



POSITIVE IMPACTS REPORT 2009

SJF Advisory Services and SJF Ventures help accelerate the success of high growth, positive impact businesses by providing business assistance and venture capital financing.

SJF Celebrates 10 Years of Funding and Assisting Great Companies



Shown left to right, top row: Rick Defieux, Alan Kelley, David Griest, Cody Nystrom, Bonny Moellenbrock. Bottom row: Elizabeth Taylor, Erin Payne, Arrun Kapoor, David Kirkpatrick, Anne Claire Broughton.

We are pleased to present the 2009 SJF Positive Impacts Report marking our 10 years of sustainable innovation and economic development. SJF was founded in 1999 with a notably unique strategy – a focus on accelerating emerging ‘clean technology’ ventures that exist at the confluence of environmental impact, engaged workforces, and financial results.



While this strategy was off the beaten path of traditional venture capital in 1999, a tremendous amount has changed since then. SJF has continued to be a leader in cleantech investment while the sector has skyrocketed within the mainstream investment community, as well as a leader in green job creation which is currently a hot topic among economic and community developers.

Alone, the broad adoption of clean technologies by traditional venture capital, with \$8.4 billion invested during 2008, is a compelling storyline supporting SJF’s original thesis. Add on the emerging theme that the clean technology industry and its accompanying green job creation may be one of the most significant catalysts that drive

Continued on page 4



Positive Impacts Report Highlights

Entrepreneurial Assistance

- In 2008, SJF identified 1,173 companies seeking equity financing. Of those, SJF provided entrepreneurial assistance to 369 companies, up from 221 in 2007.

Employment

- SJF Ventures' 18 current portfolio companies employ over 4,000 people, with 2,876 new jobs created after SJF investment.
- Approximately 85 percent of these jobs employ low- to moderate-income individuals.
- The SJF investment dollars per new job created is \$6,623, which is more than seven times the number of average jobs per dollar created by SBICs (\$35,000 per new job created).

Employee Engagement and Management Insights

SJF believes companies that fully engage the ingenuity of its employees at all levels frequently have superior financial performance. We support companies with great employee engagement strategies through SJF Ventures' portfolio and assist additional companies both one-on-one and via events and workshops.

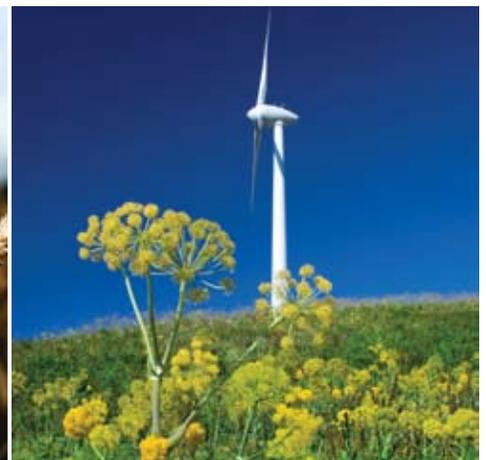
- In collaboration with Chicago-based Winning Workplaces, SJF held a *Developing a Fantastic Customer Service Culture Webinar* on April 23, 2008 which highlighted SJF portfolio company Ryla. The webinar was well attended and received excellent feedback.
- SJF held four *Getting Ready for Equity™* seminars during 2008, including one on July 23 in Orlando, FL, sponsored by Bank of America and the Florida Black Business Investment Board. The second and third GRE™ events were held in Charleston, WV and Chattanooga, TN on September 23 and December 4, respectively, with the support of the Appalachian Regional Foundation, the Mary Reynolds Babcock Foundation and the F.B. Heron Foundation, and targeted Appalachian cleantech entrepreneurs. The fourth GRE™ training was held in New York on October 28 in collaboration with the Initiative for

a Competitive Inner City and Bank of America, in advance of their Inner City Capital Connections "speed dating" event between entrepreneurs and investors on November 19.

