



CASE STUDY: Potlikker Capital

The charitable loan fund pairing catalytic grants with patient loans to rebuild access to capital for Black, Indigenous, and Latino farmers

Headquarters: Dover, Delaware

Founded: 2020

AUM: \$16.2M

Website: potlikkercapital.com

Investment area: United States

Investors: Foundations, government, and mission-aligned investors

Themes: Reparative Capital · BILPoC Food & Farm Economy · Integrated & Catalytic Capital · Regenerative Agriculture · Resilience & Community Wealth

CATALYTIC ROLE OF GRANTS

Grants are foundational to Potlikker Capital's ability to reach farmers. Grants underwrite Potlikker Capital's below-market loans, provide catalytic grants to producers, and fund technical assistance alongside them. By absorbing first losses, Potlikker's grant-funded reserves reduce risk for mission-aligned investors, who supplied \$13.78M in patient notes that the fund on-lends. This represents roughly \$2 of investor lending capital for every \$1 of philanthropic grant. Philanthropic and government contributions supplied 91% to 100% of revenue every year from 2020 through 2024, totaling \$6.93M.

ABOUT

Potlikker is a farm-community-governed charitable loan fund that supports Black, Indigenous, Latino, and other producers and processors of color (BILPoC). The fund uses the shorthand BILPoC, for these producers working at the intersection of racial and climate justice. It delivers flexible loans, catalytic grants, and technical assistance through a single integrated capital model, guided by three commitments: repair, relationship, and resilience.

The fund grew out of six years of listening by co-founder, President, and Chief Investment Officer Mark Watson, who logged thousands of miles at the kitchen tables, fields, and processing facilities of producers of color since the fund was founded in 2020. From inception through 2024, Potlikker partnered with 58 producers across 24 states, concentrated in the South, Midwest, and other regions where BILPoC producers have farmed for generations. It deployed \$4.47M in loans and \$532K in grants alongside multidisciplinary technical assistance.

INTEGRATED CAPITAL MODEL

REPARATIVE CAPITAL

Offers below-market loans (bridge, term, purchase-order, and refinancing), catalytic grants, and flexible repayment. Deals range from roughly \$50K to several hundred thousand dollars, sized to each enterprise's earnings and its stage on the resilience pathway.

TA & CAPACITY BUILDING

Technical assistance covers record-keeping, business planning, cash flow, production, and market readiness before and during the loan application. Repaid capital is recycled into new loans, and roughly a third of deals receive follow-on funding as needs evolve.

RELATIONAL INFRASTRUCTURE

Producer-led communities of practice in four regions convene farmers around shared needs, from water-access summits to peer mentorship. Twenty-seven percent of partners have participated, building leadership and self-advocacy alongside the capital.

THE ECOSYSTEM NEED

The barriers BILPoC producers face are specific and historical, not incidental. For generations, federal farm lending, New Deal-era land distribution, and disaster assistance were administered through local committees and eligibility rules that routinely denied Black, Indigenous, and Latino farmers the credit, land, and relief extended to their white neighbors. This documented pattern of discrimination stripped land and blocked wealth-building for decades. That legacy is measurable in Potlikker's network: **42% of producers described the loans they have with banks and other financial institutions as predatory.** The consequences of this exclusion continue to compound. Standard underwriting rewards collateral, strong credit histories, and multigenerational banking relationships—assets that decades of discrimination prevented many of these families from building. Closing this gap requires patient, relationship-based capital that recognizes this history rather than penalizing producers for its lasting effects.

FINANCING APPROACH



Root in community

New partners come by referral into an intake averaging four months, where a Resource Council of farmers, community leaders, and advocates weighs references, community impact, and business vision alongside financials.



