

Investment Program Risk Management



The Genesis Fund provides a unique opportunity for individuals and institutions to invest a portion of their assets in support of local community development and economic growth in Maine and Northern New England. An investment in the Genesis Fund blends financial and social returns into one accessible and risk-mitigated product, the proceeds of which are pooled and invested in a diverse portfolio of over 80 community development projects in Maine and beyond. Since 1992, when we first began financing projects, the Genesis Fund has had a record of 100% repayment to our investors.

About The Genesis Fund

The Genesis Fund provides innovative financing by soliciting community investment loans from individuals, churches, corporations, and foundations and then re-lending the money at favorable terms to nonprofit organizations developing affordable housing and community facilities for the benefit of underserved people and communities throughout Maine and beyond. Our loans help some of our most vulnerable neighbors: single parents and their children, low-income working families, the elderly, homeless individuals, and people with disabilities. The Genesis Fund is a tax-exempt, 501(c)(3) nonprofit organization founded in 1992 and is certified as a Community Development Financial Institution (CDFI) by the US Treasury Department.

Risk Mitigation Strategies

Loan Portfolio Risk Mitigation: The Genesis Fund employs a number of practices to underwrite loans, monitor portfolio performance, minimize defaults and ensure the ultimate repayment of investment capital.



Underwriting - Before extending a loan, borrowers go through an extensive underwriting process to review project feasibility and assess credit quality. All loans are reviewed by a Board committee.



Collateral - All Genesis Fund loans are secured by collateral (typically real estate). Site visits to inspect the condition of collateral securing loans are conducted at least once every 3 years.



Portfolio Diversification Strategies / Concentration Limits - The Genesis Fund has a diverse loan portfolio comprised of a variety of sectors and repayment sources, which spreads risk across a range of factors. We also do not normally allow the amount of outstanding debt to any single borrower to exceed 10% of total capital available to lend, and we limit the amount of capital loaned out for longer than 10 years.



Ongoing Loan Monitoring and Support - Genesis Fund lending staff maintains strong relationships with borrowers and conducts ongoing portfolio review. This involves construction monitoring when appropriate, as well as reviewing loan repayment plans and other operating information from a borrower. We are able to provide technical assistance if needed to keep projects on track.



Annual Portfolio Review - We perform a review of each loan in the portfolio at least annually, including updating all necessary documentation, reviewing payment status, analyzing financial statements, and re-rating risk.



Loan Loss Allowance - We maintain a minimum loan loss allowance equal to 3% of gross loans receivable at all times. The loan loss allowance may be adjusted upwards as necessary based on an assessment of risk in the portfolio. Our careful portfolio management has helped to keep loan losses to a minimum. We have had only 2 loan write-offs in our history.

Investment Portfolio Risk Mitigation: In addition to loan portfolio risk management policies, the Genesis Fund has policies in place to ensure our ability to repay investors.



Capital Structure Requirements - The Genesis Fund has over \$6M in Net Assets at our most recent fiscal year end (2020), and maintains a ratio of at least 20% Net Assets to Total Assets at all times.



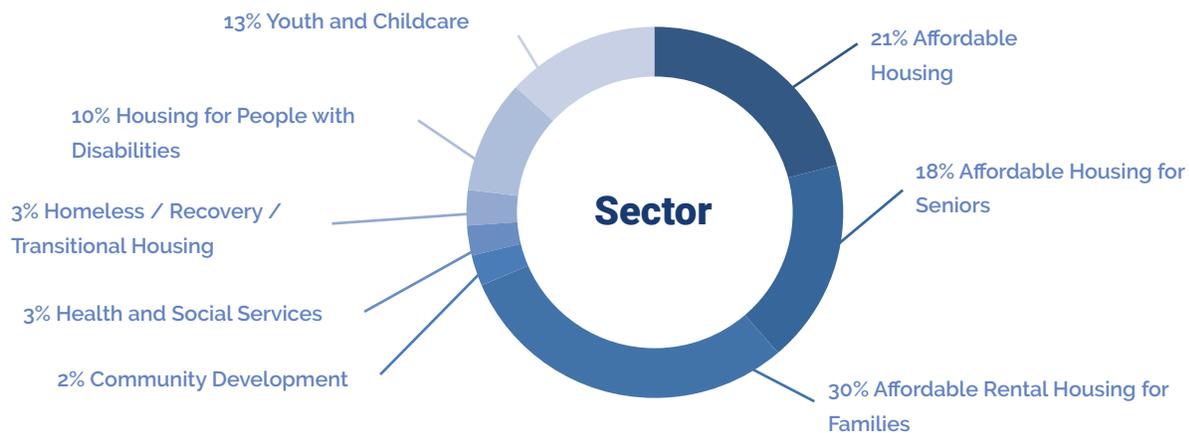
Capital Liquidity Reserve - The Genesis Fund maintains a capital liquidity reserve of no less than 5% of investor notes payable. These funds are not available for lending.

Genesis Fund Lending

Investments in the Genesis Fund make a wide variety of local community projects possible. Our careful portfolio management means we have had only two loan write-offs in our history. As the loans we make are repaid, the funds become available for new projects and can thus be "revolved" to meet critical community needs again and again. As a result, an investment in the Genesis Fund has the opportunity to support numerous projects over its term.

- **Total loan portfolio at most recent fiscal year end (FY20):** **\$22,182,047 outstanding loans**
- **Total lending:** **\$54,659,841 to 265 projects since 1992**
- **Community investments leveraged from other sources:** **\$299,413,432 leveraged since 1992**

Outstanding Loan Portfolio by Sector - FY20



Outstanding Loan Portfolio by Region - FY20



Investment Data

- Total investors at most recent fiscal year end (FY20):** **149 Investors**
- Total invested capital at most recent fiscal year end (FY20):** **\$19,587,574 Invested Capital**

Visit tinyurl.com/gen-invest to download our individual or institutional investment forms today or call us at (207) 844-2035 to get started!

The offer and issuance of the loans to the Genesis Fund has not been registered under the securities laws in reliance upon exemptions from such registration for securities issued by certain non-profits. The information herein is qualified in its entirety by reference to the Genesis Fund's Prospectus, a copy of which is available at tinyurl.com/gen-invest.