Cleantech Innovation and Marketplace Awareness

SJF is committed to financing, assisting, and showcasing innovative clean technology and environmental companies that are changing the way business is done in their sectors.

- *SJF Summit on the New Green Economy 2009* – With more than 360 attendees and a wealth of inspiring and informative content about cleantech investment, green jobs, and more, SJF's Summit on the New Green Economy June 2-3, 2009 in Durham was a resounding success. The event brought together entrepreneurs, investors, economic developers, government officials, and community leaders from 27 states to participate in an interactive dialogue about accelerating the green economy.
- SJF Ventures held its *Fourth Annual Cleantech Companies in Mainstream Markets CEO Panel* on June 11, 2008 in New York. The event featured nine CEOs from rapidly growing clean technology companies who demonstrated how companies with innovative green strategies can scale rapidly, reduce costs and deliver unique new services to customers all while transforming mainstream markets. The event drew 180 people, including investors and other financiers, business executives and entrepreneurs, and economic developers.
- SJF hosted a *Downstream Solar Market Opportunities Webinar* on March 18, 2008. The event highlighted Jeff Wolfe of SJF portfolio company groSolar and focused on emerging opportunities in downstream solar services. Other speakers included SJF's David Kirkpatrick, Jeff Osborne of Thomas Weisel Partners, and Chris Whitman of U.S. Solar Finance.
- In 2008, SJF portfolio companies recycled more than 15,160 tons of materials, led by Intechra's electronics recycling. Thirteen out of 17 of SJF's portfolio companies surveyed have company-wide energy savings efforts and recycling programs.



Entrepreneurial Assistance

In 2008, SJF identified 1,173 companies seeking equity financing. Of these, SJF assisted 369 companies with business assistance such as financing and partner referrals, business plan feedback, and workforce development assistance such as help with benefits, location, recruitment, and tax credits. The breakdown in the level of assistance provided for 2008 is as follows:

- Level I – Basic feedback, general referrals, limited engagement – 173
- Level II – More in-depth feedback or assistance with plan or strategy, higher-level referrals, applying SJF’s unique expertise – 50
- Level III – Significant engagement utilizing SJF’s unique expertise and network and providing high value to the company (in-depth assistance, showcasing at an SJF event, ongoing coaching) – 146

Portfolio Company Results

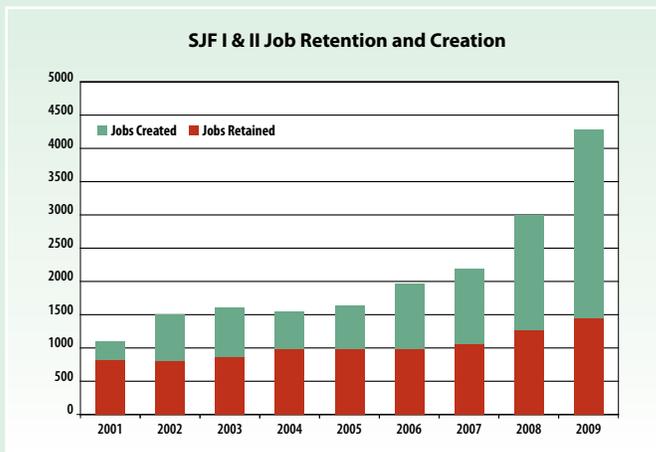
SJF Advisory Services is able to engage more deeply with SJF Ventures portfolio companies than with other companies we assist. Here are results of the 2008 survey of portfolio companies.

Methodology

To measure the workforce, community, and environmental impacts of portfolio companies and to strengthen our ability to assist them, SJF conducted its eighth annual positive impacts survey in February 2009 with the 18 most active companies in SJF’s portfolio at that time. The survey asked for 2008 data. The set of portfolio companies had changed from the previous year, with the addition of three new portfolio companies, CleanScapes, Truist and ServiceChannel.¹ All data is as of 12/31/08 except for overall employment figures, which reflect increases at Ryla and other portfolio companies through 2/16/09.