Right instrument for the stage

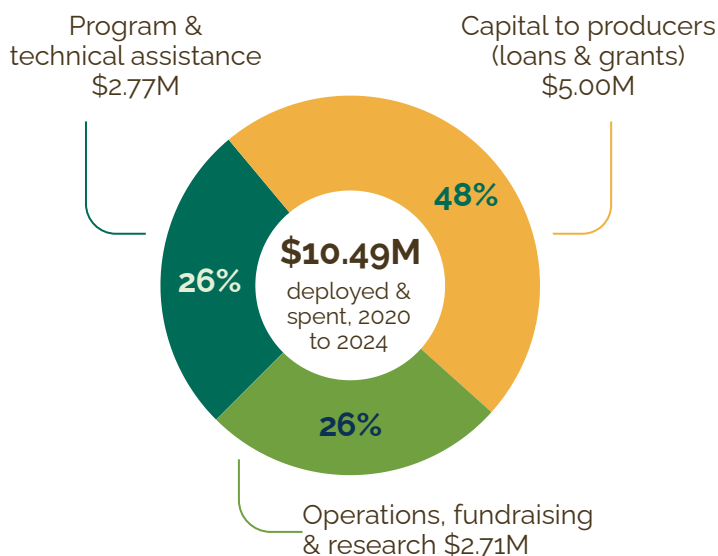
A farm in crisis may get a bridge loan to protect assets, working capital or refinancing to cut debt, or term capital toward land ownership and expansion. The instrument matches the organization's position on the resilience pathway.



Priced for repair

Loans are priced below the federal Farm Service Agency (FSA) benchmark; three-quarters carry non-conventional amortization that follows a crop's cash-flow curve; and refinancing can reduce the debt a producer already carries.

FINANCIAL PROFILE



\$15.1M in total assets at year-end 2024, up from \$0.52M in its 2020 founding year. Potlikker is capitalized from two sources: **\$6.93M** in cumulative philanthropic grants and **\$13.78M** in investor notes payable, the patient debt it on-lends. Its outstanding loan book, held as program-related investments, stood at **\$3.19M**. Through August 2025, the fund had committed **\$6.97M** to 59 farm business owners across 24 states: \$0.81M in grants and \$6.17M in low-cost loans, with much of the 2024 investor raise still awaiting deployment.

