

Fair Finance Fund Inc.

Mobilizes fair, flexible capital for Ontario's local food and farm economy

Headquarters: Hamilton, Ontario, Canada

Founded: 2019 (first loans issued)

AUM: \$5.3M AUM

Investment area: Ontario

Website: fairfinancefund.org

Funders: Individuals, institutions, and foundations

Themes: Local Food & Farm Economy · Sustainable & Regenerative Agriculture · Food Security & Sovereignty
Equity-Deserving Entrepreneurs · Community Bonds & Social Finance

CATALYTIC ROLE OF GRANTS

Grants funded Fair Finance Fund's early operations, staffing, loan capital, and first-loss protection before interest income was sufficient to sustain the model. As the loan portfolio has grown, reliance on grants has declined, though grants still provide about 55% of revenue and absorb risk that enables lending to underserved food and farm enterprises.

ABOUT

Fair Finance Fund is a non-profit social finance lender that mobilizes equitable, accessible capital for Ontario's local food and farm enterprises, **financing businesses that generate social, environmental, and economic benefits and strengthen a resilient regional food system.**

The Fund raises Community Bond investments from individuals and institutions who invest in 5-10-year, 0-3% fixed rate notes focused on financing local food systems. Loans to local food system actors typically have five-year terms, and as borrowers repay, the capital revolves into new enterprises. A first-loss layer of **catalytic grant capital** and an internally restricted loan-loss reserve protects bond investors. *AR: FY25*

INTEGRATED CAPITAL MODEL

RAISE FLEXIBLE CAPITAL

The Fund raises capital from individuals, institutions, and foundations through Community Bonds, pooling patient, mission-aligned investments.

LEND AFFORDABLE CAPITAL

The Fund deploys flexible loans to food and farm enterprises across Ontario, including ecological farms, food processors, apiaries, medicinal mushroom growers, and urban farmers.

REVOLVE CAPITAL

As borrowers repay, capital revolves into new loans, **so a single investment supports multiple enterprises over time**, while a first-loss layer protects investors.

THE ECOSYSTEM NEED

Across Ontario, small food and farm enterprises anchor local economies and food security. They provide **local jobs and healthy food, while stewarding ecosystems, improving soil health, and supporting biodiverse landscapes.** However, small food and farm enterprises operate on tight margins, experience seasonal cash flows and rarely hold the collateral conventional lenders require. Since conventional lenders prioritize collateral and competitive returns, many otherwise viable, community-rooted businesses face a financing gap. This gap disproportionately affects early-stage and equity-deserving entrepreneurs.

FINANCING APPROACH



Rooted in Ontario's food economy

A relationship-based lender embedded in the local food and farm sector, Fair Finance Fund reaches farmers, processors, and food entrepreneurs who are overlooked by conventional lenders. *AR*



Patient, flexible capital

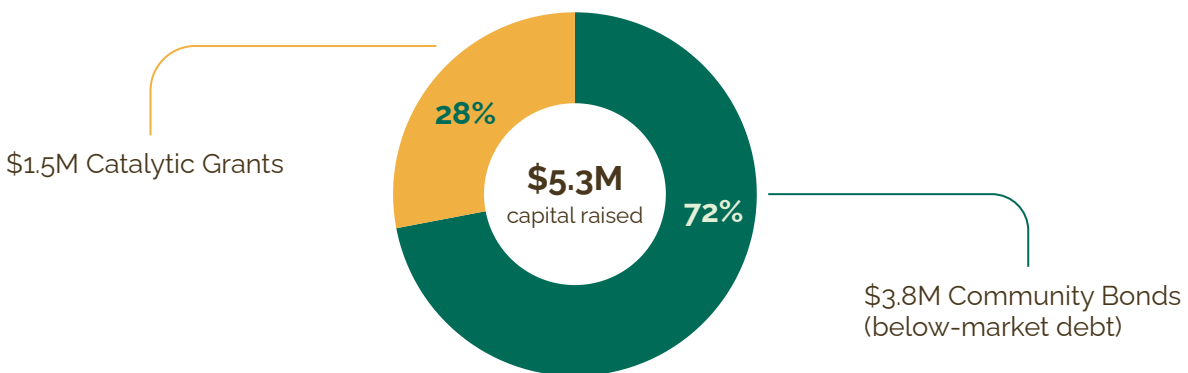
Provides five-year terms, with low rates to the business, to unlock growth for enterprises constrained by land tenure, scale, or non-traditional models. *AR; FY25*