Employment

SJF portfolio companies employ over 4,000 people with 2,876 new jobs created after SJF investment. In 2008², 68 percent were from minority groups and 61 percent were women, increasing from 61 percent minorities and 58 percent women in 2007.



The number of jobs retained increased from 1,230 in 2007 to 1,446 in 2008 with several new SJF investments. There was a significant increase in new jobs as well, with 1,131 jobs created in 2008. This was partly driven by significant job creation by Ryla.

Continued on next page



RYLA: Best Job You’ve Ever Had

SJF portfolio company Ryla is a leading call center solutions provider based in Kennesaw, GA, that specializes in customer contact solutions and business process outsourcing. “We continue to use ‘The Best Job You’ve Ever Had’ as our company mantra,” says CEO Mark Wilson. “Through this statement we continually try to drive positive reinforcement on all facets of employee life from how we care for our employees, to our wellness programs, to our professional and personal growth seminars.” The company has maintained its employee focus while growing from 20 employees at the time of SJF’s investment in 2002 to close to 2,500 employees today.

This focus has paid off: Ryla boasts a 73% average annual employee retention rate in an industry that routinely posts retention rates of 29% or less, enabling the company to spend the bulk of its time on competitive customer solutions. The results are notable, including 95% client retention over the life of the business, impressive annual topline revenue growth, and consistently exceeding client service levels and quality standards.

Some of the ways Ryla cares for its employees include extensive training, going to a “paper-free” payroll system in which employees are paid via a universal check/debit card which can save them \$30-\$40 monthly in check cashing fees, and establishment of an onsite café which is partially subsidized by the company.

www.ryla.com



growth as we exit the current recession, and we are truly at a significant moment in SJF's existence. Could it be any more fitting that in the year marking our 10th year of cleantech investing in companies with engaged

workforces, our new administration has introduced an economic recovery package that touts over \$20 billion for investment in a greener economy and a goal of creating five million new jobs in 10 years as the US builds toward a clean energy future?

Needless to say, it has been an exciting year for SJF. Strong board and staff additions, successful events, 369 companies assisted, and strong investment activity at SJF Ventures are just a few of this past year's highlights.

SJF Ventures has invested in a total of 29 portfolio companies since our 1999 inception, and thus far, our investments have enabled these companies to retain more than 1,446 jobs and create 2,876 new jobs. SJF's portfolio includes leading cleantech companies such as groSolar, Cleanscapes, Salvage Direct, and B.B. Hobbs; as well as business and Web-enhanced services leaders such as Ryla, EdMap, Rustic Crust, MedPage Today, and Service Channel. SJF Ventures' investments have helped to leverage more than \$120 million in additional investments into these firms. In addition, SJF Advisory Services continues to catalyze the development of the cleantech venture capital field through initiatives such as its landmark 2009 Summit on the New Green Economy: How to Make it Work, its Cleantech CEO Panels (2005-2008), and its advisory assistance to hundreds of cleantech entrepreneurs each year.

Despite the economic turmoil experienced during 2008, SJF's positive impacts remain as visible as ever, and many of our companies have emerged with business models that are fairly recession proof. We are proud of the progress SJF has made over the past 10 years, and look forward to more great investments and positive impacts going forward. We appreciate your support and welcome your feedback!

www.sjfventures.com
www.sjfadvisory.org

Overall, the SJF investment dollars per new job created in \$6,623 (including only SJF dollars invested, not all equity dollars), or \$17,967 (including all equity dollars).

SJF continued to achieve substantial results in 2008 in reaching its target population of entry-level employees, defined by the community development venture capital industry³ as those earning at or below 80 percent of the area median income. Of the companies reporting both 2007 and 2008 data, 86 percent of their employees were entry-level in 2008. This is essentially flat from 2007 data.

SJF's portfolio companies are not only committed to employing entry-level workers but also helping hard-working employees create wealth and raise their standard of living. During 2008, 10 of 17 portfolio companies increased their average entry-level wage as compared to 2007; the rest stayed constant.

