paid to install it, passed inspections and completed paperwork."

The RCIF loan gives Solar for All the capital they need to bridge that gap. "It's at a much lower interest rate than we'd get from a bank as a very small agency with intermittent funding," said Greg. "The loan from RCIF has been critical in allowing us to move forward. And when Sr. Corinne met our board last summer, she told us whenever we're having a bad day to think about the many sisters who are praying for the solar ministry. We've had some bad days since then, and I always think about that and how they're praying for us."

# Lighting rural homes one solar lamp at a time



**MORE THAN 1 BILLION** people around the world live in rural communities that are beyond the electricity grid, making it difficult for adults to earn a living and children to do their schoolwork. Nonprofit Global Partnerships has found an affordable solution that's good for both people and the environment: small solar light units.

Going small represents a different and extremely practical approach to using solar power in regions where large roof units are financially far beyond reach. It's been highly successful, with more than 2 million units sold in Latin America, the Caribbean and East Africa since Global Partnerships began making investments in this initiative. Many people who purchase the lights are living on less than \$3.10 per day.

"Typically people who live beyond the grid in these areas have to light their homes with kerosene lamps," said Jason

Henning, Vice President of Investor & Donor Relations at Global Partnerships. "Kerosene isn't very bright, so it's hard for children to study or parents to work by kerosene lamp. It's expensive—people relying on it can spend anywhere from 25 to 33% of their income for energy costs. It's time-consuming to have to go purchase it. And it's dangerous, because



*"More than any other investor, RCIF gets what we do from the start. There's no learning curve"*

JASON HENNING

kerosene smoke leads to respiratory disease, and homemade lamps can spill and set fires."

Solar light units not only source free, non-polluting solar power, but many units can also be used to recharge mobile phones, saving users the time to walk to charging stations and the cost of the electricity to recharge them. In regions with no telephone lines, mobile phones are a crucial way for residents to conduct business and stay in touch with family.

Global Partnerships makes these lights available through impact investments in the companies producing them. "We're focused on expanding opportunities for people living in poverty," said Henning. "We do that by investing in social businesses that bring essential goods and services to poor and underserved communities. They make really good products that are affordable and durable for people living beyond the grid."

RCIF and other faith-based investors have been crucial in allowing Global Partnerships to raise affordable funds and advance their mission. "We're trying to get capital to our business partners," Henning said, "and to do that we need to source long-term capital from our investors."

RCIF provides more than important capital, however. There's the less tangible benefit for Global Partnerships of working side-by-side with an organization that values their mission. "More than any other investor, RCIF gets what we do from the start," said Henning. "There's no learning curve. They understand what we do, the kind of financing we need, and the impact we're having. They're really good partners."



A retailer in Nicaragua displays a solar lamp manufactured by a Global Partnerships investee.



Rural Community Assistance Corporation

# Connecting rural residents to clean and safe water



A Tribal water and wastewater operator who works with RCAC gives visitors a tour of a facility.

**“WATER IS** such a basic thing we need,” said Michael Carroll, Director of Lending and Housing at Rural Community Assistance Corporation (RCAC). “When you don’t have access to clean water, day-to-day existence is even more of a struggle for poor people.”

Access to safe water has long been a problem for low-income rural Californians, especially those living in farmworker communities. The state’s record-setting drought has only exacerbated the situation by drying up crops, jobs and wells. RCAC sees the results first-hand every day in their work on water issues.

“There are communities with failing septic systems that are polluting the groundwater, streams and rivers,” said RCAC’s Ari Neumann, Assistant Director of Community and Environmental Services. “In other communities the water is contaminated

by naturally occurring arsenic. And because of the drought, there are families whose wells have run dry who can’t afford to drill new ones.”


What this means is that some of the poorest residents of California are having to pay for bottled water or water

deliveries, sometimes in addition to the bills they’re already paying for tap water that’s not drinkable. That water may cause short-term viral and bacterial illnesses, or long-term conditions such as cognitive problems in children, thyroid issues, and cancer. Many residents turn to soda instead, raising the rate of diabetes. Some towns have been forced to deliver bottled water to residents, diverting scarce community resources.

It’s a complex issue, and RCAC responds with multiple strategies. “We’re hiring a lot of people to work with disadvantaged communities to assess their water needs and help them figure out the best strategies to solve those problems,” said Carroll. “For us it’s about helping people create communities that are healthy places to live, both economically and physically.”

If a community’s aging water system is unable to remove naturally occurring contaminants such as arsenic, or their failing septic or wastewater system is contaminating the water supply, RCAC can help them plan a new system and provide the financing to build it. If families can’t afford to drill a new well or don’t know how to ensure their well water is safe to drink, RCAC provides free assessments and low-interest loans for drilling. The agency even has a program that places water bottle filling stations in public schools and parks to ensure access to free, fresh drinking water.

“RCIF has been a steady supporter and investor for years,” said Carroll, “and we rely on that. It’s like a backbone layer of support. Some other investors come and go, but RCIF has been there and that steadfastness is a great thing to have.”

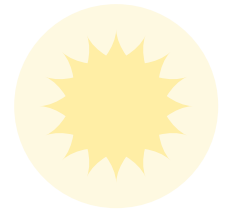


*“When you don’t have access to clean water, day-to-day existence is even more of a struggle for poor people.”*

MICHAEL CARROLL

## Solar and Energy Loan Fund

# Combining conservation, efficiency and solar power



FLORIDA MAY seem like the perfect place to utilize solar technology, but low house values and minimal state tax incentives put rooftop solar systems out of the reach of many people. However, that's not stopping the Solar and Energy Loan Fund (SELF) from developing creative ways to bring the cost-saving benefits of solar to underserved communities.