Revolving capital

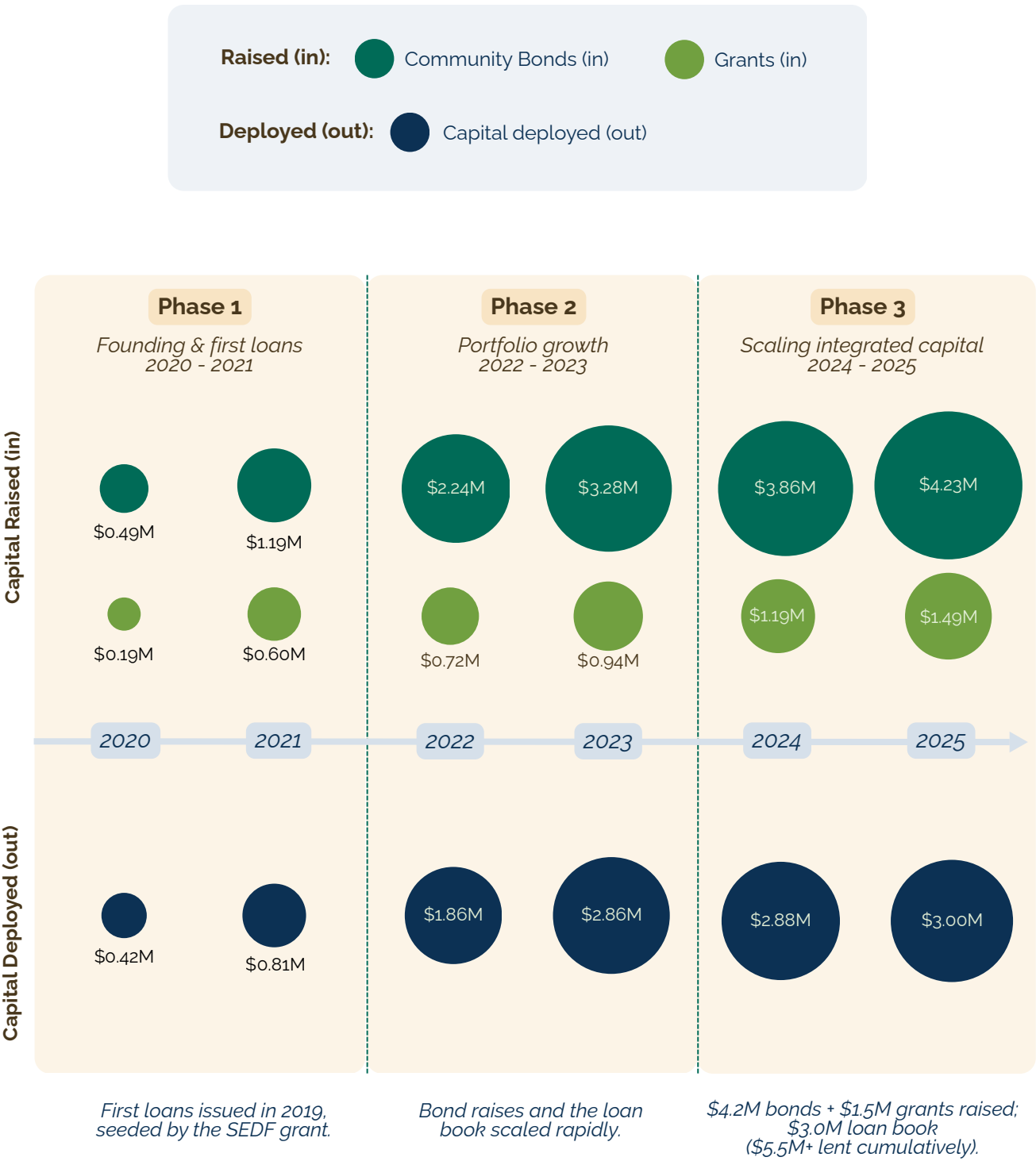
Combining community bonds and a first-loss capital layer, the revolving-loan model recycles dollars into new enterprises as they repay, multiplying impact across the food system. *AR*