Benefits

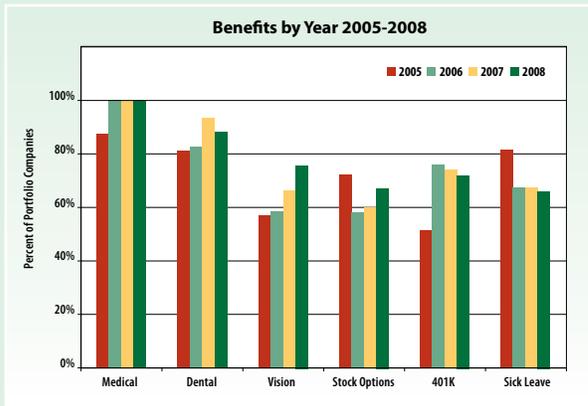
In 2008 SJF portfolio companies maintained or increased benefits offered. Of the 17 portfolio companies responding, 100 percent provided some health care coverage, including three offering 100 percent employer-paid health insurance, and seven more offering 70 to 90 percent employer-paid insurance. This is significant as SJF's portfolio companies have maintained their commitment to health care coverage, even in the face of rising health care costs and a tough economy. In contrast, the national average percentage of employment-based insurance fell to 59.3 % in 2007 from 59.7 in 2006⁴. Following is a breakdown of health care benefits offered by portfolio companies.

Benefits Statistics	# of Portfolio Companies	% of Portfolio Companies
100% Health Care Premium Coverage	3	18%
70 to 90% Health Care Premium Coverage	8	47%
50 to 69% Health Care Premium Coverage	5	29%
% Health Care Premium Coverage Varies	1	6%
No company-wide health coverage offered	0	0%
Total	17	100%

In addition to health insurance coverage, 15 of the 17 SJF portfolio companies that responded offered dental insurance, similar to 2007. SJF's portfolio companies continue to demonstrate their commitment to quality jobs and benefits while increasing their competitiveness in the marketplace.

Wealth building opportunities in the form of broad-based stock option plans, profit sharing, or retirement plans (401k) are currently offered at 12 of the SJF portfolio companies reporting. Furthermore, portfolio companies are increasingly offering more types of benefits, such as Employee Assistance Plans, Flexible Spending Accounts, and home buying and childcare assistance, to their employees. Presently, 8 of the portfolio companies surveyed offer some kind of assistance and some companies are beginning to offer new programs such as health club memberships.

These outstanding assistance programs and wealth building opportunities illustrate the kind of jobs SJF aims to help create in its portfolio companies.



Workforce Development

In 2008, 11 of 17 portfolio companies surveyed offered some form of training to their employees. The training ranges from computer skills training offered at nearby colleges to more informal soft skills. The most frequent forms of training offered were computer, customer service and technical skills. Of the companies investing money in training, \$19,773 was the average amount spent in 2008, while some companies spent as much as \$50,000. There was also a positive correlation between companies who spend more on training and the number of entry-level employees in their workforce.

Community Results

Cleantech Innovation

SJF is committed to financing, assisting, and showcasing innovative clean technology and environmental companies that are changing the way business is done in their sectors. In 2008, SJF portfolio companies recycled more than 15,045 tons of materials. Environmental impacts of portfolio companies in 2008 include:

- **Salvage Direct** recovered more than 40,501 cars, boats, RVs, and other damaged vehicles.
- **RealWinWin** provided energy efficient consulting for more than 20 million square feet of commercial real estate.
- **SelecTech** recycled more than 190 tons of waste plastic in the manufacturing of their products.
- **groSolar** has a photovoltaic system installed on the roofs of their buildings, which also feature reduced energy lighting design. During 2008, the company distributed and installed 11.5 megawatts of solar electric and solar thermal systems, up from 5.4 megawatts in 2007.
- **Intechra** recycled 54 million pounds of electronic assets and a further 800,000 electronic units were refurbished and resold.
- **Cleanscapes** worked to push diversion rates higher for its solid waste customers through proactive educational efforts and pricing incentives.