INTEGRATED CAPITAL PATHWAY & TIMELINE

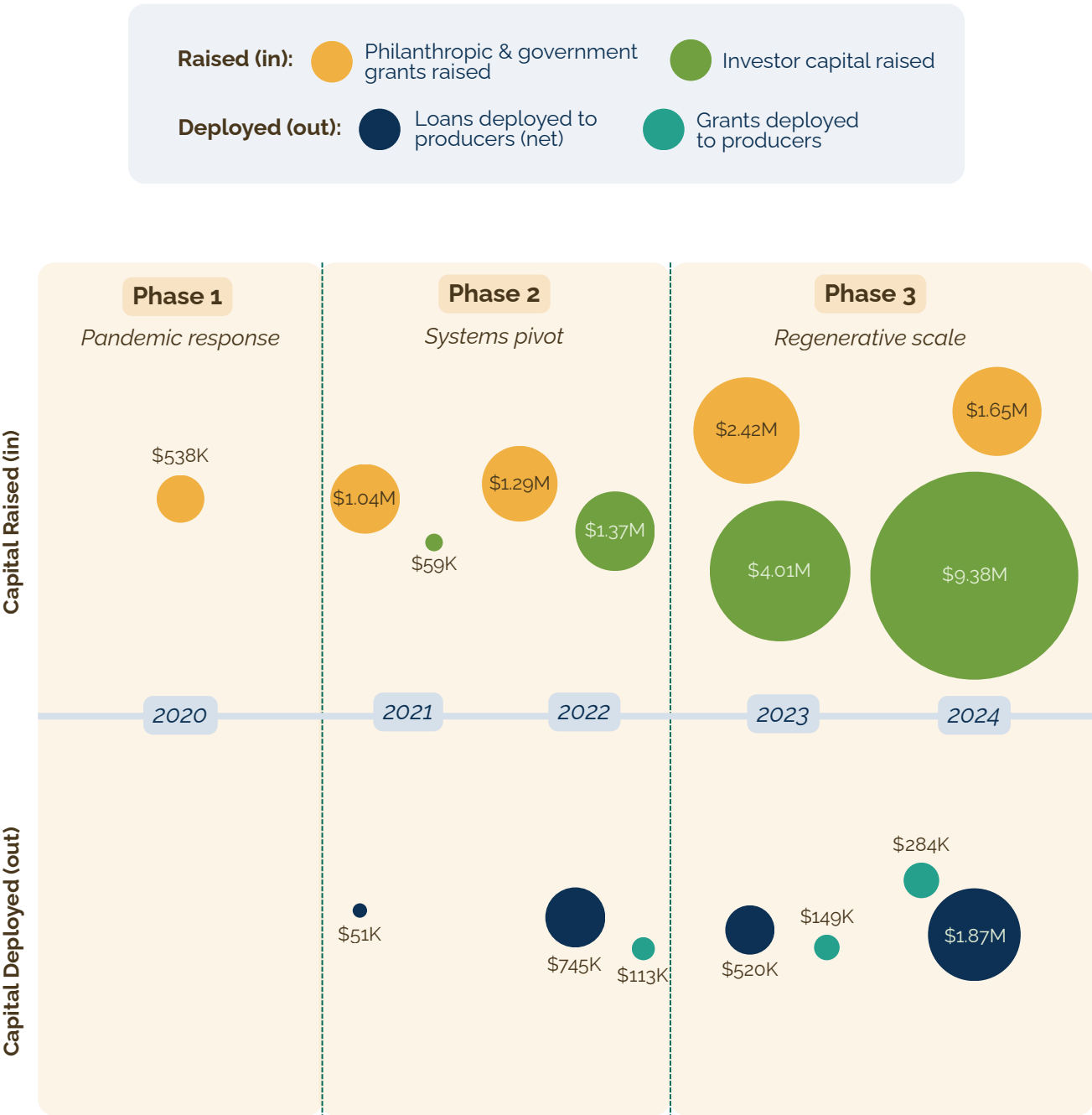


Figure 1. Capital raised and capital deployed by type, 2020 to 2024. Grants are philanthropic and government contributions; bubble area is proportional to dollars (Potlikker Form 990s).

ADDITIONALITY OF LENDING APPROACH

The capital stack: Potlikker builds each deal in layers. Grant-funded reserves sit at the base, in first-loss position. Above them, patient investor notes fund below-market loans. A catalytic grant can also go directly to a producer to cover the establishment period before a loan can be repaid. Because the philanthropic layer absorbs losses first, mission-aligned investors are willing to lend behind it, and the order is what makes the structure work.

Why it matters: Standard agricultural lending requires collateral, credit history, and fixed repayment that farms transitioning to regenerative agriculture rarely have. Loans can drain cash exactly when a producer is recovering from a drought, flood, or failed season or trying to grow. Because the grant cushion absorbs the first loss, Potlikker can lend to a farm in crisis, to a producer without collateral, or on terms where repayment begins only after a new crop pays, supporting a farm through a bad year.

Impact: The gateway effect of grants is visible on the fund's own balance sheet. In 2020 and 2021, grants created a catalytic base for Potlikker before it had investor debt. Investor lending then scaled from \$1.4 million to \$13.8 million by 2024 — roughly \$2 of investor capital for every \$1 of philanthropic grant. From inception through 2024 the fund partnered with 58 producers across 24 states, and of those who arrived in crisis, **83% say Potlikker kept their farm from failing.**

BORROWER EXAMPLE — THE YAUPON VALUE CHAIN



The company: Niehla Ollie built Homegirl's Hummus from a farmers market favorite into a Chicago gourmet hummus brand now stocked in stores across the city.

The financing gap: The crop takes three to five years to establish before it can be harvested, and few conventional lenders will finance that wait for first revenue on an unproven specialty crop grown on land held by owners whom the credit system has long excluded.

Potlikker's role: Potlikker structured repayment to begin only after the crop generates revenue, then layered formation capital [1] and technical assistance across eight value-chain partners, including two women-of-color-owned tree-care businesses staffed in part by justice-involved entrepreneurs, alongside investment in processing infrastructure and partnerships with tea brands committed to buying the harvest.