FINANCIAL PROFILE



Since 2020, Fair Finance Fund has raised \$5.3M in capital through two complementary sources: below-market Community Bonds (72%) provide patient, repayable investor capital, **while catalytic grants (28%) provide a first-loss layer beneath investor capital**. Because repayments flow back into new lending, each dollar supports multiple food and farm enterprises over time. *Audited FS, FY20–25.*

INTEGRATED CAPITAL PATHWAY & TIMELINE



Bubble area proportional to dollar amount · audited year-end balances

LENDING APPROACH

The capital stack: Fair Finance Fund raises patient capital from investors through Community Bonds, typically five-year terms at fixed rates of 0–3%. The Fund lends this capital to food and farm businesses through five-year loans at below-market interest rates. **Catalytic grants and a loan-loss reserve absorb initial losses and protect investors**, while the spread between interest earned from borrowers and interest paid to bondholders helps cover the Fund's operating costs. *AR, FY25*

Why it matters: By pairing catalytic, 0–3% capital with relationship-based underwriting, Fair Finance Fund can finance enterprises that conventional lenders overlook, including enterprises with limited collateral, land tenure constraints, small scale, or non-traditional models, without requiring standard collateral or credit thresholds. As borrowers repay, the capital is recycled into new loans. *AR*

Impact: In 2025, the Fund disbursed 19 loans and \$1.8M, supporting enterprises that generated nearly **\$20M** in local and regional economic activity and an estimated **428 jobs**. To date, it has deployed \$6.2M across 80 loans to 71 clients, whose work has generated a cumulative \$85.3M in local economic activity and employed 398 workers. In 2025, 61% of the portfolio supported equity-deserving entrepreneurs. *AR*