¹ ServiceChannel impacts are not included, as the company was added to the SJF portfolio on 12/31/08.

² Does not include Cleanscapes, RealWinWin, or SelecTech.

³ The Community Development Venture Capital Alliance convened the Return on Investment project in 2004 to develop a standardized set of metrics for measuring social and environmental impacts and the result was the Measuring Impacts Toolkit; SJF was a participant in the project.

⁴ DeNavas-Walt, Carmen, Bernadette D. Proctor, and Jessica Smith, U.S. Census Bureau, Current Population Reports, P60-233, *Income, Poverty, and Health Insurance Coverage in the United States: 2007*, U.S. Government Printing Office, Washington, DC, 2008. (<http://www.census.gov/prod/2007pubs/p60-233.pdf>)



Cleanscapes: Cleaner, Safer, and More Sustainable

Seattle-based Cleanscapes provides sustainable solid waste and recycling collection in Seattle and comprehensive StreetScape management services to municipalities, commercial properties, business improvement districts, and stadiums in Washington, Oregon, and California. The company has pioneered environmental and civic strategies to clean up and strengthen urban neighborhoods, provide excellent employment opportunities, and reduce the environmental footprint of their clients. Since SJF's investment in October 2008, the firm has already grown from 80 to 260 employees and is steadily profitable.

Cleanscapes offers entry level employees the chance to grow and follow a successful career path. "We have one manager that started with us as an \$8.00 per hour cleaning staff member 5 years ago," explains CEO Chris Martin. "He now runs operations for our San Francisco office and is a tremendous asset to the company."

The company is very intentional about creating a great employee culture. Strategies include morning team rallies, safety and inspirational message displays, everyone being on a first-name basis, cultivating pride in personal and equipment appearance, promoting from within, an employee assistance program (EAP), open door policies, CleanStats (discussing weekly metrics openly with all key employees), and personally passing out paychecks as an opportunity to thank employees for their hard work.

www.cleanscapes.com

Industry Building Efforts



Getting Ready for Equity™ Workshops

In 2008, SJF Advisory Services conducted four *Getting Ready for Equity™* workshops, in Orlando, FL (July 23), Charleston, WV (September 23), New York (October 28), and Chattanooga, TN (December 4). The trainings educated entrepreneurs from generally underserved geographies and industries about the process of raising capital and gave them an opportunity to receive feedback from active investors and peers.

FROM PARTICIPANTS:

"Best seminar on fund raising I've been to in 5 years of starting 2 businesses."

"Event stimulated creative dialogue pertaining to the creation of new business partnerships."

Webinars

SJF hosted two webinars during 2008: *Downstream Solar Market Opportunities* on March 18 and *Developing a Fantastic Customer Service Culture* on April 23. In the March webinar, SJF portfolio company groSolar provided insights on the downstream solar market. And in the April webinar, SJF portfolio company Ryla shared ways that practices such as open book management, broad-based employee ownership, and employee engagement are tied to company success. Both events were well attended, and received positive feedback from participants.

FROM PARTICIPANTS:

Downstream Solar Market Opportunities

"A lot of great information and detail."

"Very interesting and helpful."

Developing a Fantastic Customer Service Culture

"Loved it!"

"Inspiring examples, and usable information!"

"Great job! Good speakers."

Cleantech CEO Panels

SJF Ventures held its fourth annual *Cleantech Companies in Mainstream Markets: Fourth Annual CEO Panel on Innovative Strategies* on June 11, 2008, at Deutsche Bank in New York. The event featured nine CEOs from rapidly growing clean technology companies who demonstrated how companies with innovative green strategies can scale rapidly, reduce costs and deliver unique new services to customers all while transforming mainstream markets.