"In Florida, solar is the most viable renewable energy alternative," said Doug Coward, Executive Director of SELF. "But a rooftop system might cost up to \$25,000 and take eight to 10 years to pay for itself. If someone has a \$50,000 home, that may not make a lot of sense."

SELF calculates that the most cost-effective first step for their clients is to reduce energy usage through efficiency measures from weatherization to equipment upgrades. These changes average a reduction of 24% in overall utility costs. "People living in older

houses pay a disproportionate amount of their income towards energy bills," said Coward. "We mine the inefficiencies, which means we're reducing greenhouse emissions, and then use those savings to pay for upgrades. We think that improving efficiency is a far better and more environmentally friendly investment than a new power plant."



*"Our clients can cut their energy bills by roughly 20%, and their investment pays for itself in three years."*

DOUG COWARD

Those upgrades might include high-efficiency air conditioning units, which can result in a huge improvement in quality of life for SELF's clients, many of whom could not previously afford to use their air conditioning. "People from other states may think high-efficiency air-conditioning is a luxury," said Coward. "But in Florida when we have a heat index over 100 degrees and people can't afford to run their air conditioners, it's absolutely brutal for the elderly, children and people with disabilities."

When clients have maximized their energy savings through upgrades, SELF next recommends solar water heaters. "Solar water heaters use the sun to warm water instead of electricity," said Coward. "It's one of the most cost-effective solar technologies available. Our clients can cut their energy bills by roughly 20%, and their investment pays for itself in three years."

Many of SELF's clients are working-class people who have been unable to receive financing elsewhere. "They're extremely grateful for the improvements to their homes," said Coward. "Their homes are their biggest asset, and we're protecting them and making them more efficient."

Coward believes that SELF would not exist today if not for the support of RCIF. "It was a critical investment that helped us continue to grow the program and helped bring in other investors," he said. "We hadn't been established long enough to have the track record that a bank would need to finance us. We were operating in two or three counties. Now we're in 57 jurisdictions and demand is still beyond our ability to meet it."



A client with the new high-efficiency air conditioning unit she financed with SELF.

SELF

## RCIF Sponsors

### CALIFORNIA

Congregation of Sisters of Mercy,  
San Bernardino  
Dominican Sisters of Mission San Jose  
Dominicans Sisters of San Rafael  
Religious of the Sacred Heart of Mary  
Sisters of Notre Dame de Namur  
Sisters of Notre Dame, Thousand Oaks  
Sisters of St. Joseph, Carondelet  
Sisters of St. Louis  
Sisters of the Holy Family  
Sisters of the Presentation  
Sisters of St. Francis, Redwood City

### COLORADO

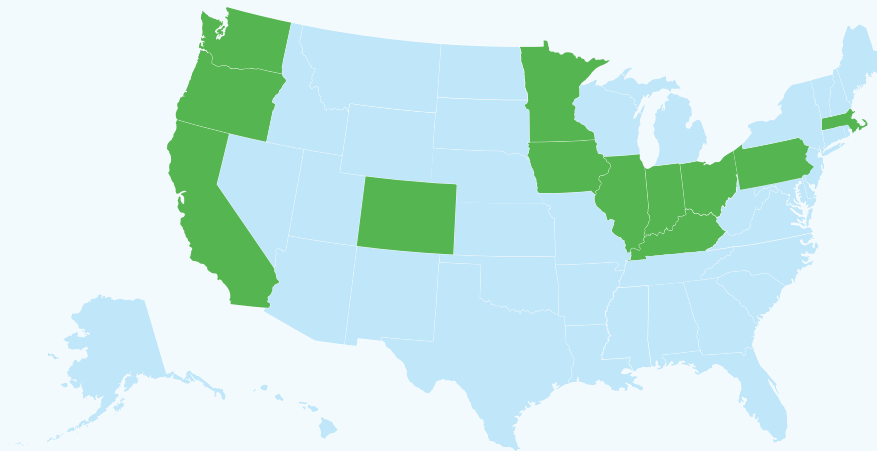
Sisters of St. Francis, Sacred Heart  
Province

### ILLINOIS

Congregation of St. Joseph, LaGrange

### INDIANA

Our Lady of Victory Missionary Sisters



### IOWA

Sisters of Charity, BVM, Dubuque

### KENTUCKY

Sisters of Charity of Nazareth

### MASSACHUSETTS

Poor Sisters of Jesus Crucified &  
The Sorrowful Mother

### MINNESOTA

Franciscan Sisters, Little Falls

### OHIO

Sisters of Notre Dame, Toledo  
Sisters of Notre Dame de Namur

### OREGON

Sisters of the Holy Names of Jesus and Mary

### PENNSYLVANIA

Sisters of St. Francis of Philadelphia

### WASHINGTON

Tacoma Dominicans



## RCIF Board

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Margaret Diener, OP (*Chair*)  
Leora Linnenkugel, OLVM  
Margaret Mary Cosgrove, BVM  
Vicki Cummings  
Cathy Minhoto, RSHM (*Secretary*)  
Tan Vo

## Honored Donors

Dignity Health  
Sisters of St. Joseph of Orange

*"...growing conviction that our planet is a homeland and that humanity is one people living in a common home."*

LAUDATO SI' #164



Religious Communities Investment Fund

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