BORROWER EXAMPLE — AMANI INNOVATION



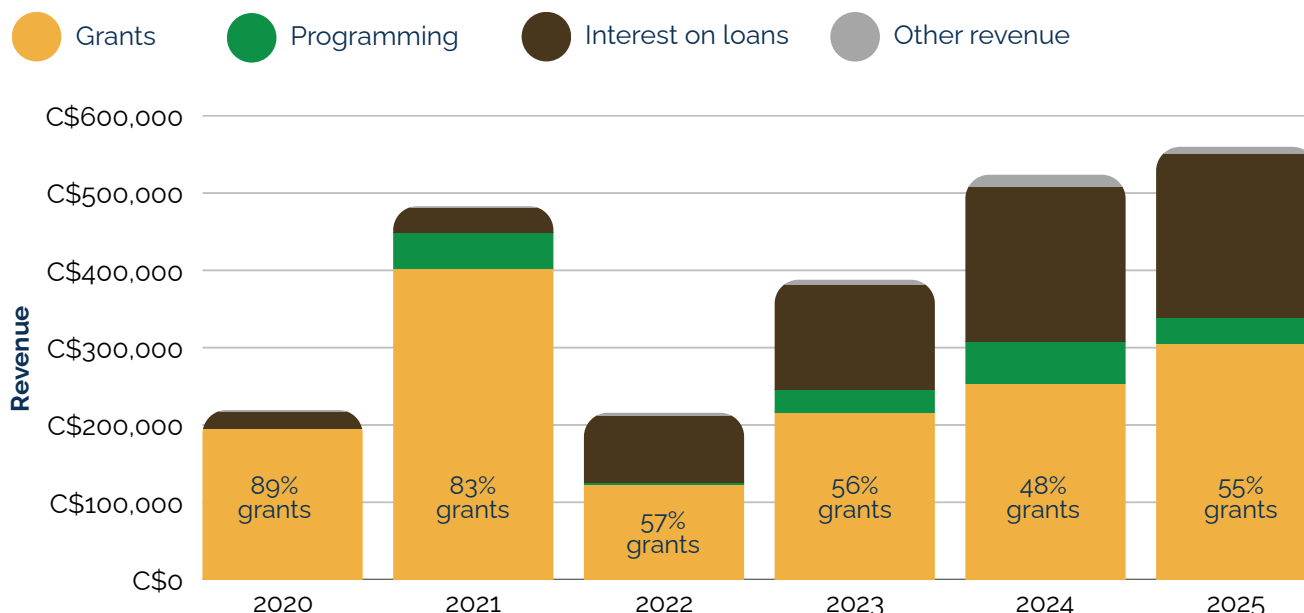
The borrower: Amani Innovation is a bold new voice in Ontario agriculture, cultivating African vegetables on local land and blending innovation, sustainability, and cultural preservation. As an early-stage, equity-deserving enterprise growing culturally relevant crops, it faced barriers in accessing the capital needed to grow. *AR*

The financing gap: Scaling a young farm enterprise requires up-front capital for land, inputs, and equipment against seasonal, uncertain cash flows and little collateral. Standard credit criteria would likely have kept this investment out of reach. *AR*

Fair Finance Fund's role: With this financing, Amani Innovation is scaling operations — funding land rental, greenhouse seedlings, plastic mulch and dripline irrigation, labor for planting and harvesting, and access to essential agricultural equipment. *AR*

The outcome: The investment reduces reliance on imported produce, strengthens local economies, and gives African-Canadian communities greater access to culturally relevant foods, a resilient, community-rooted enterprise on Ontario land. *AR*

BUSINESS MODEL



Grants were essential in Fair Finance Fund's early years, funding staff, program delivery, first-loss protection, loan capital, and the systems needed to operate before loan interest could sustain the Fund. In 2020, grants provided roughly 89% of revenue.

As the loan portfolio grew, the Fund's revenue base diversified. Interest income increased from approximately \$22K in 2020 to \$212K in 2025, and program and other earned revenue accounted for roughly 45% of its \$560K in total revenue. Grants from foundations and government partners, including the Social Enterprise Demonstration Fund and FedNor, remained the largest revenue source at approximately 55% (\$305K in 2025). These grants serve two primary purposes. First, they fund the staffing and program delivery that sustain the Fund's operations. Second, they provide first-loss protection through a dedicated loan-loss reserve held in a term deposit (\$105K at year-end) and grant funding that absorbs \$91K in loan losses in 2025 without drawing on Community Bond capital. This first-loss cushion sits beneath approximately \$4.2M in Community Bonds, allowing the Fund to finance enterprises with uncertain returns, significant upfront capital needs, or nontraditional business models. *Audited FS, FY25*

FUTURE DIRECTIONS

Fair Finance Fund is targeting long-term growth to more than \$10M in assets under management, 20–30 loans disbursed annually, and a 30% larger investor community, expanding patient, mission-aligned capital for food and farm enterprises building a resilient, climate-resilient food system. This objective centers on a three-pronged approach:

- Deepen support across Ontario, especially in underserved regions such as Northern Ontario;
- Expand impact-driven financing to British Columbia in 2026;
- Prioritize climate-resilient, nature-positive food enterprises, financing practices that increase biodiversity, improve water quality, and reduce emissions.