Kevin Skillern, Senior Vice President at GE Energy Financial Services (pictured at left), provided an excellent keynote presentation which effectively set the stage for the CEO panelists. The event drew 180 people, including investors and other financiers, business executives and entrepreneurs, and economic developers. 2008 presenting companies included Brammo Motorsports, FoodLogiQ, Excellent Packaging & Supply, Recellular, Lamina Lighting, Aircuity, Prenova, OwnEnergy, and Sencera.





SJF Summit on the New Green Economy

With more than 360 attendees and a wealth of inspiring and informative content about cleantech investment, green jobs, and more, SJF's Summit on the New Green Economy in June 2009 was a resounding success. The event brought together entrepreneurs, investors, economic developers, government officials, and community leaders from 27 states to participate in an interactive dialogue about accelerating the green economy. "Green' can be overwhelming to an entrepreneur, but this event helped me focus," said attendee Jonathan Pullen. "Everyone I met was knowledgeable and I had great conversations."

The two-day event featured presentations and speakers on cleantech investment, green jobs, workforce engagement and many other important themes. Our presenters shared best practices, anecdotes and tips that attendees could apply to their own green ventures. The audience heard from renewable energy and recycling executives who demonstrated how their environmentally innovative enterprises have been financially successful and made positive impacts in the community.

Highlights included keynotes from Melissa Bradley-Burns of Green For All, who said that "clean energy does mean good-paying jobs," and Martin Eakes, Founder and CEO of Self-Help Credit Union and the Center for Responsible Lending who exhorted the audience to "embrace trusteeship and sustainability." Jeff Wolfe, CEO of groSolar, in his closing keynote had a simple call to arms for SJF Summit attendees: develop and grow business pursuits that push renewable energy and cleantech. "This is the moment," said Wolfe. "Let's go do it."

We hope the Summit inspired many attendees to action, as they look for opportunities to capitalize on the burgeoning green economy. We have launched our new blog at www.greeneconomynow.org as a platform to continue the conversation.

FROM PARTICIPANTS:

- "Opened my mind to innovation in this field to take back to my rural area."
- "Gathering everyone together with such great resource/information was the best."
- "Your keynotes were great! Thanks for putting on such a well-attended conference!"
- "Very interesting organizations and it was good to hear about success stories."

Entrepreneurial Assistance Example



EnergyHub

Saving energy is difficult when you are unable to quantify your potential savings. EnergyHub, a Brooklyn, NY-based firm, has developed a system that allows consumers to monitor their energy efficiency, build a better relationship with their energy providers and gather insights from peers in order to reduce costs. Consumers can also adjust their home temperatures and control appliances through touch-screen monitors, Web browsers and mobile phones. With energy efficiency technologies in hot demand, EnergyHub sought capital to expand its operations.

SJF Advisory Services board member Frank Madison came across the company and introduced it to SJF Ventures managing director Alan Kelley. After meeting with the company, Kelley facilitated dialogue between EnergyHub and San Francisco-based Physic Ventures, which subsequently made an undisclosed Series A investment with .406 Ventures. "Frank Madison's strong connections with a large utility customer and SJF's assistance in pushing the ball forward played an important role in securing the Series A investment," says EnergyHub CEO Seth Frader-Thompson. "Alan at SJF went out of his way to help us with ideas and introductions." With more than 20 employees in Brooklyn, EnergyHub is poised to grow with this significant venture capital investment.

www.energyhub.net



SJF Advisory Services

Entrepreneurial Assistance

SJF Advisory Services promotes economic development in underserved regions of the United States by providing business plan feedback, management and operational assistance, and referrals to other funding sources and strategic partners to entrepreneurs. SJFAS educates businesses about equity financing while helping them grow profitably and become stable employers in communities.

- Providing *Getting Ready for Equity™* workshops in 2008 in Chattanooga, TN, Orlando, FL New York, and Charleston, WV to introduce entrepreneurs to the equity process

Showcasing Leading Cleantech and Workforce Innovators

SJF Advisory Services provides private companies with opportunities to showcase their innovative cleantech business models and workforce strategies. The companies achieve broader visibility while encouraging the adoption of such strategies more widely in the economy.