The outcome: Once the loans are repaid, landowners can keep their land through a productive asset that generates roughly \$10,000 per acre in annual operating income for decades.



BUSINESS MODEL

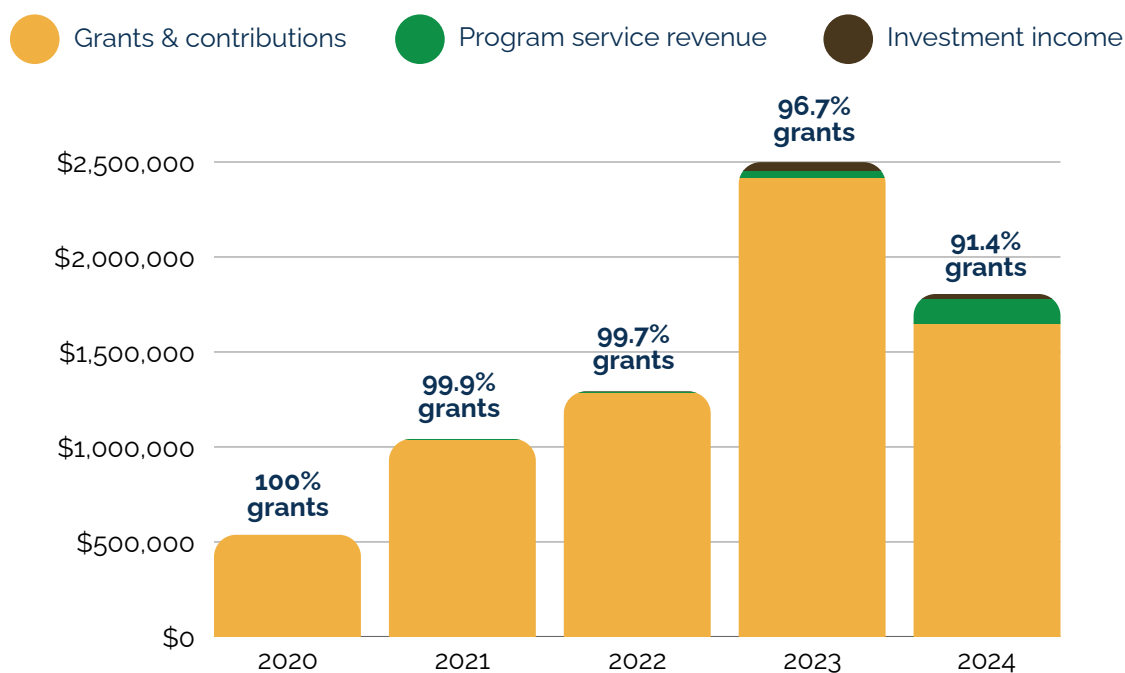


Figure 2. Total income by source, 2020 to 2024, with grants as a share of each year (Potlikker Form 990s).

Potlikker's earned income comes from three streams that the fund reports separately: interest and fees on its loan book (program service revenue, \$0.13M in 2024), returns on cash and reserves held pending deployment (investment income, \$0.03M), and other modest earned revenue. Together, interest and investment income totaled about \$0.16M in 2024, up from near zero in its first years. A modest but rising share of the roughly \$3.19M it deploys and spends annually to lend to and support producers. Philanthropic and government grants supplied 91% to 100% of revenue from 2020 through 2024.

As the fund deploys the \$13.78M it has raised from investors, the resulting interest income should cover a growing share of operating costs. **Foundation grants made this progress possible by funding the reserves and early lending activity needed to establish a track record, attract investors, and continue offering loans at below-market rates.**

FUTURE DIRECTIONS

Potlikker is growing its integrated, relationship-based approach along two lines:

- **Deepen place-based lending:** to BILPoC producers across the 24 states it already serves, moving partners from relief and stabilization toward expansion and land ownership, and recycling repaid capital into new loans.
- **Center producer-led communities of practice** as the core vehicle for technical assistance. Potlikker operates producer-led communities of practice in four regions today, with more forming. These communities will build the longitudinal evidence base for the loan fund.