- *Annual Cleantech CEO Panels* describing the green strategies that have driven their companies' growth to audiences of investors, entrepreneurs, and economic developers



In-Depth Cleantech and Workforce Assistance for SJF Ventures' Portfolio Companies

- SJF Advisory Services assists portfolio companies with benefits such as health insurance, retirement plans, broad-based stock option plans and other wealth building tools for low-income employees; help with employee recruitment and training, grants and tax credits; and cleantech strategies.
- Implemented *broad-based stock option plans* at nine SJF Ventures portfolio companies

Building the Field of Socially Responsible Venture Capital

SJF Advisory Services participates in industry initiatives, conducts research and publishes reports, and provides speakers to further the field.

- Publishing "*Beyond Paycheck-to-Paycheck: Wealth-Building Strategies for Venture Capital Funds to use with Portfolio Companies and their Employees*" in 2004

Industry Impacts

Beyond our portfolio companies and their employees, SJF works to create replicable models and to share lessons learned through our co-investors, investors, contributors and our trade associations – Cleantech Venture Network, Community Development Venture Capital Alliance (CDVCA), Opportunity Finance Network (OFN), National Venture Capital Association (NVCA), National Center for Employee Ownership (NCEO), and Investors' Circle. In addition, SJF assists other funds and funds in formation.

SJF Ventures Limited Partners

Abacus Wealth Partners
Bank of America
Calvert Social Investment Fund
Community Development Venture Capital Alliance
Citibank, a member of Citigroup
Deutsche Bank
F.B. Heron Foundation
GKM Newport
HSBC
Individual Investors
John D. and Catherine T. MacArthur Foundation
Key Bank
Mary Reynolds Babcock Foundation
MBNA America Bank
Mendez Foundation
Merrill Lynch
Metropolitan Life Insurance Company
Opportunity Finance Network
Pennsylvania BFTDA
State Street Bank
Trillium Asset Management
Wachovia

SJF Advisory Services Contributors

Appalachian Regional Commission
Bank of America
CDFI Fund of the US Treasury Department
Citigroup Foundation
Deutsche Bank Americas Foundation
Economic Development Administration
F.B. Heron Foundation
Mary Reynolds Babcock Foundation



SJF Team

Anne Claire Broughton, Senior Director, SJF Advisory Services
Rick Defieux, Investment Committee Chair
David Griest, Managing Director
Arrun Kapoor, Senior Associate
Alan Kelley, Managing Director
David Kirkpatrick, Managing Director
Bonny Moellenbrock, Executive Director, SJF Advisory Services
Cody Nystrom, Senior Associate
Erin Payne, Program Associate, SJF Advisory Services
Elizabeth Taylor, Finance Manager

SJF Advisory Services Board of Directors

Elizabeth Butler, Consultant, E. Butler & Associates
Majora Carter, Founder, Sustainable South Bronx and President/CEO of Majora Carter Group
Cathy Clark, Adjunct Asst. Professor and Director, Research Initiative on Social Entrepreneurship (RISE) at Columbia Business School
Deborah Gallagher, Assistant Professor, Duke University's Nicholas School of the Environment
Franklin Madison, Technology Program Developer, Industrial and Technology Assistance Corporation (ITAC)
David McGrady, President, Convergent Capital Advisors
Henry McKoy, Founder and CEO, Fourth Sector Bancorp
Gregory Ratliff, Senior Program Officer, Bill & Melinda Gates Foundation
Morgan Simon, Co-Founder, Responsible Endowments Coalition
Michael Whelchel, Watershed Capital



200 North Mangum Street, Suite 203, Durham, NC 27701, 919-530-1177
800 Third Avenue, 21st Floor, New York, NY 10022, 212-209-3042
101 California Street, Suite 2450, San Francisco, CA 94111 415-659-8277